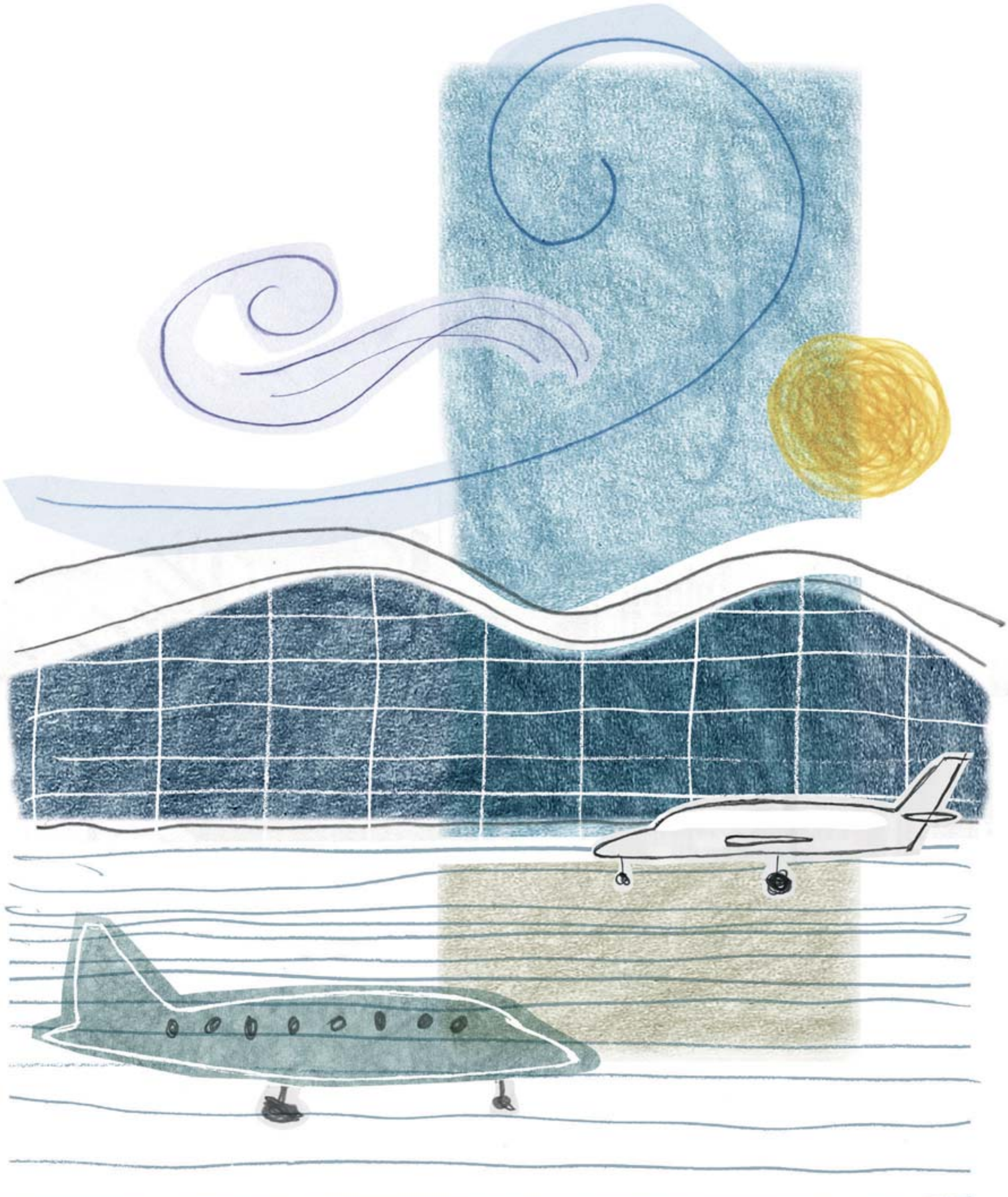
2011 Annual report



ASTALDI

Main income statement data

(millions of euros)	2011	2010
Total revenues	2,360	2,056
EBIT	201	180
EBIT / Total revenues (%)	8.5%	8.8%
Net profit	71	63
Net profit / Total revenues (%)	3.0%	3.1%

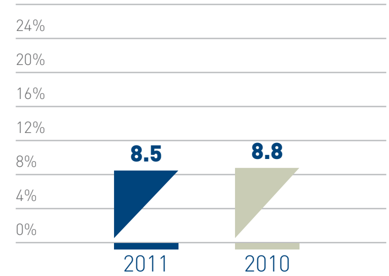
Main statement of financial position data

(millions of euros)	2011	2010
Non-current assets	472	329
Net invested capital	953	810
Net financial debt	(483)	(367)
Equity	470	443

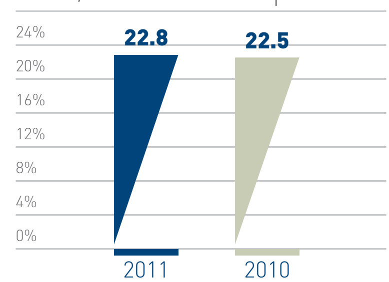
Human resources

	2011	2010
Managers	173	144
Executives	150	141
White collars	2,640	2,503
Workers	6,229	6,306
Total	9,192	9,094

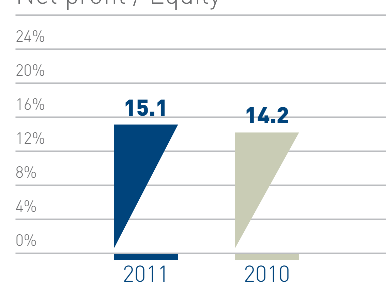
R.O.S.
EBIT / Total revenues



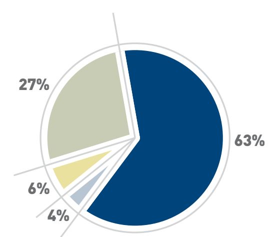
R.O.I.
EBIT / Net invested capital



R.O.E.
Net profit / Equity

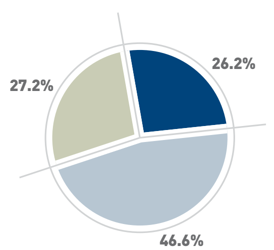


Order backlog by line of business



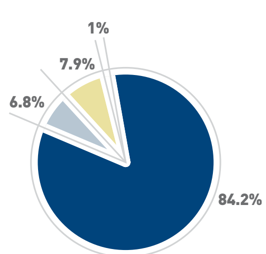
(millions of euros)	2011	2010
Transport infrastructures	6,272	5,511
Energy production plants	644	244
Civil and industrial buildings	375	499
Concessions	2,721	2,760
Total order backlog	10,012	9,014

Order backlog by geographical area



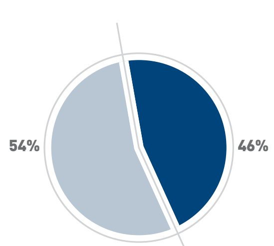
(millions of euros)	2011	2010
Construction - Italy	2,625	2,759
Construction - International	4,666	3,495
Concessions	2,721	2,760
Total order backlog	10,012	9,014

Revenues by line of business



(millions of euros)	2011	2010
Transport infrastructures	1,907	1,542
Energy production plants	155	263
Civil and industrial buildings	180	107
Concessions	23	20
Total revenues	2,265	1,932

Revenues by geographical area



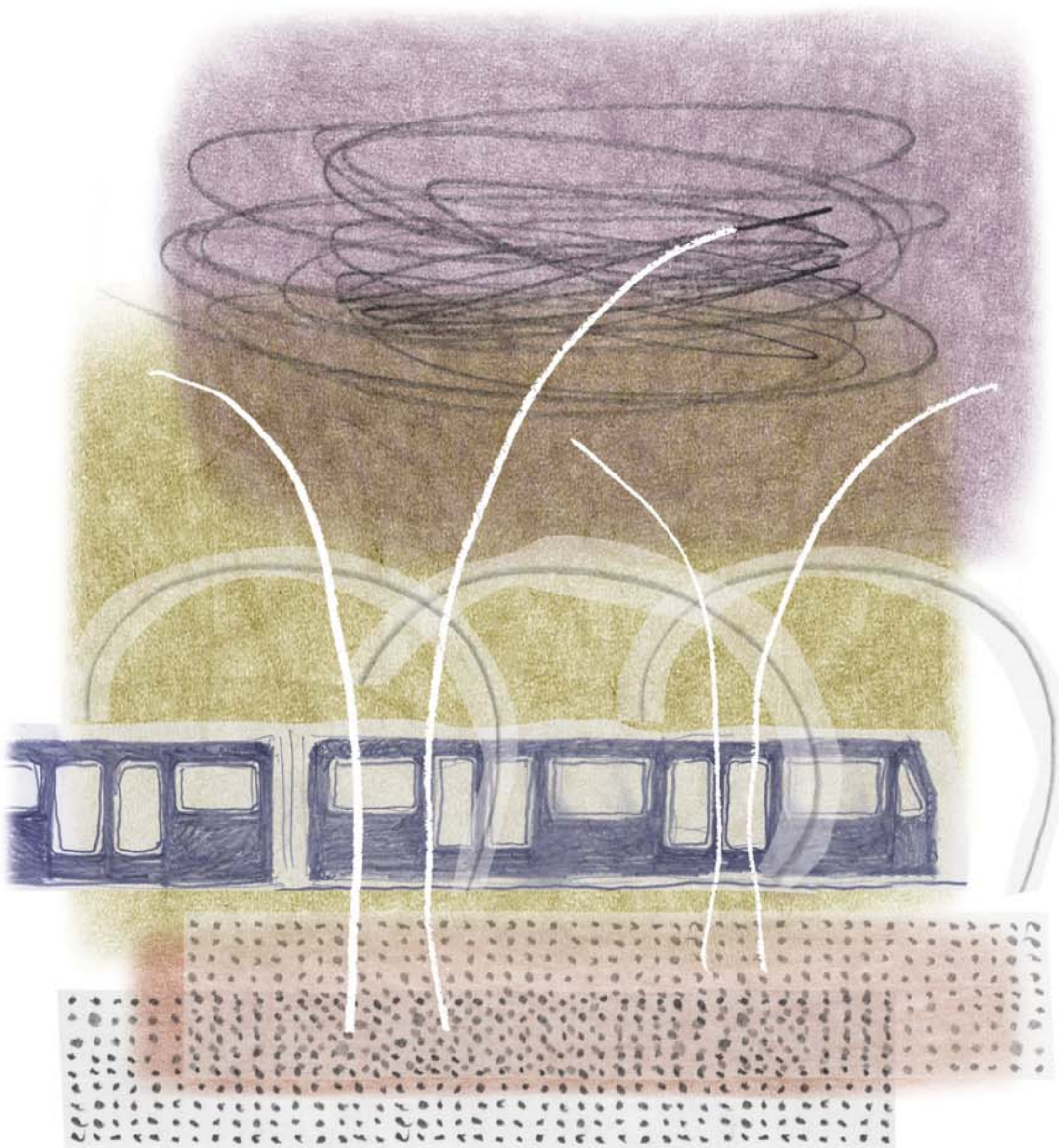
(millions of euros)	2011	2010
Italy	1,050	875
International	1,215	1,057
Total revenues	2,265	1,932

A dream, a mission: building for progress.

Satisfying customers' needs in the best way possible, increasing corporate value and offering the market the most fitting solution at all times: Astaldi has been committed to building ongoing progress since the 1920s.

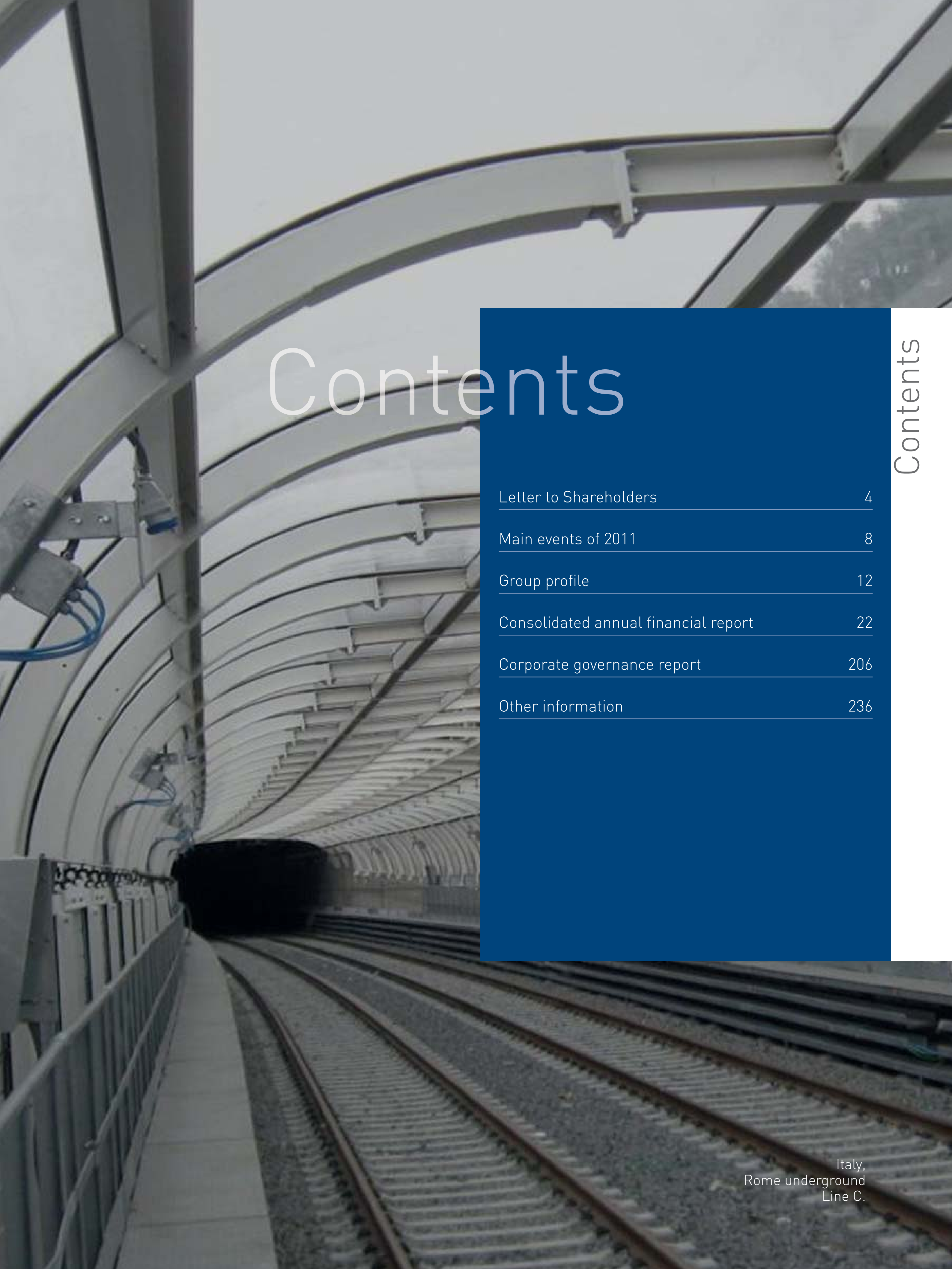
"Building infrastructures" means moving into the future: no country or nation can do without creating new infrastructures if it wishes to pursue real, concrete progress.

Chile,
Chacayes
hydroelectric power plant.



Contents

Contents



Italy,
Rome underground
Line C.

Paolo Astaldi
Chairman of Astaldi S.p.A.

LETTER TO SHAREHOLDERS

Dear Shareholders,

This year ended showing positive results for your company once again, the same as 2010, to the extent that ASTALDI holds the leading position among Italian construction companies with regard to turnover. What we have achieved in past years proved to be all-important in order for said positive performance to continue and to be able to positively react to the current crisis characterised by various negative situations. Indeed, the flexibility of our economic model has allowed us to increase revenues and to go from EUR 2 billion in 2010 to EUR 2.4 billion in 2011. Our aim is to ensure that said growth continues thanks to net profits of EUR 71 million which translate into a 13% increase compared to 2010.

As regards revenues, they were characterised by considerable and balanced diversification, both as regards geographical areas and sectors. In Italy, which accounted for 46% of operating revenues, the transport infrastructures and civil and industrial construction sectors stood out for their positive performance. While as regards foreign activities, which accounted for 54% of operating revenues, excellent results were achieved in Europe, Algeria and Turkey. The margins also reflected this positive trend: EBITDA rose from 8.8% to EUR 257.4 million while EBIT saw a 10.5% increase to EUR 199.2 million.

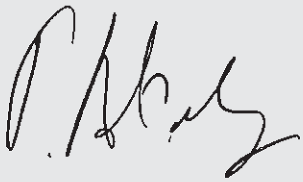
Moreover, the order backlog went from EUR 9 billion in 2010 to EUR 10 billion in 2011. This was possible thanks to the net increase of EUR 3.3 billion, attributable to new projects and contractual amendments recorded during the year.

In addition to its excellent operating results, the Group also played a key role at a number of events: such as the opening in October of the Chacayes hydroelectric plant in Chile or the opening of 12 km of the Jonica National Road in Calabria at the end of November. And the operation involving acquisition of the system engineering and maintenance division of the firmly-established Busi Impianti S.p.A., now known as nBI (Nuova Busi Impianti), will ensure an improvement of the integrated supply capacity and a considerable increase in company know-how.

Lastly, 30 study grants were awarded as part of the "Puntiamo in alto" (Aiming High) initiative. This is the project dedicated to the most deserving children of our employees, created in order to optimize the plus points of future generations and help them build their future.

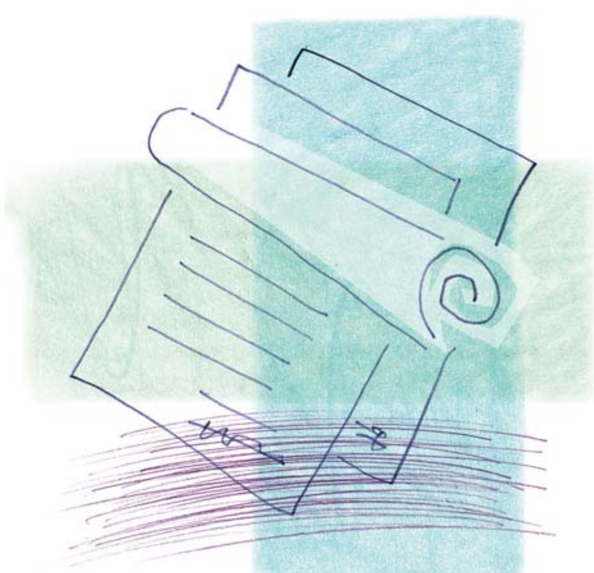
In short: ASTALDI once again has good reasons to be proud of the results it has achieved.

Chairman



"Puntiamo In Alto!" to build the future

Astaldi's study grants for the children of employees.



After the resounding success recorded during its first year, the "Puntiamo in alto!" project has been started up for this year too: 30 special study grants will be awarded for 2012, to students attending Middle and High Schools. A way to offer real support to young people, allowing them to develop their own abilities and helping the new generations to build their future.

2011 participants:

Middle School Leaving Certificate

- Caucci Molara Giulia
- Cernosick Alessio
- Di Leo Alessandro
- Falconieri Francesco
- Fioretti Enrico
- Foti Gaia
- Genovese Verdiana
- Gianvecchio Marco
- Macaluso Martina
- Nepi Vincenza
- Panella Matteo
- Ricciardi Benedetta
- Ricioppo Guido
- Rossetti Ginevra
- Spano Elena
- Toresi Riccardo

High School (Years 1 to 4)

- Accardi Vittorio
- Ardente Elisa
- Biancacci Chiara
- Bruno Giulia
- Citterio Nicolò
- Conte Eleonora
- Di Giacomo Noemi
- Dore Riccardo
- Ferrando Alberto
- Lugo Lorenzo
- Manca Francesca
- Merlo Ornella
- Murzi Valentina
- Passeri Cristian
- Ribecco Luca
- Rossetti Riccardo
- Santarelli Erica
- Zottola Elena

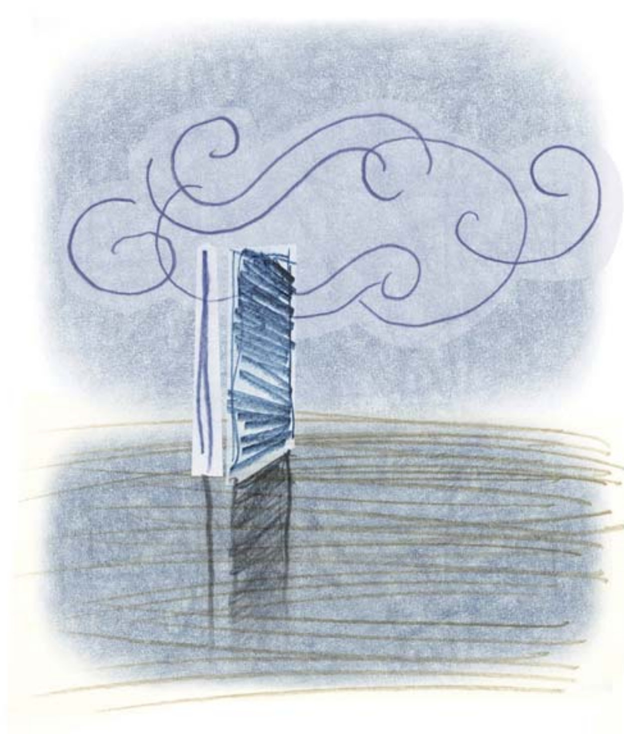
High School Leaving Certificate

- Castiglione Marisdea
- Cimmino Anna
- De Girolamo Monica
- Di Brizio Nico
- Fidanza Fabio
- Renzetti Alessandro
- Scorpio Gianluca
- Serrecchia Martina

Italy,
Milan underground
Line 5.

Main events of 2011

A major year. A year of major works.



ITALY

January-March

The Board of Directors approved the consolidated results of FY 2010: for the first time in the Group's history, its **consolidated turnover amounted to more than EUR 2 billion**.
The Board of Directors also approved the proposed **renewal of the buy-back scheme**.
The first **ASTALDI Management Global Convention** was held in Siena.
The Memorandum of Understanding for maximum occupational safety at the sites of the four hospitals in Tuscany was signed in Florence.
The special purpose vehicle, METRO 5 S.p.A., signed the concession agreement for **extension of Line 5 of the Milan underground**.
Università station, the new "art station" of Line 1 of the underground, built by ASTALDI as part of a joint venture, was opened in Naples: the Università-Dante section of the underground line was put into operation.

Italy,
Massa Hospital.

April-June

At their meeting the Shareholders approved an increase in the **dividend to EUR 0.15** per share.
The Board of Directors approved the Group's figures for Q1 2011: ASTALDI rose to **first position among Italy's infrastructures and major works companies**.
ASTALDI GROUP joined the motorway concessions sector, acquiring a stake in **Autostrada Brescia-Vicenza-Verona-Padova S.p.A.** (now called A4 Holding S.p.A.), holder of the concession for Italy's A4 motorway.
ASTALDI was provisionally awarded the contract for **Line 4 of the Milan underground**.
Work commenced on construction of **Section A of the Piedmont-Lombardy motorway** and final management of **"Piazza Cittadella"** car park in Verona.
SGI (Italy's Geological Society) visited work sites along the **Jonica National Road (SS 106)** in Italy.
ASTALDI took part in the **University-Work Forum**, an annual event to bring together young people and the world of work, organised by Tor Vergata University in Rome.
ASTALDI took part in the **Annual Meeting of Young Geotechnical Engineers** held in Salerno.

July-September

The Board of Directors approved the group's results for the first half of the year: there was an **additional increase in revenue and profit**, and concession investments increased too.
ASTALDI GROUP signed an **industrial agreement with the Busi Group** with the aim of joining the industrial plant design and maintenance sector: the NewCo. NBI was set up.
Works to construct **Massa Hospital** commenced.
Università station of Line 1 of the Naples underground received **a special mention at the LEAF AWARDS 2011**, a leading international event in the world of architecture.

October-December

ASTALDI GROUP **ended the first nine months of 2011 with an increase in results** and significant commercial achievements: EUR 2.3 billion of new orders and contract increases in Italy and abroad.
Works to construct the **Jonica National Road (SS106)** in Calabria continued: a first functional section of Lot DG21 was opened and the last tunnel diaphragm was knocked down for Lot DG22.
ASTALDI GROUP concluded a **refinancing operation for medium-term payments** which involved more than half of its total net debt exposure.
Testing of trains commenced in Milan for the Bignami-Stazione Garibaldi section of **Line 5 of the underground**.

Italy,
Naples underground
Line 1 (Università Station).

Turkey,
Milas-Bodrum
International Airport.

EUROPE

January-March

ASTALDI was awarded **Line 5 of the Bucharest underground**, in Romania: it will perform the contract as part of a joint venture.
Opening of the **new passenger terminal of the Henri Coanda International Airport** in Bucharest, Romania.

April-June

ASTALDI was awarded **Lot 4 of the Orastie-Sibiu motorway** in Romania.
ASTALDI Group **joined the airport concessions sector in Turkey,** acquiring a stake in MONDIAL S.A., the concession holder of the project to construct and manage the international terminal of Milas-Bodrum airport.
ASTALDI was also awarded the contract to extend **Pulkovo International Airport in St. Petersburg**, Russia's number four airport for the number of passengers.
The last tests were performed prior to start-up of activities using the TBM (*Tunnel Boring Machine*) to be performed at the sites for **Line 2 of the Warsaw underground in** Poland.
The Danube bridge of the **Bucharest-Constanta** in Romania was opened to the public.
The Minister of Transport **visited the sites for the Arad-Orodea motorway in Romania**.
The **first operational test on the Kadikoy-Kartal section of Line 2 of the Istanbul underground** in Turkey was performed. The Turkish prime minister attended the ceremony.
The **Basarab Viaduct** in Bucharest, Romania was opened to the public.
ASTALDI **took part in the Mayor of Bucharest's official visit to Rome, Italy**, and received **an award from the Republic of Romania** for its significant contribution to development of the country's infrastructures.

July-September

The signature of financial closing procedures prior to construction of Pulkovo International Airport in St.Petersburg, Russia, to be built by ASTALDI, was celebrated in Russia.
ASTALDI Group was awarded a new railway contract in **Poland:** Phase II (Lot B2) of the project to upgrade the Warsaw-Łódź railway line and the Łódź Fabryczna underground station will be performed.
The official ceremony was held in Turkey **for signing of the design contract for Izmit Bridge**, forming part of the project to construct the Gebze-Izmir motorway.
ASTALDI signed the contract to renovate Piazza Romana in Bucharest, Romania.
The **Lia Manoliu National Stadium in Bucharest**, Romania was opened.
ASTALDI Group was awarded the **contract to construct the Cernavoda-Medgidia motorway** in Romania.

Chile,
Chacayes hydroelectric plant,
Opening ceremony.

October-December

ASTALDI Group was awarded **the concession to construct and manage the largest hospital complex in Europe**, the Etlik Hospital in Ankara, Turkey, and the contract to upgrade the **Frontiera-Curtici-Simeria** railway line in Romania.
The project **to extend** Łódź **station in Poland** was presented to the local community.
Works commenced on construction of the new Academia Militara station forming part of the project to build **Line 5 of the Bucharest underground** in Romania.
The **Plovdiv-Svilengrad railway line** in Bulgaria and the **Arad-Timisoara motorway** in Romania were opened.

AFRICA AND THE MIDDLE EAST

January-March

ASTALDI was awarded the contract for widening of the **BidBid-Sur National Road** in the Sultanate of Oman and took part in the **international economic mission in India** promoted by Confindustria.
Works commenced on construction of the **Saida-Tiaret railway line** in Algeria.

LATIN AMERICA

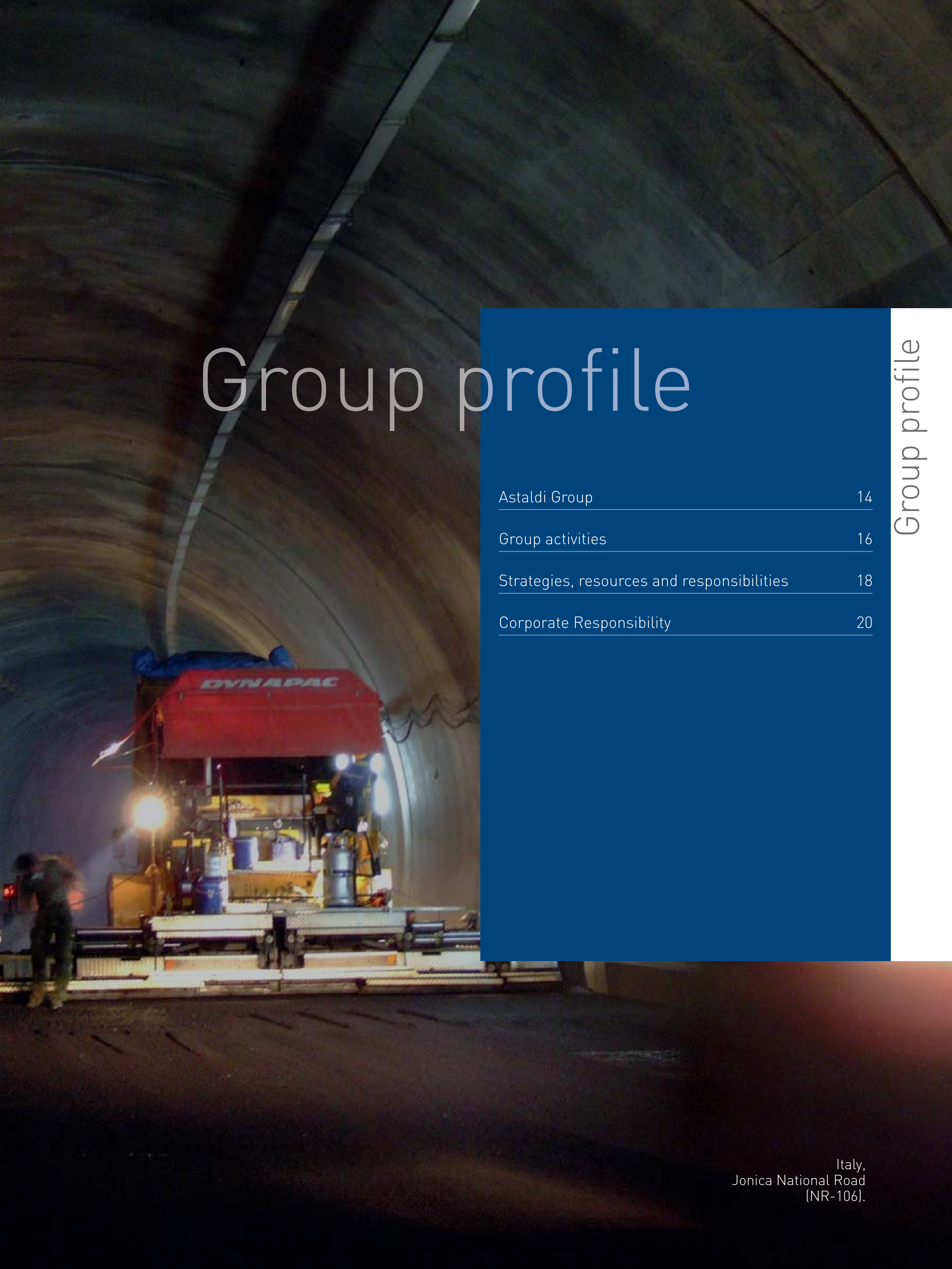
October-December

ASTALDI achieved new commercial successes in the hydroelectric sector in Peru: it was awarded the contracts to construct the **Santa Teresa hydroelectric plant** and the **Cerro del Àguila hydroelectric plant**.
A **contract addendum was signed in Venezuela for completion of the Puerto Cabello-La Encrucijada railway line**, already under construction by ASTALDI Group as part of a joint venture.
The **Chacayes hydroelectric plant was opened in Chile**, the first totally eco-compatible plant which ASTALDI built and managed together with the Australian Group, Pacific Hydro.
ASTALDI took part in the **5th Conference on Latin America,** organised by CEIAL, Italy's Economic Committee for Latin America, thus confirming the key role played by the Group in the local production fabric.

NORTH AMERICA

October-December

ASTALDI Group was awarded the contract to upgrade and extend ***NW 25th Street***, in Miami-Dade County, Florida, and took part in the **ANCE economic mission at the World Bank and Inter-American Development Bank.**



Group profile

Italy,
Jonica National Road
(NR-106).

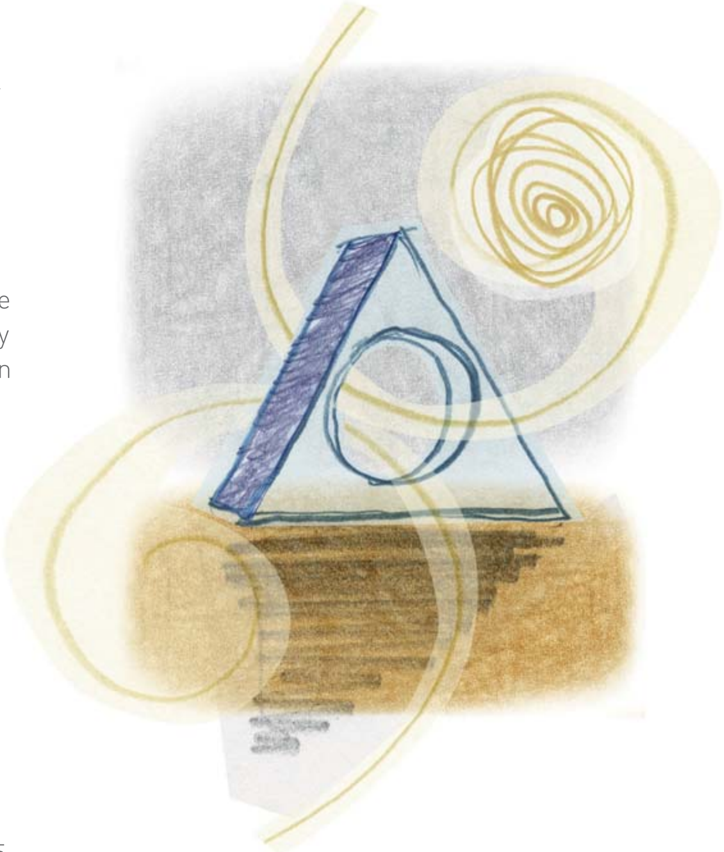
Astaldi Group

Innovation from afar.

Thanks to its solid reputation, built up 90 years of activity, Astaldi Group is one of the most important companies operating in the construction sector at a global level and holds the leadership position in Italy as both a general contractor and sponsor of project finance initiatives. With roots dating back to the 1920s, the Group immediately made its mark thanks to its ability to construct genuine masterpieces of civil engineering and infrastructure, offering proof of its know-how in Italy and in the rest of the world. This is the reason why Astaldi has always played a leading role on the international scene, with works that contributed to the development of the countries where it operates. For example, Italy, Venezuela, Algeria, Eastern Europe and Turkey represent real strategic areas for the Group, while the more recently-acquired markets of Poland, Chile and Peru have witnessed the construction of transport infrastructures and hydroelectric plants. Key initiatives have also been embarked on in the USA and the Middle East.

Italy,
New Hospital in Mestre.

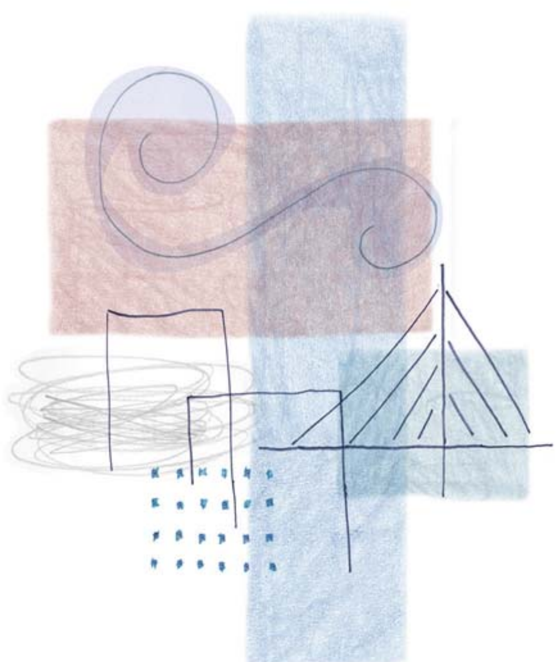
This is what makes Astaldi Group one of the best-known and famous Italian operators at an international level: the construction of more than 500 major civil and industrial public works. And the same level of involvement can be seen in Italy: indeed the most representative projects in progress include the new underground lines in Rome, Naples, Genoa, Brescia and Milan, the construction and management of 4 hospitals in Tuscany, Bologna high-speed station, the Turin rail link and the Piedmont-Lombardy motorway All of the above helped Astaldi to achieve 93rd position in ENR-Engineering News' global listings. A record overall turnover was achieved in 2011, offering further confirmation of the validity of the Group's management policy, even given the difficult and complex current financial and economic scenario. However, the Group is not synonymous with construction only, but also with innovation. Proof of this lies in the setting-up of Astaldi Concessioni, with its ability to generate an additional increase in activities and achieve immediate success in the concessions, project finance and PPP markets.
This is why Astaldi is ready to take on the new challenges the market offers on a daily basis, with over 9,100 employees at work at more than 100 sites in 25 countries worldwide.



Italy,
Car Park in Verona.

Turkey,
Istanbul Subway.

Group activities



Transport

The Group has come a long way

Not only did transport infrastructures once again represent one of its main reference sectors in 2011, but also one of the Group's most important resources: Astaldi's hallmark – which can be found on thousands of kilometres of motorway, railway and underground lines. For example the works to construct Line C of the Rome underground, Line 5 of the Milan underground, the underground lines in Brescia, Genoa, Naples, and Istanbul, Line 2 of the Warsaw underground and Line 5 of the Bucharest underground. Still with regard to Line C of the Rome underground, works are going ahead as planned following approval of the key San Giovanni – Colosseo section and allocation of necessary funding by CIPE, and works at the site for the Piedmont-Lombardy motorway are also progressing as scheduled. And the Group is also fully involved in foreign projects subsequent to signing of the contract for construction of the Gebze-Izmir motorway in Turkey and the Saida-Tiaret railway in Algeria. Indeed, new opportunities may arise in Eastern Europe: specifically in Romania, but above all in Poland which, having hosted the European Football Championships, has seen the need to further develop its transport infrastructures.

Romania,
"Henri Coanda" Airport in Bucharest.

Italy,
Jonica National Road (NR-106).

Water and energy

Bright ideas at all times

Energy production plants and hydraulic works represent a sector where the whole world is able to acknowledge that Astaldi has accrued vast experience. Following the 158 MW hydroelectric plant at Pont Ventoux in Piedmont, the Group has performed interesting projects worldwide, the most recent of which include the Chacayes hydroelectric plant in Chile which saw the start-up of an interesting partnership with the Australian company, Pacific Hydro for design and management of the 111 MW hydroelectric plant. Still with regard to hydroelectric plants, the Huanza, Cerro del Aguila e Santa Teresa plants in Peru are all under construction. All of the above makes it immediately clear how, as far as Astaldi is concerned, this a sector with considerable opportunities to be grasped.

Construction

Progress is a large-scale work

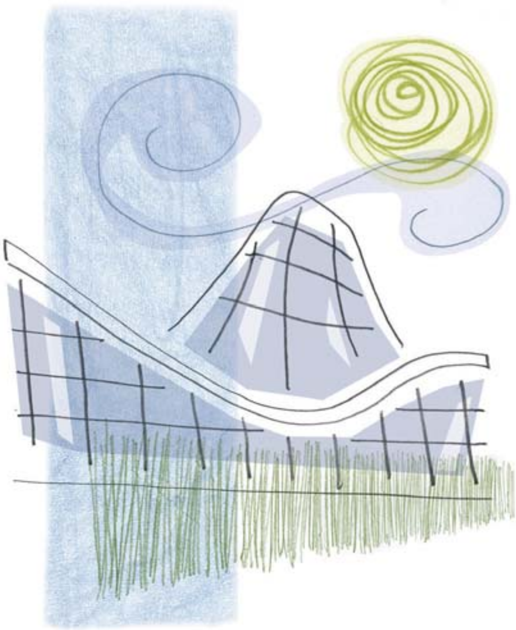
Civil and industrial construction is the sector where Astaldi has always achieved outstanding results: this is because it has designed and built some of the most important works at a national and international level. As regards Italy, work is going ahead on the construction of the 4 Tuscan Hospitals: a project finance initiative for the construction of 4 key hospital campuses in Lucca, Massa, Prato and Pistoia. Works on Prato Hospital started in 2010, while Mestre Hospital has already been operational under a concession agreement since 2008. As regards past activities, mention should be made of the new Exhibition Centre in Rho Pero in Milan, Italy. While as far as the future is concerned, the largest healthcare facility in Europe – the Etlik Hospital Complex in Ankara, Turkey – will be built by Astaldi.

Concessions

Astaldi Concessioni
a new growth opportunity

As far as Astaldi is concerned, construction is also synonymous with innovation: proof of this lies in the setting-up of Astaldi Concessioni in 2010, with which the Group has ensured itself new growth opportunities thanks to its successful entry into the concessions, project finance and PPP markets. In recent years, Astaldi, in the role of general contractor, has developed considerable know-how, prompting the management to allow the Group to join a market under ongoing expansion. Indeed, the current financial crisis being experienced on international markets and related problems have convinced contracting authorities to make increasing use of private funding: the performance of major public works such as motorways, railways, underground lines, hospitals and social and educational construction need instruments such as project finance and PPPs. And Astaldi is now able to offer all of the above.

Strategies, resources and responsibilities



Careful maintenance of the Group's wealth of skills and know-how, improvement of staff with the addition of qualified professional profiles from the market and the inclusion of young resources.

Italy,
Milan Subway Line 5.

Romania,
"Lia Manoliu" National Stadium
in Bucharest.

A future with solid foundations

As far as Astaldi is concerned, a future packed with opportunities awaits thanks to its ability to confirm its position as leader on the Italian market and acquisition of a genuinely solid image at an international level. Not only do the 2011 financial statements confirm the Group's ability to meet the economic targets set, but new development opportunities line the horizon thanks to Astaldi Concessioni. The next steps to be taken entail a major commitment in the infrastructures sector, using both the general contracting and concessions formulas, and consolidation of its market position in sectors such as water and energy, as well as civil construction. The geographical diversification of investments will represent a key strategy: in this way, market risks will balance each other out, and it will be possible to grasp the new growth opportunities each country has to offer.

A Group formed of the right people

Astaldi has over 9,100 employees working in 25 countries worldwide. Organisational optimisation is all-important for such a large resource. And this is pursued through an integrated organisational model where the head office's departments are at the service of all contracts. This considerable transversality makes for more efficient management and means that it is easier to share know-how while fully complying with all operating standards. Cooperation. Integration. Inclusion and training of resources. Process optimisation. These are the key words of the policy pursued by the Group during 2011.

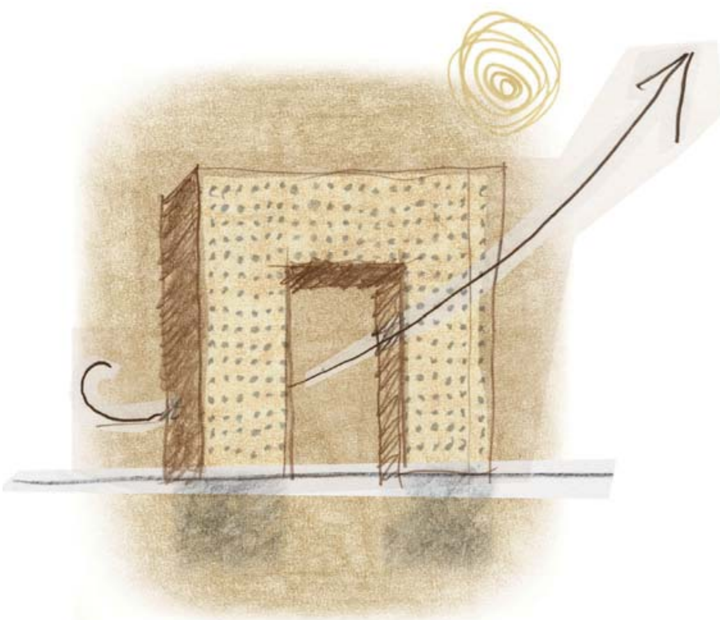
Boosted by our responsibilities

The Group also improved its corporate management systems regarding quality, occupational safety and the environment in 2011 in order to continue to increase individual corporate processes and performance. A path that Astaldi embarked on voluntarily and which translates into social responsibility and the utmost respect for the health and safety of workers and the environment it performs its activities in. All of the above is confirmed by the HSE performance planning process, now fully implemented, and by the ambitious "zero accident" target set at the start of each new project. Major acknowledgement of the Group's commitment came in the form of obtainment for the fifth year running of the Associated Builders & Contractors Inc.'s Silver Level Step Award for occupational health and safety management by Astaldi Construction Corporation.

Chile,
Chacayes Hydroelectric Power Plant.

Corporate Responsability

We acknowledge
our responsibilities.



2011 once again saw Astaldi's front-line commitment to perfecting its own socially responsible behaviour, also in consideration of its stakeholders' major economic, environmental and social expectations in the company's regard. Indeed, protection of the environment, social development of the areas it works in and all initiatives serving to benefit employees are looked on by the Group as a distinctive, competitive feature, one of great merit. Major acknowledgement in this regard came in the form of the FTBA's Safety Award for occupational safety: an additional reason to work at all time towards achieving the "zero accident" target. Another area where the Group is heavily committed is the promotion of culture: Astaldi is the official sponsor of Società del Quartetto di Milano, a famous association which, together with Milan's La Scala Opera House, works to promote good music. The Group is also a founding member of the prestigious Accademia Nazionale di Santa Cecilia, an institution which, for more than a century, has had the task of representing Italian culture worldwide. A long-standing partnership which dates back for more than ten years and which is based on a common goal: a constant quest for excellence which gives an important added value to the Italian culture. Astaldi also holds dear the issue of public health: in this sense, it strives to ensure that the environmental impact of a large-scale work on the surrounding area is increasingly reduced. The Group also supports Insieme per il Cuore, a no-profit organisation that works inside the cardiology department of Sandro Pertini Hospital in Rome to promote education and awareness of all cardiac arrest-related issues and holds cardiopulmonary resuscitation and defibrillation courses. A real commitment which also involves in-house courses to promote awareness and use of defibrillators. And that is not all, Astaldi also supports MUSE Italia, a no-profit organisation that uses art to promote projects aimed at beating social hardship and marginalisation in schools; and Fondazione Umberto Veronesi, a relevant institution founded in 2003 in order to promote scientific research, to support projects of the highest scientific level, to boost science.

Annual Consolidated financial statements

Venezuela,
Caracas-Tuy Railway.

Shareholders' Call

An Ordinary and Extraordinary Meeting of the Shareholders is called upon to be held at the Company's registered office in Rome, Via Giulio Vincenzo Bona 65, on the April 24 2012, at 9,00 at first calling and, if necessary, at second calling on the April 26 2012, same place and time, to discuss and resolve upon the following

agenda:

Ordinary session:

1) Approval of the Company' Financial Statements as of December 31 2011. Resolutions relating thereto and deriving therefrom.
2) Appointment of the Board of Auditors of the three-year period 2012-2014. Resolutions relating thereto and deriving therefrom.
3) Appointment of one member of the Board of Directors or reduction in the number of directors. Resolutions relating thereto and deriving therefrom.
4) Resolutions on the purchase and sale of Company's own shares and in matter of remuneration policy.

Extraordinary session:

• Amendments to the Company By-laws.

Share Capital and Voting Rights

The subscribed and paid-in share capital of Astaldi S.p.A. amounts to EUR 196,849,800.00 and is divided into 98,424,900 common shares of a nominal value of EUR 2.00 each, of which 590,904 treasury shares presently held. Each share entitles its registered holder to one vote, exclusive of treasury shares held by the Company at the date of the meeting, the voting rights of which, in accordance with the law, are suspended, and the amount of which will be made known upon opening meeting. The information set forth in this paragraph can be obtained at www.astaldi.com.

Entitlement to Attend the Meeting

Pursuant to Article 11 of the Company's By-laws, Shareholders' meetings may be attended by those who are entitled to vote in accordance with the appropriate attestations issued and disclosed by the brokers pursuant to the law. To this respect, pursuant to Article 83-sexies of the T.U.F. (the Italian Financial Services Act), the entitlement to attend Shareholders' Meeting and to vote thereat is attested by a notice to be given to the Company by the broker according to the latter's accounting records, setting forth the name of the entity entitled to vote, as it appears from the records at the end of the accounting day of the seventh stock market working day prior the date fixed for the first-call meeting (i.e. April 13, 2012). Those who appear to have become shareholders after such date will not be entitled to attend the Shareholders' Meeting and vote thereat. The brokers' attestation as per this paragraph, will have to be sent to the Company to the e-mail address segreteria.societaria@astaldi.com or certified e-mail address astaldi@pec.actalis.it, as well as to INFOMATH S.r.l. – Attn. Elisa Zaninelli - Via S. G. Bosco 3, 24126 Bergamo, by post office mail or by fax (fax No. +39-035-3840396) or by e-mail (titoli@infomath.it), within the end of the third stock market working day prior to the date fixed for the first-call meeting (i.e. April 19 2012). It is understood that the entitlement to attend the Shareholders' meeting and to vote thereat is granted also in the event the Company receives any such notice beyond said deadline provided that is received before start of the meeting of each respective call.

Vote by Proxy and Vote by Mail or by Electronic Means

The holder of the voting right may have himself represented by written proxy, subject to any incompatibility and within the limits provided for by the laws and regulations in force and the provisions of the Company's By-laws. To such purpose may be used the form of proxy attached at foot of the authorised broker's certification, to be issued to the entity who is entitled to vote, or the form of proxy available at the Company's website www.astaldi.com (*Governance/Shareholders' Meeting* tab). In accordance with Article 12 of the Company's By-laws, every shareholder may issue the proxy through the website section "*Governance/Shareholders' Meeting*" of the Company's Internet website.

As provided for by the Company's By-laws, the Company waives the right to appoint a "common representative", as provided for by per Article 135-undecies, paragraph 1, of the Italian Financial Services Act.

The Company's By-laws do not provide for any procedure for casting votes by mail or using electronic means.

Questions on the Topics of the Agenda

Pursuant to Article 127-ter of the Italian Financial Services Act, the Shareholders may make questions on the topics of the agenda also prior to the meeting. Any such question will have to be made to the Chairman of the Board of Directors in writing, by means of registered letter with acknowledgement of receipt, to be sent to the Company's registered office, attn.: Legal, Corporate Affairs and Corporate Governance Dept., or by means e-mail to segreteria.societaria@astaldi.com or to the certified e-mail address astaldi@pec.actalis.it. Any such question has to be received within 3 working days prior to the first-call meeting (i.e. April 19, 2012) and they will be answered, also by one sole answer in the event of questions on the same subject, at the latest during the Meeting.

Supplements to the Agenda

Pursuant to Article 126-bis of the T.U.F. (the Italian Financial Services Act), the shareholders who represent, also jointly, one fortieth of the share capital may request, within the days after public of this notice of calling, to supplement the list of the topics to be discussed, setting forth the additional topics proposed by the same in their request. The request to supplement the agenda has to be made to the Chairman of the Board of Directors in writing, by means of registered letter with acknowledgment of receipt, to be sent to the Company's registered offices, attn. Legal, Corporate Affairs and Corporate Governance Dept., or by means e-mail to segreteria.societaria@astaldi.com or to the certified e-mail address astaldi@pec.actalis.it. A report on the topics proposed by such shareholders for discussion has also to be field, according to the same procedure and within the same deadline, to the managing body. It is further reminded that the agenda can not be supplemented with topics upon which the Shareholders' Meeting resolves, pursuant to the law, on the directors' proposal or on the basis of a project or plan drawn up by the same, other than those provided for by Article 125-ter, paragraph 1, of the Italian Financial Services Act.

Appointment of the Board of Auditors and Filing of the Lists

As far as concerns the appointment of the Board of Auditors, it is reminded that, pursuant to Article 25 of the Company's By-laws, and to Article 144-sexies of Consob Regulation No. 11971/99, such appointment is made on the basis of lists filed at the Company's registered office at least 25 days prior to the date fixed for the Meeting (i.e. March 30, 2012) by the Shareholders globally holding, individually or jointly with other shareholders, a number of shares representing at least 1% of the Company's share capital with voting rights at Shareholders' ordinary meetings. In the event that, at the expiry date of the period within which the lists have to be filed, one sole list has been filed, or lists have been filed only by the shareholders who hold a connection relationship between them as provided for by the laws and regulations governing the matter, additional lists may be filed until the third day after such deadline (i.e. within April 2, 2012), and in a such case, the participating interest required for filing the list will be reduced by a half and will correspond to 0.5% of the share capital entitled to vote at Shareholders' ordinary meetings. For the lists and the relevant documents to be considered as validly filed, the Shareholders will have to comply with the provisions of Article 144-sexies of Consob Regulation No. 11971/99 and Article 25 of the Company's By-laws available at www.astaldi.com ("Governance/Documents" tab). Lists and individual candidacies filed not fully complying with the provisions of the laws and the Company's By-laws will be considered as not filed.

Documents

The documents relating to the topics of the agenda shall be filed with the Company's registered offices (in Rome – Via Giulio Vincenzo Bona 65) and Borsa Italiana S.p.A. as provided for by the laws and regulations in force, the shareholders being entitled to examine the same and to obtain copy thereof. More precisely, the following documents will be made available: (i) the Directors' report on topics 1, 2 and 3 of the agenda of the ordinary session, at least 40 days prior to be Meeting, under Article 125-ter of the Italian Financial Services Act; (ii) the Director's Report on topic 4 of the agenda of the ordinary session and on the sole topic of the agenda of the extraordinary session, as well as the Remuneration Report, at least 21 days prior to be Meeting under Articles 123-ter and 125-ter of the Italian Financial Services Act, and Articles 72, 73 and 84-quarter of Consob Regulation No. 11971/99; (iii) the lists of candidates as members of the Company's Board of Auditors for the three-year period 2012/2014, at least 21 days prior to the Shareholders' Meeting under Article 144-octies of Consob Regulation No. 11971/99 and (iv) the annual financial report and the other documents as per Article 154-ter, paragraph 1, of the Italian Financial Services Act, at least 21 days prior to the Meeting. The same documents will be further made available at www.astaldi.com (*Governance/Shareholders' Meeting* tab). A report summarizing the vote results, setting for the number of shares attending the Shareholders' Meeting, personally and by proxy, the number of shares for which voted, the percentage of capital represented by such shares, as well as the number of shares voted for and against the resolution, and the number of abstentions, will be published within five days after the Shareholders' Meeting in the same section of the Company's Internet website. The minutes of the Shareholders' Meeting as per Article 2375 of the Italian Civil Code will be anyway made available at www.astaldi.com (*Governance/Shareholders' Meeting* tab) within thirty days after the date on which Shareholders' meeting was held.

Experts, Financial Analysts and Journalists

Accredited experts, financial analysts and journalists desiring to attend the Shareholders' Meeting will have to file a proper application with Astaldi S.p.A. – Attn. Corporate Communications and Investor Relations Dept. – by e-mail to the address investor.relations@astaldi.com or by fax to No. +39 - 06/41.76.67.33 – not later than two working days before the date fixed for the first call Meeting.

Rome, March 15 2012

On behalf of the Board of Directors
The Chairman
Paolo Astaldi

Company Bodies

Corporate bodies

Board of Directors[1]

Chairman	Paolo Astaldi
Deputy Chairman	Ernesto Monti
	Giuseppe Cafiero
Chief Executive Officer	Stefano Cerri
Director	Caterina Astaldi
	Pietro Astaldi
	Luigi Guidobono Cavalchini
	Giorgio Cirla
	Paolo Cuccia
	Piero Gnudi[2]
	Mario Lupo
	Eugenio Pinto
	Maurizio Poloni

Internal Control Committee

Chairman	Mario Lupo
	Luigi Guidobono Cavalchini
	Eugenio Pinto

Remuneration Committee

Chairman	Ernesto Monti
	Eugenio Pinto
	Maurizio Poloni

Related Parties Committee

Chairman	Eugenio Pinto
	Giorgio Cirla
	Maurizio Poloni

Board of Statutory Auditors[3]

Chairman	Umberto Spanò[4]
Standing Auditor	Pierpaolo Singer
	Antonio Sisca
Alternate Auditor	Massimo Tabellini
	Flavio Pizzini[5]
	Marco Rigotti[6]

Independent Auditors

KPMG S.p.A.[7]

General Management

Administration and Finance	Paolo Citterio
Domestic	Luciano De Crecchio
International and Railway Projects	Cesare Bernardini
International	Rocco Nenna

[1] ASTALDI's Board of Directors was appointed on 23 April 2010 and its term of office will expire upon approval of the Financial Statements at 31 December 2012.
[2] Following his recent appointment as the Italian Republic Government's Minister of Regional Affairs, Tourism and Sport on 29 November 2011, company Director, Piero Gnudi, appointed during the Shareholders' Meeting of 18 April 2011, has informed the company of his intention to step down from the position of company director.
[3] ASTALDI's Board of Statutory Auditors was appointed on 24 April 2009 and its term of office will expire upon approval of the Financial Statements at 31 December 2011.
[4] Auditor appointed through lists submitted by minority.
[5] Died in August 2011.
[6] Auditor appointed through lists submitted by minority.
[7] Assignment awarded to KPMG S.p.A., for the 2011-2019 period, by Astaldi's Shareholders at their Meeting held on 18 April 2011.

Management Report

Introduction

Legislative Decree No. 32 of 2 February 2007 ("Implementation of Directive 2003/51/EC, which amends EEC Directive Nos. 78/660, 83/349, 86/635 and 91/674, regarding the annual accounts and consolidated accounts of some types of companies, banks and other financial institutes and insurance companies) amended, inter alia, Article 40 (Management Report) and 41 (Auditing of consolidated financial statements) of Legislative Decree No.127/1991. Specifically, with regard to Article 40 of Legislative Decree No. 127/1991, it was envisaged that, as far as companies drafting consolidated financial statements are concerned, the management report for the consolidated financial statements and the parent's statutory financial statements "may be presented in a single document, emphasising, where appropriate, the issues which are significant for all the companies included in the consolidation scope". Taking into account the Group's structure, the company opted to avail itself of said possibility and hence this management report (referring to the 2011 annual financial statements) includes information previously provided in the management report for the consolidated financial statements and in the management report for the statutory financial statements of the parent company Astaldi S.p.A.[1]

Background scenario

ASTALDI Group has been active in Italy and abroad in the construction (design and construction) of major and complex works for over 90 years. With the aim of diversifying contracts acquired and stabilising levels of earnings, it has worked on and performed a series of projects related to construction and management concessions over the last ten years, developing a new business area within the Group – concessions. The positive results of said activities led to the incorporation of a dedicated company, ASTALDI CONCESSIONI S.r.l., in 2010 which is 100%-owned by the parent , ASTALDI S.p.A. ASTALDI's role in the concessions sector is aimed at promoting and developing projects able to ensure significant partnerships with the traditional construction sector, improving the Group's integrated supply capacity. Its recent joining of the plant design and maintenance sector should be looked on in the same light, with the Group developing industrial agreements (nBI S.r.l.) or acquiring small local businesses (Sartori Tecnologie Industriali S.r.l.), able to guarantee the know-how and human resources with specialist professional skills in complementary sectors to Astaldi's traditional business area.
Please find below a short analysis of the background scenarios found in Italy and abroad in the Group's three reference sectors, in other words construction (transport infrastructures, energy production plants and hydraulic works, civil and industrial construction), concessions (motorways and undergrounds, renewable energy and the environment, healthcare construc-

tion, car parks), plant design and maintenance (transport infrastructures, renewable energy).

Construction - Italy[2]

the Italian construction market saw a drop in investments in the sector during 2011, equal to 5.4% in real terms, largely determined by the general economic trend. Following the 6.1% drop during the 2008-2008 two-year period, Italy's GDP (Gross Domestic Product) experienced a 1.5% increase during 2010, and a small 0.5% increase in the 2011 forecasts. ISTAT figures related to the quarterly trend of the GDP showed a gradual slowdown during 2011: +0.8% in Q1, +0.7% in Q2 and +0.2% in Q3. Moreover, ISTAT figures for construction investments showed a drop of 3.2% in real terms during Q3 2011, following the standstill seen during Q1 2011 and the 1.5% drop during Q2 2011. Therefore, the general situation outlined is one where we can easily make out the rumblings of an economic recession, in line with the situation experienced in the leading global economies. Even more so given that the overall uncertainty and increasing difficulty in accessing credit have started to affect the real economy.Therefore the forecast upturn in infrastructure investments is taking its time and the spending restrictions resulting from the internal Stability Pact which local administrations must comply with are becoming increasingly evident. These figures highlight the long-standing problems of a sector already penalised by the lengthy bureaucratic procedures in Italy and the public administration's payment schedules which are becoming more and more stretched out. The result is a complex and difficult domestic scenario which ASTALDI Group is tackling through a targeted policy which consists of (i) a well-balanced revenue structure, (ii) an average life of the construction order backlog of 3/5 years, (iii) considerable potential for developing partnerships with the concessions sector, (iv) exclusive involvement in priority projects for the government's development policies which, for this reason, has meant no specific concerns for late payments or slowdown in production activities to date. In the long-term, it is felt that the government's compelling need to improve Italy's competitiveness may help focus the few available resources on infrastructures linked to key, priority projects for Italy's development (motorways, railways), also performed using the PPP (Public-Private Partnership) formula. The construction sector represents approximately 10% of GDP undertakings and makes an important contribution to the country's economy. Indeed, it is estimated that an additional 1 billion demand in the construction sector is able to have a knock-on effect on the whole economic system of EUR 3.37 billion and an increase of 17,000 in the number of employed people, approximately 11,000 of which in the specific construction sector and 6,000 for other sectors. The legislative changes and measures aimed at starting-up works, that have been taken by the technical government in office at the time of this report, are to be looked on in this light. And within a situation of major cuts in available resources for developing the country's infrastructures, relaunch of the infrastructure policy for the country's social and economic development increasingly involves quick use of available funds and prompt construction of planned works. From this viewpoint, the quick use of resources allocated for in-

[1] This Financial Report has been drafted, applying the same accounting standards as adopted to draft the Annual Financial Report at 31 December 2010, with the exception of those that had effect as from 1 January 2011 which were presented in the Consolidated Annual Financial Statements in the section entitled "Standards and Interpretations with effect as from 1 January 2011". It must also be noted that as from 2011, the Group has opted to apply the criterion of proportionate consolidation instead of equity accounting the equity method (single-line consolidation) for jointly-controlled companies in relation to IAS 31. For an overview of the relative effects, please refer to the section of the Consolidated Annual Financial Statements entitled "Change in accounting policy for jointly-controlled entities starting from 1 January 2011: proportionate consolidation". The following changes in the consolidation scope compared to 31 December 2010 must also be noted: I.F.C. Due S.c.r.l. and CO.NO. CO. S.c.r.l. are no longer included in the consolidation area due to final liquidation; nBI S.r.l., MondialMilas Bodrum and Astaldi Ozcar were included in the consolidation area (line-by-line consolidation); Metro Brescia S.r.l., Consorcio Rio Urubamba, Iclçtas - Astaldi Insaat A.S., Ica Astaldi - Iclctas WHSD Insaat A.S. and Consorzio Cerro del Àguila were included in the consolidation area (proportionate consolidation).

[2] Sources: "*Ance Congiuntura*" January 2012, by ANCE's (Italy's National Association of Builders) Economic Affairs Division and Study Centre; "*Osservatorio Congiunturale sull'Industria delle Costruzioni - Giugno 2011*", by ANCE's Economic Affairs Division and Study Centre; "*L'Ance: troppi tagli, risorse ridotte del 34%*", Sole 24 Ore of 21 July 2011.

Poland,
NR-8 National Road.

frastructures and construction within the 2007-2013 planning of European Structural Funds and funding for underused areas (now called the Development and Cohesion Fund), can be considered strategic. Indeed, according to ANCE estimates, said funds represent approximately 40% of state resources allocated for infrastructures.

Construction - International

The international construction market, just as the Italian one, is linked to the infrastructure investment programmes approved in the various reference countries. Said investments, in turn, are affected by the economic cycle, but also by the policy of the individual governments as regards public spending.
Therefore, please find below a brief analysis of the macroeconomic situation experienced in 2011, as well as planned investments, in each of the countries of interest for the Group's activities at the draft date of this report. In this regard, it must be recalled that ASTALDI's foreign presence in the construction sector can traditionally be linked to 5 geographical macro areas: Central-Eastern Europe (Romania, Poland, Russia and Turkey), Maghreb (Algeria), Middle East (Saudi Arabia, United Arab Emirates, Oman, Qatar), Latin America (Central America, Chile, Peru, Venezuela), North America (USA and Canada).

Central-Eastern Europe[3]

Romania. The country has access to cohesion infrastructure funds allocated by the European Union which make it possible to confirm major investments in the transport infrastructures sector (investments mainly linked to construction of the Trans-European Corridor IV). In the medium/long-term, additional opportunities may arise from the PPP Law approved in December 2010. Considering its role as a well-established leading player in the area thanks to over twenty years of activity, ASTALDI feels that said investments may result, in the medium-term, in interesting growth opportunities, including in relation to partnerships with leading European companies operating in the sector.

Poland. The country falls into the foreign areas where the Group is traditionally present. Poland has been allocated significant community financial resources under EU financial planning for the 2007-2013 period, which can be quantified, at the draft date of this report, as over EUR 80 billion, EUR 67.3 billion of which from structural and cohesion funds allocated with the aim of promoting Poland's economic growth through greater development of infrastructures. Therefore, thanks to the significant technical and financial resources it can boast, in addition to specific experience acquired in the use of EU structural funds (specifically in Romania), ASTALDI Group feels that interesting development opportunities may be grasped in this country, for both the construction and concession sectors, especially as regards transport infrastructures and energy and environment.

Russia. ASTALDI Group is present in Russia in the construction sector only and with carefully-selected projects which allow for suitable diversification of risks thanks to the customers said projects are developed with, and the partnerships set up in order to perform works. Indeed, said customers are solely private counterparties of high international standing.

Turkey. While differing from other weastern economies due to its specific political set-up, Turkey falls among those areas which consider infrastructures to be a driving force for their growth. The scheduled investments to date in the sector are significant and mostly related to the planned celebrations in 2023 for the Centenary of the Proclamation of the Modern Republic of KemalAtaturk. Overall, it has been confirmed that approximately USD 30 billion, equal to over 26% of the total investments approved by the Government in relation to the 9th Development Plan (2007-2013), will be spent on improving the country's transport infrastructures. Considering the Group's firmly-established presence in the country and longstanding industrial partnerships entered into with leading Turkish firms in the sector, it is felt that implementation of said infrastructure plan may promote interesting growth opportunities for Astaldi.

Turkey,
Istanbul underground.

The Maghreb (Algeria)[4]

Algeria. Algeria is considered one of the main producers of gas at a global level. Therefore it boasts sufficient resources to cover the planned investments for this country with regard to the infrastructure sector which, inter alia, envisage the start-up of a series of projects aimed at increasing the percentage of the national transport system covered by railway transport from 5% to 20% by 2015. Algeria also continues to guarantee a suitable level of stability and the government in office has confirmed its commitment to the approved investment plans.

Latin America[5]
The anti-cyclical amount of infrastructure investments in many countries in this area means that Latin America is of guaranteed interest for the Group's development policies. Even more so, considering that a large number of projects performed in this area are carried out under the aegis of international agreements and/or funding disbursed by supranational organisations. It must be recalled that ASTALDI operates in this area mainly in the transport infrastructures and energy sectors and is active in Chile, Peru and Venezuela (South America), as well as Nicaragua, Honduras, El Salvador and Costa Rica (Central America). Some brief comments related to Venezuela, Chile, Peru and Honduras can be found below.

Venezuela. Even though a planned slowdown in the contribution to production was recorded as from 2010, Venezuela continues to be an area of interest in Astaldi's commercial development policies. In May 2010, a new "Economic Cooperation Agreement" was signed by the Italian and Venezuelan governments, which ratifies the local government's major commitment to infrastructure investments in progress in Venezuela, and aims to ensure the re-launch of said investments by studying and devising a new mechanism for funding works. The aim of the agreement is to speed up the construction of infrastructures of strategic interest for Venezuela, including those being performed by Astaldi that, it must be recalled, is one of the most "acknowledged" exporters of Italian products in this geographical area. A major commitment on the part of relevant administrations with regard to approved planned infrastructures can also be confirmed. In May 2011, the Venezuelan government guaranteed the funding needed to support production for projects in progress in the area - including those performed by Astaldi – pending finalisation of the new mechanism for funding works.

Chile. As regards countries of recent commercial penetration, Chile represents an area where ASTALDI Group mainly operates with private counterparties (Pacific Hydro for the hydroelectric sector, CODELCO for the mining sector). The country represents an interesting opportunity for diversification from a geographical and sector viewpoint, thanks to the sociopolitic and economic stability it can offer, the validity of its legislative framework, and also for the important opportunities on offer in the concessions sector, especially in the renewable energy sector. ASTALDI Group operates in the area with a 27.3% stake in the concession to construct and subsequently manage a plant offering 11 MW of installed power. As far as the future is concerned, it is felt that Chile, looked on as one of the most advanced countries within the American continent, can offer additional opportunities in traditional sectors, i.e. motorways and undergrounds, but also in the mining works sector. Indeed, at the draft date of this report, investments in the Chilean mining market totalling approximately USD 70 billion are planned over the next ten years. CODELCO alone – with whom

[3] Source: "*Polonia - Newsletter FONDI UE*" No. 17, January-February 2012, by ICE – Italy's Foreign Trade Institute, European Funds Desk; "*La Polonia dribbla la crisi e attira investimenti esteri*", Il Sole 24 Ore dated 23 January 2011; "*Polonia - Newsletter Fondi UE*", No. 14 July - August 2011, by ICE – Foreign Trade Institute; "*Un secondo Bosforo dal Mar Nero all'Egeo*", Il Sole 24 Ore dated 28 April 2011; "*L'Europa è in attesa di Ankara, la laica*", Espansione of 31 August 2011; "*Sprint estero per le costruzioni*", Il Sole 24 Ore dated 1 April 2011.

[4] Source: "*Rapporto per il VI Laboratorio Euro-Mediterraneo*", by the Chamber of Commerce of Milan.

[5] Source: "*Piano Appalti in Honduras*", Il Sole 24 Ore dated 18 July 2011.

Peru,
Huanza hydroelectric plant.

ASTALDI Group is already performing two mining contracts for a total USD 420 million, related to the Relaves and Chuquicamata[6] projects – has announced investments in the country of USD 15 billion over the next five years. CODELCO, a state-controlled company set up in 1976, is currently the leading copper producer in the world, accounting for 11% of global production in 2010.

Peru. As with Chile, ASTALDI Group also operates in Peru mainly with private customers, such as Minera Buenaventura – a company owning several precious metal mines and holder of the concession to develop the Huanza hydroelectric plant (98MW). It must be recalled that the Group's presence in Peru corresponds to its strategic need and desire to diversify activities in progress in Latin America. Indeed, it is believed that this country, characterised by a major increase in GDP in recent years, can offer additional opportunities in sectors where traditionally present (motorways, ports, undergrounds).

Honduras. The National Investment Promotion Plan was approved on 18 August 2010 which identified 14 billion infrastructure projects to be carried out, for an overall investment of USD 124 billion. The sectors concerned are tourism (USD 700 million), renewable energy (USD 2.6 billion), infrastructures (USD 8.7 billion), forestry affairs (USD 920 million), agro-industry (USD 956 million), textiles, transformation and services (USD 10 million). Moreover, the political climate has put behind it the critical problems experienced in 2009 and the economy is now emerging from the major crisis.

North America[7]

Astaldi Group is present in North America in the USA, where it operates through its subsidiary ASTALDI CONSTRUCTION Corp., mainly in the transport infrastructures sector in South Florida. In order to ensure suitable diversification of activities, the company is also examining the opportunities on offer in Canada where, taking into account the existing legislative framework and planned infrastructure investments, it is felt that projects in the transport infrastructures and energy sectors may be possible. Some brief comments regarding the USA and Canadian markets can be found below.

USA. The American economy experienced a temporary slowdown in growth during the first half of 2011, affected by both the earthquake in Japan, which generated a drop in commercial traffic and production chain problems, and the consequences of the adverse global situation. Said factors go to explain the drop in industrial activity and, hence, the lack of progress made by the labour market. As regards public finances, the getting back on track of which shall be a priority for the coming years, uncertainty remains as to the outcome of the clash between the Administration and Congress as regards the maximum level of national debt. On the whole, the recession has continued to have a nega-

Algeria,
Mecheria - Redjem Demouche railway.

Chile,
Chacayes hydroelectric plant.

tive effect on the construction market during the year and on the profits of companies working in this sector. Despite this, it is felt that the country can continue to offer interesting opportunities in the transport infrastructures sector.

Canada. Canada offers a stable macroeconomic situation and favourable reference legislative framework. From a macroeconomic viewpoint, the country's GDP is continuing to increase despite a drop recorded during Q2 2011, caused by the weak US economy, the Japanese tsunami and cost of raw materials it imports - IMF forecasts for 2012 show a 1.9% increase in GDP, down on the 2.1% increase recorded in 2011, but undoubtedly better than the 2.8% drop experienced in 2009. As regards development opportunities, the country has approved interesting infrastructure investments which mean the area is of guaranteed interest for the Group's development policies. The "Plan Nord" launched in Québec, provides for investments of EUR 34 billion in the renewable energy sector (more than half in the hydroelectric sector) and EUR 27 billion in mining and transport infrastructures (ports, airports, roads, railways) over the next 25 years. The "Green Energy Act" approved in Ontario, provides for the replacement of coal-powered plants by 2014, with estimated private investments totalling EUR 6.6 billion in the sustainable energy sector. Additional investments are also expected in light of the announcement made by the National Association of Oil Producers which envisages a 68% increase in the country's oil production by 2025. At the draft date of this report, Canada falls into the group of countries Astaldi has recently ventured into. Indeed, ASTALDI CANADA Inc., a company owned completely by ASTALDI S.p.A. was set up in February 2012 and shall be responsible for monitoring and developing opportunities in Canada.

Concessions - Italy

As regards Italy, the new legislative framework which promotes the development of project finance in Italy is of specific importance. Said framework was created under Law No. 214 of 22 December 2011 - which converted Law Decree No. 201 of 6 December 2011, also known as the "Save Italy" decree, - as well as under Law Decree No. 1 of 24 January 2012, also known as the "Grow Italy" decree, and currently subject to conversion. Specifically, the provisions approved under the latter decree are aimed at promoting the inclusion of private capital in the funding, construction and management of infrastructures. These range from provisions facilitating project bankability, the introduction of availability charges and the introduction of the right of pre-emption for sponsors of works not included among public planning (brownfield) to the possibility of grouping together various project phases, the new mechanism regarding the issue of bonds by SPVs and the improved procedure for taking over existing concessions (Greenfield). All of the changes provided for

[6] For more information about these two projects, please refer to the section entitled "*Operating performance according to geographical area and sector*".
[7] Source: "*Il Canada ritrova energia*", Il Sole 24 Ore dated 9 January 2012.

Florida (USA),
SR-84 State Road.

in recent legislation are aimed at developing project finance.
Note must also be taken of the introduction of law provisions aimed at developing project finance through tax exemptions: specifically, it is possible to replace the disbursement of contribution/price with an equivalent amount to be used to cover tax payments (Corporate Tax/Production Tax/VAT). At the draft date of this report, the real effects said provision may have on the sector have yet to be seen insofar as implementation regulations which set forth the procedures in order to benefit from said offsetting have not been issued yet. Nonetheless, it is felt that said instruments may encourage the creation of additional market opportunities which ASTALDI CONCESSIONI S.r.l., together with Astaldi Group, will be ready to pick up on. It must be recalled that ASTALDI's role in the concessions sector is aimed at promoting and developing projects able to ensure major synergies with its core business of construction, thus improving the Group's integrated supply capacity.

Concessions - International[8]

At the draft date of this report, ASTALDI Group's presence in the international concessions market is mainly limited to Chile (energy) and Turkey (transport infrastructures, healthcare construction), and, to a lesser extent, Honduras (environment). The Group is also examining the opportunities that may develop in the medium-term in Canada (healthcare construction) and Peru (mining sector).

Turkey. Important concession investments are underway in Turkey to improve the existing infrastructure system, also in light of possible entry into the European Union. Even if from a macroeconomic viewpoint, the country has not escaped the consequences of the crisis experienced by international financial markets, it is envisaged that approximately USD 30 billion will be used over the coming years to improve the country's transport infrastructures. A plan of action has also been approved in the healthcare construction sector which led to calls for bids for 4 B.O.T. (Build-Operate-Transfer) contracts during 2010, one of which - the Etlik Hospital Campus in Ankara – was already awarded to Astaldi Group during 2011. Considering the planned investments, instruments such as PPPs (Public-Private Partnership) and project finance will take on a strategic value and the country is also working to favourably integrate said instruments from a legislative viewpoint. Specifically, procedural changes have been introduced to facilitate project bankability and hence, to promote the inclusion of private capital in the funding, construction and management of works.

Chile. The country stands out for its forward-thinking legislative framework with regard to the concessions sector. Indeed it was one of the countries to pioneer the use of PPPs to promote development of the infrastructures sector, introduced at a local level from the 1990s. Chile, which has had a legislative framework that favours the development of the concessions market since 1996 (Public Works Concession Law), has also approved a public concessions programme for the 2010-2014 period which provides for the awarding of projects worth USD 11.8 billion in the transport sector (roads, ports, airports, etc.). It has also approved a programme to improve its hospital infrastructures which provides for the performance of 6 projects during the 2011-2013 period, with a total investment of over USD 1.3 billion.

Honduras. The country offers a reference legislative framework which is constantly undergoing changes. Indeed, a series of law provisions have recently been introduced, aimed at modernising the country's juridical framework and improving its ability to attract private capital (foreign): the *Ley de Promocion de la Alianza Publico-Privada* (Decree No. 143/2010, which, in turn fits into a broader framework of which it represents the basis and prerequisite, the *Vision de País y Plan de Nación 2010-2022 and the Plan de Gobierno 2010-2014*), that introduces a definition of PPP (Public-Private Partnership) and regulates negotiation procedures in relation to the performance, development and management of public works and services; the *Ley de Inversiones* to protect foreign capital in the country.

Plant Design and Maintenance

ASTALDI Group has joined the plant design and maintenance sector in recent years, by developing industrial agreements (nBI S.r.l.) and by acquiring small local businesses (Sartori Tecnologie Industriali S.r.l.), able to guarantee the input of know-how and highly specialised professional resources in complementary sectors to ASTALDI's traditional activities. Its joining of the sector is aimed at ensuring the creation of major synergies with the traditional construction and concessions sectors, thus expanding on the Group's overall supply capacity in Italy and abroad. Therefore, it is felt that the vertical integration processes introduced over the year are able to guarantee additional growth opportunities for the future. For more information, please refer to the section entitled outlook.

Analysis of the Group's income statement and statement of financial position figures

During 2011, the leading global economies confirmed that they were unable to leave behind the difficulties linked to the performance of financial markets and the lending market seen in recent years. Many of the stronger economies still have concerns as regards national debt and the harsh restrictions placed on spending. Despite this, in many of the countries where Astaldi Group operates, awareness of the anti-cyclical value of infrastructure investments has led to the speeding-up of plans to boost the economy, especially abroad, consolidating growth opportunities in the sector in the medium- and long-term.

It is also considered appropriate to recall that, as specifically regards Astaldi Group:

- the sustainability of growth targets identified by the management is maintained in the medium-term by conservative criteria for the inclusion of orders in the backlog which mean that only contracts for which funding has been allocated are included in the relative value;
- the high level of diversification as regards geographical areas, sectors and customers, which is constantly pursued (and achieved) by the Group, means that forecast results are not bound to the trend of individual business sectors;
- the flexibility of the business model singled out to expand activities, combined with ERM (Enterprise Risk Management) instruments adopted, make it possible to reorganise the Group's operations in specific situations that are penalised by a temporary lack of financial resources;
- to date, the Group has a "potential" backlog able to guarantee growth in the medium-term.

These represent the cornerstones and conditions for implementation of business activities which has allowed ASTALDI Group to achieve significant financial results, even given the general recession being experienced.

Please find below an analysis of the trends which have generated the Group's end-of-year consolidated results, preceded by a description of the alternative performance indicators used in the analysis.

Non-GAAP alternative performance indicators

Astaldi's management assesses the financial performance of the Group and business segments on the basis of some indicators not provided for in IFRSs, the specific components of which are listed below.

EBITDA: is obtained by excluding the following items from EBIT, as defined below: (i) amortisation and depreciation of intangible assets and property, plant and equipment; (ii) impairment and provisions; (iii) capitalisation of internal construction costs.

EBIT (net operating profit/loss): is equal to the profit and loss prior to taxation and financial income and charges, without any adjustments. The following are excluded from EBIT: income and changes resulting

[8] Sources: "*Newsletter internazionale*" No. 7 dated 26 January 2011, by ANCE – Italy's National Association of Builders; "*Cronache economiche*" No. 3, by the Commercial Office of the Italian embassy in Turkey.

from the management of non-consolidated investments and securities as well as the results of any transfers of consolidated investments, included in financial statements under the heading of "financial income and charges", or under the heading of "effects of equity accounting" for the share of profit or loss of equity - accounted investees.

EBT (pre-tax profit/loss): is calculated as the net operating profit or loss, excluding financial income and charges, as well as the effects of equity accounting.

Debt/Equity Ratio: is calculated as the ratio between the net financial position – drafted in accordance with the CESR model (Committee European Securities Regulators) – as the numerator and equity as the denominator, excluding treasury shares on hand.

Net financial position: is obtained by subtracting the total of non-current financial receivables and receivables arising from concessions, as well as other specific items, from net financial debt, calculated as required under the CESR (Committee European Securities Regulator) recommendation dated 10/02/2005.

Net non-current assets: is to be taken as the total of non-current asset items; specifically, this refers to intangible assets, the Group's technical resources, the amount of investments as well as other non-current residual items compared to those listed above.

Working capital: is the result of the total of receivables and payables linked to the core business (trade receivables and payables, inventories, work in progress, assets, payments on account from customers, residual current asset items).

Net invested capital: is the total of net non-current assets, working capital, provisions for risks and provisions for employee benefits.

Comments on the year's operating performance

ASTALDI Group ended 2011 with a turnover of EUR 2.36 billion (+14.8% YOY) and **significant operating and commercial results,** combined with **consolidation of the equity and financial structure.**

Despite the generally recessive macroeconomic situation and it being penalised by the persisting credit crunch, ASTALDI achieved **a marked growth in its performance** which made it possible to guarantee that **planned targets to date will be both met and surpassed**.

Total revenue for 2011 **increased by 14.8% YOY to EUR 2.36 billion** (EUR 2.06 billion for 2010), with significant levels of earnings: **the EBITDA margin stood at 11.0% and the EBIT margin at 8.5%**, in relation respectively to EBITDA of EUR 259.4 million (+9.6% YOY, EUR 236.6 million for 2010) and EBIT of EUR 200.7 million (+11.3%, EUR 180.3 million for 2010). EBT (earnings before taxes) totalled EUR 125.4 million (+22.4%, EUR 102.5 million for 2010), **generating net profit of EUR 71.2 million, showing a 12.9% increase** (EUR 63.1 million at for 2010), with the net margin holding steady at 3%.

The total order backlog amounted to over EUR 10 billion, with EUR 3.3 billion of net increases related to new projects and contractual increases secured during the year which serve to confirm the Group's excellent ability to renew orders in progress. The construction backlog stands at EUR 7.3 billion, meaning a 3-year project duration in Italy and 4/5-year duration for foreign projects. Concession projects continue to play an important role, amounting to EUR 2.7 billion of the backlog, to be taken as the discounted value of estimated revenue from individual projects in progress against guaranteed minimum fees (in the form of availability charges, guaranteed minimum traffic, occupation fees, water rights) equalling an average of over 50% of the estimated total revenue.

The Group's net financial debt, excluding treasury shares, amounted to EUR 479.7 million at the end of 2011 (EUR 362.4 million at 31 December 2010), **taking into account investments totalling EUR 250 million** (EUR 202 million of which in concessions), with self-financing **generated by the construction sector amounting to EUR 124 million**.

Group income statement figures

Main consolidated income statement figures

(thousands of euros)	2011	%	2010	%	YOY diff. (%)
Total revenues	2,360,259	100.0%	2,055,808	100.00%	+14.8%
EBITDA	259,372	11.0%	236,649	11.5%	+9.6%
EBIT	200,691	8.5%	180,293	8.8%	+11.3%
Pre-tax profit	125,420	5.3%	102,483	5.0%	+22.4%
Group profit	71,195	3.0%	63,056	3.1%	+12.9%

Production

Total revenue recorded a 14.8% increase and amounted to EUR 2,360.3 million (EUR 2,055.8 million for 2010) thanks to the **excellent level of diversification of activities achieved as regards geographical areas and sectors** which made it possible to offset the negative effects of the current international situation.
Operating revenue accounted for 96% of total revenue, showing a 17.3% YOY increase, amounting to EUR 2,265.3 million (EUR 1,931.6 million for 2010). Said figures can be attributed to the positive performance of projects in Italy (Maxi Lots "DG-21" and "DG-22" of the Jonica National Road, Line 5 of the Milan underground and the Tuscan Hospitals project), Central-Eastern Europe (road works in progress in Romania and Poland as well as the Warsaw underground), Turkey (the Istanbul underground and progress of works to build the Milas-Bodrum Airport), Algeria (railways) and Oman (roads). While as regards Venezuela, the planned limiting of operations was confirmed, and while still guaranteeing a significant contribution, there was a suitable reduction in ASTALDI Group's exposure as regards this country. **Other operating revenue accounted for the remaining 4% of total revenue**, equal to EUR 95 million (-23.5%, EUR 124.2 million for 2010). When making a YOY comparison, the figure was lower than for 2010 as a result of the greater levels of activity linked to additional services recorded for projects in progress in Turkey last year. Indeed said income statement item records the trend of activities which, even if not referable to the Group's core business, are linked to its traditional activities and of a lasting nature.
The revenue structure continued to show **balanced diversification of activities as regards geographical areas and sectors.**
Italy's contribution to production (46.3% of operating revenue) remained largely unvaried and reflected the positive trend of projects in progress in the transport infrastructures and civil and industrial construction sectors. **The remaining 53.7% is to be attributed to foreign activities**, mainly related to projects in progress in Central-Eastern Europe, Turkey, Algeria and America.
Transport infrastructures (84.2% of operating revenue) continued to represent the Group's core business and accounted for EUR 1,907 million (EUR 1,541 million for 2010), all from construction activities. Specifically, railways and undergrounds (48.1%) reflected the positive trend of activities in Italy, Algeria and Venezuela; works in progress in Italy, Romania and Poland mainly accounted for the contribution from roads and motorways (27.7%); while there was an increase in the percentage recorded for ports and airports (8.4%) thanks to projects in progress in Turkey (Milas-Bodrum) and Romania (Henri Coanda), and to the start-up of preliminary activities related to construc-

tion of the airport in Russia (Pulkovo). **Energy production plants and hydraulic works (6.8%) continued to make a significant contribution**, referring exclusively to construction activities, and specifically, to progress made on projects in Peru (Huanza), the completion of works in Chile (Chacayes) and Costa Rica (Pirris) and design review for the project in El Salvador (El Chaparral). Said sector is expected to start to pick up as from 2012, following recent acquisitions in Peru (Cerro del Àgula, Santa Teresa). **The contribution from civil and industrial construction (8.9%) increased**, with 7.9% to be attributed to the construction sector, for projects in progress in Italy, Romania and the Middle East, and the remaining 1% to the concessions sector.
Please find below a brief summary of the projects which had the greatest incidence on the year's results, split according to business sectors. For more detailed information on the individual projects, please refer to the section herein entitled "Operating performance by geographical area and sector".

Construction (Italy)

In Italy, construction activities generated EUR 1,027 million of operating revenue (+20.1% YOY, EUR 855 million for 2010) and specifically reflected: (i) the positive progress made on the two Maxi Lots of the Jonica National Road, with the opening of a operational stretch of Maxi Lot "DG-21" in November; (ii) the positive progress of works on the Bologna Centrale High-Speed station, the Turin Railway Junction, the Police Officers' Academy [Scuola Carabinieri] in Florence and the Tuscan Hospitals project (with more than 60% of works completed in Prato and Pistoia and 50% of works in Lucca, while works in Massa got underway in July and are now proceeding as re-scheduled thanks to resolution of the bureaucratic problems experienced upon project commencement), as well as on underground lines under construction in Rome (Line C), Milan (Line 5) and Naples (Lines 1 & 6).

Construction (International)

At an international level, construction accounted for EUR 1,215 million of operating revenue (+15.1% YOY, EUR 1,056 million for 2010) and specifically reflected: (i) the progress of road works in Romania and Poland and of the Istanbul underground in Turkey; (ii) the progress of works on the Milas-Bodrum (Turkey) and Henri Coanda (Romania) airports and the start-up of preliminary activities for Pulkovo Airport (Russia) (iii) the upturn in production activities in the Middle East (Jubail industrial plant), which had been affected in 2010 by misalignment between contracts nearing completion and the start-up of new projects; (iv) the progressive progress of activities in Peru (Huanza hydroelectric plant) and the completion of hydroelectric plants under construction in Chile (Chacayes) and Costa Rica (Pirris); (v) the positive performance of activities in Venezuela despite the planned limiting of operations in this area; (vi) the intensification of railway projects in Algeria.

Concessions

Concessions generated EUR 23 million of operating revenue (+15% YOY, EUR 20 million at for 2010), EUR 16 million of which referred to Astaldi's revenue from management of Mestre Hospital and the remaining EUR 7 million to direct management of 5 car parks in Italy. No foreign management revenue wes recorded for 2011. However, it must be remembered that the Chacayes hydroelectric plant (111 MW) in Chile was inaugurated in October and, as from 2012, will make a contribution to the Group's results along with the international terminal of Milas-Bodrum airport in Turkey.

Breakdown of operating revenue by geographical area

(millions of euros)	2011	%	2010	%
Italy	1,050	46.3%	875	45.3%
International	1,215	53.7%	1,057	54.7%
Europe	697	30.8%	472	24.5%
America	318	14.0%	421	21.8%
Asia (Middle East)	37	1.6%	23	1.2%
Africa (Algeria)	163	7.2%	140	7.2%
TOTAL OPERATING REVENUE	2,265	100.0%	1,932	100.0%

Breakdown of operating revenue by sector

(millions of euros)	2011	%	2010	%
Transport infrastructures	1,907	84.2%	1,542	79.8%
Railways and undergrounds	1,090	48.1%	1,072	55.5%
Roads and motorways	627	27.7%	410	21.2%
Ports and airports	190	8.4%	60	3,1%
Hydraulic works and energy production plants	155	6.8%	263	13.6%
Civil and industrial construction	180	7.9%	107	5.5%
Concessions	23	1.0%	20	1.0%
TOTAL OPERATING REVENUE	2,265	100%	1,932	100%

Costs

Costs rose as a result of the increase in production, especially in Italy, Romania, Poland and Algeria. On the whole, **the cost structure reflected the significant amount of general contracting projects in the Group's work backlog**. The cost of production rose to EUR 1,807.9 million (+16.8% YOY, EUR 1,547.6 million for 2010), with an incidence of 76.6% on production (75.3% for 2010). **Personnel cost increased less than proportionally compared to revenue** and totalled EUR 262.5 million (+7.5%, EUR 244.1 million in 2010). Other operating costs amounted to EUR 30.4 million (+11%, EUR 27.4 million for 2010).

Profit

Significant levels of earnings were confirmed, reflecting the quality of orders in progress. **EBITDA rose by 9.6%** to EUR 259.4 million (EUR 236.6 million for 2010) with an **EBITDA margin of 11%. EBIT recorded a more significant increase of 11.3%**, equal to EUR 200.7 million (EUR 180.3 million for 2010), **with an EBIT margin of 8.5%**.
Results obtained in the railway sector in Italy made a positive contribution to the margins achieved for the year, thanks to positive review of the margins of some projects and re-negotiation of some contracts which resulted in acknowledgement for the Group of

fees for early completion of works. While as already mentioned during the year, the period saw a negative trend recorded for activities in the Middle East - due to operating problems which, at the present time, have only been partially resolved by the customer - and the failure to absorb general and development costs in both the Middle East and some areas of Central America following the slowdown in commercial activities. It is also considered appropriate to note that the performance recorded last year in terms of earnings – with the EBITDA margin and EBIT margin standing at 11.5% and 8.8% respectively at for - had benefitted from the completion of some contracts which generated a higher than average level of earnings for the Group.
Said interim results were achieved despite EUR 8 million of provisions. The latter can be attributed to the conservative measures taken in view of charges that may arise for the Group following difficulties experienced by partners with regard to joint ventures set up to perform projects in progress in Italy (transport infrastructures). Indeed said charges may be entered in accounts upon resolution of the problems regarding contracts and interests related to the specific situations, with the effects being seen over the coming years.

Financing activities

Even given the major investments carried out (mostly linked to concessions), **net financial charges dropped to** EUR 75.7 million (EUR 78.1 million for 2010), with a reduction in the incidence on revenue to 3.2% (3.8% for 31 December 2010). The result is even more worthy of note if the Group's volumes of activity over the year are to be taken into account, both at an operating (production support, performance bonds) and commercial level (bid bonds).

Profit for the year

EBT (earnings before taxes) increased by 22.4% to EUR 125.4 million (EUR 102.5 million at 31 December 2010) with a 5.3% incidence on total revenue (5% for 2010). This resulted in a **12.9% increase in profit** which amounted to EUR 71.2 million (EUR 63.1 million for 2010), net of a 42.6% tax rate for the year. Said rate increased compared to the previous year as a result of changes in the geographical mix of activities.

Group's statement of financial position figures

Main consolidated statement of financial position figures

(thousands of euros)	31-Dec-11	31-Dec-10
Total net non-current assets	471,847	329,248
Working capital	518,216	510,775
Total provisions	(37,085)	(30,237)
Net invested capital	952,979	809,786
Net financial liabilities	(623,651)	(466,428)
Receivables arising from concessions	140,951	99,871
Total financial liabilities (*)	(482,701)	(366,557)
Equity	470,278	443,229

(*) Figure includes treasury shares totalling just over EUR 3 million at 31 December 2011 and EUR 4.2 million at 31 December 2010.

The **Group's financial position for the year showed itself to be balanced and able to support planned growth levels**, even given a considerable intensification in production in the construction sector and in investments in the concessions sector.

Net non-current assets increased to EUR 471.8 million (EUR 329.2 million at 31 December 2010), mainly as a result of the **increase in investments** (linked specifically to investments in the concessions sector). For a better understanding of the year's trends, it must be noted that said item is presented, for comparative years, net of the amount of the investment of the contribution received. Said figure has no effect on net invested capital.

Working capital increased to EUR 518.2 million (EUR 510.8 million at 31 December 2010). The YOY increase in said item can be largely attributed to the structure of the order backlog which has a major incidence of contracts providing for lump-sum payments (rather than payments in relation to the quantity of works performed) which, by their very nature, are made against the overall works carried out. It must also be noted that, despite the difficulties being experienced by public administrations (the Group's typical counterparty), the total amount of receivables remains under control and is not causing any specific problems for the financial structure. Lastly, it is important to recall that contract advances exclusively refer to items regarding foreign contracts insofar as no down payments are envisaged for projects in progress in Italy, and in Poland as regards foreign projects.

On the whole, the aforementioned trends generated **an increase in net invested capital to EUR 952.9 million** (EUR 809.8 million at 31 December 2010).

Equity increased to EUR 470.3 million (EUR 443.2 million at 31 December 2010) thanks to profit for the year and deferred items entered in the statement of comprehensive income, including derivatives payable totalling EUR 32 million, as well as the distribution of dividends totalling EUR 14.6 million in May 2011.

Consolidated net financial position

The total net financial position, excluding treasury shares and receivables arising from concessions, **totalled EUR 479.7 million at 31 December 2011** (EUR 547.3 million at 30 September 2011, EUR 525.5 million at 30 June 2011 and EUR 362.4 million at 31 December 2010), even considering **investments totalling EUR 250 million – EUR 202 million of which referred to concession projects**
Said figure is mainly to be attributed to the **virtuous contract cash flow trend** which is the result of increasing optimisation of financial balance between sources and application of funds. Indeed, **self-financing in the construction sector totalled EUR 124 million**, reflecting the Group's improved ability to transform profit into cash-flow, not only thanks to the high quality of orders in progress, but also to ongoing monitoring of invested capital implemented at all levels (contract and corporate).
For more information about current corporate loans and relative covenant/financial levels, please refer to the content of the Notes to the Consolidated Financial Statements. It is considered appropriate to take note herein of the fact that, despite the difficulties experienced by financial markets over the year, in December ASTALDI Group **successfully completed a medium-term refinancing operation** referring to more than half of the Group's overall net debt exposure. Indeed, Astaldi **signed an agreement to extend a long-term EUR 325 million loan tranche from April 2013** to December 2016. The agreement consists in the subscription of a new long-term loan agreement which provides for a single revolving credit facility, aimed at guaranteeing the financial resources needed for the investments planned over the coming five years, as well as the intensification of activities in the Group's construction and concession sectors (especially in relation to transport infrastructures, healthcare construction and renewable energy). The transaction has been endorsed by a pool of national and international banks, with BIIS-Banca Infrastrutture Innovazione e Sviluppo (Gruppo Intesa Sanpaolo), BNP Paribas, The Royal Bank of Scotland and Unicredit acting as bookrunners and mandated lead arrangers. The transaction, which served to corroborate the markets' confidence in the Group's growth targets, has lent greater flexibility to its financial structure, confirming its focus on the medium/long-term.
The debt/equity ratio – which compares the level of debt and equity, net of treasury shares - stood at 1.02x at 31 December 2011. At the same date, the corporate debt/equity ratio, which excludes the share of debt related to concessions insofar as with no recourse or self-liquidating, stood at 0.5x.

Breakdown of consolidated total net financial debt.

(thousands of euros)		Note regarding reconciliation with consolidated financial statements	31/12/2011	31/12/2010
A	Cash and cash equivalents	*24*	456,210	415,259
B	Securities held for trading	*18*	1,889	5,003
C	Available funds (A+B)		458,099	420,262
-	Short-term financial receivables	*19*	879	20,371
-	Current share of receivables arising from concessions	*18*	2,867	1,924
D	Current financial payables		3,746	22,295
E	Current bank loans and borrowings	*26*	(315,148)	(226,148)
F	Current share of non-current debt	*26*	(114,659)	(93,516)
G	Other current financial payables	*26*	(13,654)	(11,256)
H	Current financial debt (E+F+G)		(443,460)	(330,920)
I	Net current financial debt (H+D+C)		18,385	111,638
J	Non current bank loans and borrowings	*26*	(649,471)	(588,794)
K	Other non current payables	*26*	(4,728)	(3,447)
L	Non-current financial debt (K+J)		(654,199)	(592,242)
M	Net financial debt (L+I)		(635,814)	(480,604)
-	Non current financial receivables	*18*	15,030	16,100
	of which related parties		14,868	14,416
-	Non current share of receivables arising from concessions	*18*	138,084	97,948
N	Non current financial receivables		153,114	114,047
O	Total financial debt (M+N)		(482,701)	(366,557)
	Treasury shares on hand		3,005	4,168
	Total net financial debt		(479,695)	(362,388)

Restated Consolidated financial statements

Restated consolidated income statement

(thousands of euros)	Note regarding reconciliation with consolidated financial statements	2011	% of total revenue	2010	% of total revenue
Revenue	1	2,265,284	96.0%	1,931,588	94.0%
Other operating revenue	2	94,975	4.0%	124,220	6.0%
Total revenue		2,360,259	100.0%	2,055,808	100.0%
Cost of production	3 - 4	(1,807,948)	(76.6%)	(1,547,620)	(75.3%)
Added value		552,311	23.4%	508,188	24.7%
Personnel expenses	5	(262,492)	(11.1%)	(244,102)	(11.9%)
Other operating costs	7	(30,447)	(1.3%)	(27,436)	(1.3%)
EBITDA		259,372	11.0%	236,649	11.5%
Amortisation and depreciation	6	(51,568)	(2.2%)	(52,890)	(2.6%)
Provisions	7	(7,963)	(0.3%)	(790)	0.0%
Impairment losses	6		0.0%	(3,916)	(0.2%)
(Capitalisation of internal construction costs)	8	850	0.0%	1,241	0.1%
EBIT		200,691	8.5%	180,293	8.8%
Net financial income and charges	9 - 10	(75,672)	(3.2%)	(78,072)	(3.8%)
Effects of equity accounting	11	401	0.0%	262	0.0%
Pre-tax profit		125,420	5.3%	102,483	5.0%
Taxes	12	(53,496)	(2.3%)	(38,960)	(1.9%)
Profit for the year		71,924	3.0%	63,523	3.1%
Loss attributable to non-controlling interests		(729)	0.0%	(466)	0.0%
Profit attributable to owners of the parent		71,195	3.0%	63,056	3.1%

Restated consolidated statement of financial position

(thousands of euros)	Note regarding reconciliation with consolidated financial statements	31/12/2011	31/12/2010
Intangible assets	16	44,132	3,739
Property, plant and equipment	14 - 15	193,419	205,159
Investments	17	195,964	84,830
Other net non-current assets	12 - 18 - 19	38,332	35,520
TOTAL Non-current assets (A)		471,847	329,248
Inventories	20	93,369	93,624
Contract work in progress	21	1,010,416	845,877
Trade receivables	22	32,897	30,463
Receivables from customers	22	788,066	593,899
Other assets	18 - 19	205,528	213,666
Tax assets	23	116,981	101,523
Payments on account	21	(472,120)	(338,489)
Subtotal		1,775,138	1,540,563
Trade payables	29	(117,441)	(130,951)
Payables due to suppliers	19 - 29	(897,823)	(695,674)
Other liabilities	12 - 26 - 27 - 30	(241,657)	(203,163)
Subtotal		(1,256,921)	(1,029,788)
Working capital (B)		518,216	510,775
Employee benefits	28	(7,926)	(8,460)
Provisions for non-current risks and charges	31	(29,159)	(21,777)
Total Provisions (C)		(37,085)	(30,237)
Net invested capital (D) = (A) + (B) + (C)		952,979	809,786
Cash and cash equivalents	24	456,210	415,259
Current financial receivables	19	879	20,371
Non-current financial receivables	18	15,030	16,100
Securities	18	1,889	5,003
Current financial liabilities	26	(443,460)	(330,920)
Non-current financial liabilities	26	(654,199)	(592,242)
Net financial liabilities (E)		(623,651)	(466,428)
Receivables arising from concessions	18	140,951	99,871
Total financial liabilities (F)		(482,701)	(366,557)
Equity attributable to owners of the parent	25	(465,222)	(424,988)
Equity attributable to non-controlling interests	25	(5,057)	(18,241)
Equity (G) = (D) - (F)		470,278	443,229

Reconciliation of equity and profit for the year parent's financial statements and consolidated financial statements

(thousands of euros)	Equity 31/12/2011	Income statement 31/12/2011	Equity 31/12/2010	Income statement 31/12/2010
Amounts as per Astaldi S.p.A.'s financial statements	445,564	62,654	394,392	46,891
- Elimination of carrying amount of ownership interests	(311,936)		(232,867)	
- Equity and profit for the year (calculated on basis of same standards) of companies consolidated net of non-controlling interests	216,445	(26,920)	174,687	(8,963)
-Effect of equity accounting	(21,697)	401	(8,372)	262
- Elimination of allowance for impairment on investments in subsidiaries and equity-accounted investees net of use	46,800	3,574	43,264	(3,416)
- Elimination of provisions for risks on investments in subsidiaries and equity-accounted investees	87,323	36,959	50,887	30,062
- Intragroup losses and dividends		(5,182)		(5,289)
- Elimination of unrealised intragroup profits and other minor adjustments	2,722	(291)	2,997	3,509
Amount as per consolidated financial statements (Attributable to owners of the parent)	465,222	71,195	424,989	63,056
Amount as per consolidated financial statements (Attributable non-controlling interests)	5,057	729	18,241	466
Amount as per consolidated financial statements	470,278	71,924	443,229	63,523

Investments

Technical investments for the year amounted to EUR 39 million (1.7% of total revenue) and were mainly related to support guaranteed to projects in progress in Italy, Oman, Poland, Romania and Russia. The figure is in keeping with forecasts made during business planning and, taking into account the production levels seen during the year, confirmed the Group's ability to optimise already available technical resources.
Concession investments for the period totalled approximately EUR 202 million and mainly referred to: (i) the acquisition of a stake in the motorway concessionaire, A4 Holding S.p.A. (formerly Autostrada Brescia-Verona-Vicenza-Padova S.p.A.) for EUR 100 million; (ii) the project in the airport sector in Turkey (Milas-Bodrum Airport) for EUR 73 million; (iii) investments prior to the commencement of works to build the Gebze-Izmir motorway in Turkey for EUR 13 million; (iv) Line 5 of the Milan underground in Italy for EUR 10 million and, (v) car parks under management in Italy for the remaining EUR 6 million. Taking into account as well the funding of working capital on the relative construction activities, **concession investments for 2011 totalled EUR 208 million**. Therefore, at the draft date of this report, concession investments (in other words, Astaldi's shares of equity or semi-equity paid into management companies connected to individual projects in progress, in addition to the relative working capital) totalled EUR 387 million, EUR 140 million of which referring to receivables arising from concessions – the latter to be taken as shares of investment covered by guaranteed cash flow – as set forth in IFRIC-12.

Order backlog

The consolidated order backlog amounted to over EUR 10 billion, with EUR 3.3 billion of net increases related to new projects and contractual increases recorded during the year in Italy and abroad – mainly related to transport infrastructures and new energy plants, using the general contracting and concession formulas.
The construction backlog (73% of total orders, with EUR 2.6 billion in Italy and EUR 4.7 billion abroad) amounts to EUR 7.3 billion and consists in general contracting projects and, to a lesser extent, traditional contracts with a high technological content which, on the whole, guarantee an average project duration of approximately 3 years in Italy and 4/5 years abroad.
The concession backlog (27% of total orders, with EUR 1.5 billion in Italy and EUR 1.2 billion abroad) amounts to EUR 2.7 billion, to be taken as the discounted value of the estimated total revenue from the individual projects under concession to date. Therefore, concessions continue to play a significant role in the Group's development policies, also following its recent joining of the Turkish airport sector (Milas-Bodrum) and the Chilean mining sector (Relaves). It is considered appropriate to recall that the model adopted to develop concession projects in Italy and abroad makes available for each of the agreements signed to date a guaranteed minimum fee (in the form of availability charges, guaranteed minimum traffic, occupation fees, water rights) which, on average, amounts to over 50% of the total revenue, guaranteeing the return on most of the investments made to date in the concessions sector. Lastly, it should be noted that the amount of the concessions backlog does not include amounts related to the Ospedale del Mare project in Naples, Italy, insofar as following agreements reached with the counterparties, the construction and management concession has been converted into a construction concession only.
The order backlog's geographical positioning confirms **suitable balancing of activities between Italy and abroad**, and shows **greater geographical diversifica-**

Italy,
Rome underground
Line C.

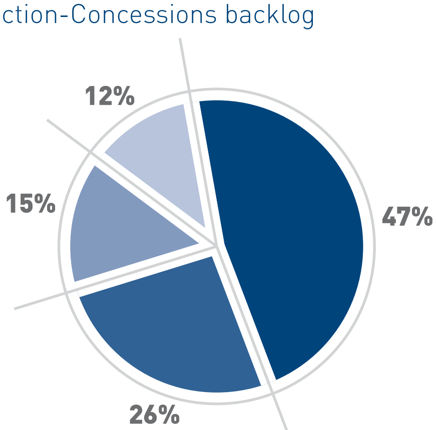
tion outside the domestic market. This in turn has a positive effect on the overall risk profile of projects in progress which, inter alia, is also lessened by **greater diversification of customers**.

Italy (42% of total backlog) continues to make a significant contribution to the backlog even if there was a drop compared to last year. **The share of foreign projects (58%) has increased** and shows good ability to react to the slowdown in the domestic market, also thanks to new contracts secured in Central-Eastern Europe and Turkey.

Transport infrastructures (70%) continues to be the key sector for the Group's activities, equal to EUR 6,272 million for construction contracts and EUR 774 million for concession projects. The water and energy sector also continues to play an important role (16% of the overall backlog, EUR 644 million for construction projects and EUR 975 million for related management activities), as does the civil and industrial construction sector (14% of total orders, with EUR 375 million for construction projects and EUR 972 million for management activities).

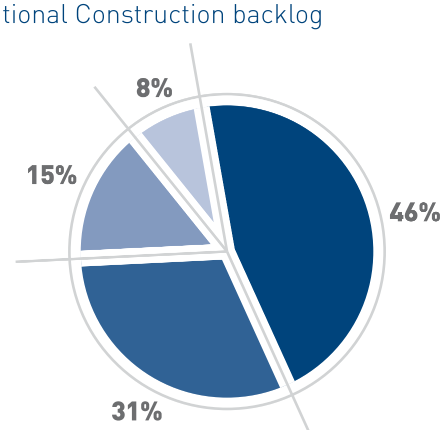
It is also important to note that, given commercial activities in progress, **the potential order backlog** – which also includes orders for which contracts have been drawn up, but for which funding is still lacking, in other words contracts for which the resolution of events, that for various reasons temporarily "suspend" the performance of said contracts, is pending – **amounts to EUR 20.4 billion.** Lastly, it must be remembered that on the basis of conservative criteria adopted by the Group with regard to the inclusion of new orders in the backlog, the amounts of projects for which contracts still have to be drawn up or/or for which funding is lacking are not included among new acquisitions. Said orders amount to a total of EUR 4.2 billion for construction activities and EUR 6.3 billion for related management shares, and refer to: (i) the shares of the concession contract for construction and management of the Gebze-Izmir motorway and the Etlikin Hospital Complex in Turkey for which financial closing is pending; (ii) additional projects in Italy and abroad for which the relative contracts still have to be made official.

Construction-Concessions backlog



- Construction - International
- Constrútction - Italy
- Concessions - Italy
- Concessions - International

International Construction backlog



- America
- Europe
- Africa
- Asia

Peru,
Cerro del Àguila
hydroelectric plant.

New orders for the year[9]

Please find below, the new orders which contributed to the amount of the order backlog for the year.

Construction - Italy

ITALY – Jonica National Road (SS-106), Mega Lot 3:
EUR 791 million (Astaldi is the project leader with a 60% stake) for the general contracting project to perform works to construct Mega Lot 3 of the Jonica National Road (SS-106). The procedure to award this contract was officially completed in January 2012, with the contract having been provisionally awarded back in early 2011. Therefore, the amounts related to Astaldi's stake were included among the order backlog at 31 December 2011.

Construction - International[10]

PERU - Cerro del Águila hydroelectric plant (510 MW):
USD 680 million (Astaldi is the project leader with a 50% stake) for the EPC contract to construct a 380,000 m^3 concrete dam, an underground hydroelectric plant with 510 MW of installed power, 9 kilometres of tunnels and 60 kilometres of site access routes. The project is among the new projects secured in Q3 2011.

PERU - Santa Teresa hydroelectric plant (98 MW):
EUR 70 million (Astaldi has a 50% stake) for the construction of an underground hydroelectric plant. The project is among the new projects secured in Q3 2011.

CHILE – Relaves Project:
USD 34 million (Astaldi's stake) for the performance of civil works related to the concession agreement for the design, construction and subsequent management of a plant to treat sludge produced by the CODELCO Andes mine for the recovery of copper and molybdenum. This contract, which was already negotiated and agreed on in previous months, was officially awarded at the start of 2012. Therefore, the amounts related to Astaldi's stake were included among the order backlog at 31 December 2011.

CHILE – Chuquicamata Project:
USD 155 million (Astaldi's stake) for the construction of tunnels related to the contract to convert Chuquicamata, the largest, open-air mine in the world into a large-scale underground mine. This contract, which was negotiated and agreed upon in previous months, was officially awarded at the start of 2012. Therefore, the amounts related to Astaldi's stake were included among the order backlog at 31 December 2011.

VENEZUELA –Puerto Cabello-La Encrucijada railway line:
approximately EUR 500 million (Astaldi's stake) for a contract addendum for completion of the Puerto Cabello-La Encrucijada railway line. The project is among the new orders recorded for Q3 2011.

POLAND - Warsaw- Łódź railway line and Łódź Fabryczna underground station:
EUR 350 million (Astaldi has a 40% stake) for the design and performance of all works related to upgrading of the railway line and construction of the passengers building and underground station at Łódź Fabryczna. The contract is among the new orders secured during Q3 2011.

[9] For more information on the individual projects, please refer to the section entitled "Operating performance according to sector".
[10] For more information on the individual projects, please refer to the section entitled "Operating performance according to sector".

Romania,
Cernavoda - Medgidia motorway.

ROMANIA - Frontiera-Curtici-Simeria railway line:
EUR 254 million (Astaldi has an 18.75% stake) for upgrading of 41 kilometres of railway and 4 stations, as well as the laying of a second track for a 5-kilometre section and the installation of signalling, telecommunications and electric traction systems. Upon completion, the works will guarantee a speed of 160 km/h for passenger trains and 120 km/h for freight trains. The project is among the new orders secured in Q4 2011.

ROMANIA – Line 5 of the Bucharest underground:
EUR 215 million (Astaldi is the project leader with a 39% stake) for the design and performance of structural works related to 6 kilometres of new underground line, all below ground level, and 9 stations. The contract is among the new orders secured during the first quarter of 2011.

ROMANIA - Cernavoda-Medgidia motorway:
EUR 119 million (Astaldi is the project leader with a 50% stake) for the design and performance of all activities related to the construction of approximately 21 kilometres of new motorway, works on which has already commenced. The project is among new orders included in the backlog for Q3 2011.

ROMANIA - Orastie-Sibiu motorway, Lot 4:
EUR 114 million (Astaldi is the project leader with a 70% stake) for the design and performance of works related to the construction of approximately 17 kilometres of new motorway including the Sibiu West road junction. The project is among the new orders included in the backlog for Q1 2011.

RUSSIA – Pulkovo International Airport St. Petersburg:
EUR 700 million (Astaldi has a 50% stake) for the EPC contract for the construction of a new international terminal and upgrading of an existing terminal as part of the project to modernise St. Petersburg Airport. The project is among the new orders included in the backlog for Q2 2011.

OMAN - BidBid-Sur Road:
OMR 125 million, equivalent to approximately USD 324 million (Astaldi has a 51% stake) for the road project to double one of the Sultanate's main arteries. The values related to Astaldi's stake in the project were included in the order backlog at 31 March 2011.

FLORIDA (USA) - NW 25th Street, Florida:
USD 59 million, equivalent to approximately EUR 42 million for works to upgrade and extend NW 25th Street in Miami-Dade County, Florida. The amounts related to the project were included in the order backlog at 30 September 2011.

Additional contractual increases recorded during the year and related to projects in progress in the transport infrastructures, water and energy sectors in Italy and abroad (Algeria, Chile, El Salvador, Honduras, Romania, Turkey, USA).

Concessions - Italy[11]

ITALY – Line 5 of the Milan underground (extension):
EUR 124 million (Astaldi's stake) resulting from increase of the Group's stake in this project from 23% at the end of 2010 to 31% following exercise of the right of option on unopted shares resulting from the share capital increase aimed at funding extension of the section under construction along the Garibaldi-San Siro stretch. The amounts related to Astaldi's stake in the project were included in the order backlog at 30 June 2011.

Russia,
Pulkovo International Airport in
St. Petersburg.

Concessions - International[12]

TURKEY - Milas-Bodrum Airport:
approximately EUR 210 million for Astaldi's stake in the concession project for management of the international passenger terminal of Milas-Bodrum Airport in Turkey, already under construction by Astaldi. The amounts related to Astaldi's stake in the project were included in the order backlog for Q1 2011. Said project is a follow-on from the relative construction contract already secured by Astaldi Group during 2010.

CHILE – Relaves Project:
USD 230 million (Astaldi's stake), for management fees related to the concession project for the design, construction and subsequent management of a plant to treat sludge produced by the CODELCO Andes mine for the recovery of copper and molybdenum. This contract, which was negotiated and agreed on during the previous months, was officially awarded at the start of 2012. Therefore the amounts related to Astaldi's stake were included among the order backlog at 31 December 2011.

Summary tables

Please find below tables summarising the structure of and changes in the order backlog. In this regard, it must be recalled that, as mentioned previously, the amount of the concessions backlog shown does not include: (i) amounts related to the Ospedale del Mare project in Naples, Italy, insofar as following agreements reached with counterparties, the construction and management concession was converted into a construction concession only; (ii) the amounts related to the concession project for Line 4 of the Milan underground in Italy which will be included among the backlog over the coming months.

[11] For more information on the individual projects, please refer to the section entitled "Operating performance by sector".
[12] For more information on the individual projects, please refer to the section entitled "Operating performance by sector".

Order backlog

(millions of euros)	01/01/2011	Increases/ (Decreases)	Decreases for production	31/12/2011
Construction	6,254	3,279	(2,242)	7,291
Transport infrastructures	5,511	2,668	(1,907)	6,272
Energy production plants and hydraulic works	244	555	(155)	644
Civil and industrial construction	499	56	(180)	375
Concessions	2,760	(16)	(23)	2,721
ORDER BACKLOG	9,014	3,263	(2,265)	10,012

Italy,
Jonica National Road (NR-106).

Order backlog

(millions of euros)	01/01/2011	Increases/ (Decreases)	Decreases for production	31/12/2011
Italy	4,855	359	(1,050)	4,164
of which construction	*2,759*	*893*	*(1,027)*	*2,625*
of which concessions	*2,096*	*(534)*	*(23)*	*1,539*
International	4,159	2,904	(1,215)	5,848
of which construction	*3,495*	*2,386*	*(1,215)*	*4,666*
of which concessions	*664*	*518*	*0*	*1,182*
Europe	1,251	1,114	(697)	1,668
America	1,898	1,515	(318)	3,095
Africa (Algeria)	833	44	(163)	714
Asia (Middle East)	177	231	(37)	371
ORDER BACKLOG	9,014	3,263	(2,265)	10,012

Breakdown of construction backlog

(millions of euros)	01/01/2011	Increases/ (Decreases)	Decreases for production	31/12/2011
Italy	2,759	893	(1,027)	2,625
International	3,495	2,386	(1,215)	4,666
Europe	1,251	907	(697)	1,461
America	1,234	1,204	(318)	2,120
Africa (Algeria)	833	44	(163)	714
Asia (Middle East)	177	231	(37)	371
CONSTRUCTION BACKLOG	6,254	3,279	(2,242)	7,291

Turkey,
Istanbul underground.

Romania,
Henri Coanda International Airport in
Bucharest.

Breakdown of concessions backlog

(millions of euros)	31/12/2011
Italy	1,539
International	1,182
Europe	207
America	975
TOTAL CONCESSIONS BACKLOG	2,721

Operating performance by geographical area and sector

As already pointed out, ASTALDI Group's activities in Italy and abroad can be attributed to three reference sectors, in other words, construction, concessions and plant design and maintenance.

Construction

Three main areas of activity where the Group operates can be identified within this sector which, in turn, correspond to the following categories:

- transport infrastructures (railways and undergrounds, roads and motorways, airports and ports);
- energy production plants and hydraulic works;
- civil and industrial construction;
- mining works.

Transport infrastructures represent the most important turnover component for ASTALDI that has been operating in this area for 90 years and is currently among the leading international contractors. As regards 2011, ASTALDI Group held the 9th place worldwide in the mass transit and rail category, 15th place for airports, 20th for motorways and 24th for transport in general.[13] Its most significant projects in this sector which ASTALDI Group is currently working on include: as regards railways, important High-Speed projects in Italy (Turin Rail Junction, Bologna Centrale HS station) and key infrastructure projects in Venezuela, Poland, Algeria; as regards undergrounds, key projects in progress in Italy (Line C-Rome, Line 5-Milan, Lines 1 and 6-Naples, Genoa, Brescia), Poland (Line 2-Warsaw), Romania (Line 5-Bucharest) and Turkey (Istanbul); as regards motorways, three maxi lots of the Jonica National Road in Italy and the impressive Gebze-Izmir motorway in Turkey. While performing all these works, ASTALDI Group avails itself of traditional methods, but also of highly complex and innovative techniques such as shielded cutters to build tunnel sections known as TBMs (Tunnel Boring Machine) – the use of which requires the availability of highly specialised staff and means major benefits with regard to work completion timeframes. Lastly, the most important airport and port transport infrastructure projects in progress include Pulkovo Airport in Russia, Milas-Bodrum Airport in Turkey (construction) and Henri Coanda Airport in Romania.

[13] Source: *ENR Global Sourcebook* December 2011, by ENR - Engineering News Record.

Italy,
Bologna Centrale H-S Railway Station.

Energy production plants and hydraulic works include the design and construction of works such as dams, hydroelectric plants, aqueducts, oil pipelines, gas pipelines and water treatment and desalination plants. As regards this area, ASTALDI Group currently works mainly abroad (the Maghreb, Latin America) and holds 3rd position worldwide among international contractors in the dam and reservoir category and 13th position in the water supply category.[14] The most significant works to date in this area are being performed in Latin America (Santa Teresa and Cerro del Àguila in Peru, El Chaparral in El Salvador).
Civil and industrial construction where ASTALDI Group currently operates in both Italy and abroad, comprises the design and construction of works such as hospitals, universities, car parks, civil works linked to industrial plants and similar. As regards this area, ASTALDI holds 14th position worldwide in the sports category (stadiums and sports facilities)[15]. The most significant works to date in this area include the Four Tuscan Hospitals project in Italy and the Jubail industrial plant in Saudi Arabia.
Lastly, mining works represent recently-acquired area of activity where ASTALDI feels it is able to identify important development opportunities thanks to the synergies and compatibilities observed with the transport infrastructures sector, both as regards know-how and professional skills. As regards this area, the group is currently operating solely in Chile with the Relaves (construction) and Chuquicamata projects.

Concessions

At the draft date of this report, ASTALDI Group's presence in the concessions sector consists in involvement in projects in Italy and abroad (Turkey, Chile, Honduras), referable to the underground transport, motorway and airport transport infrastructures sector (7 projects), renewable energy and the environment (2 projects), healthcare construction (6 projects), mining works (1 project) and car parks (5 projects). 8 of the 21 projects are already operational (Ospedale dell'Angelo in Mestre and 5 car parks in Italy, Chacayes hydroelectric plant in Chile and a stake in Agua de San Pedro Sula S.A. in Honduras). 10 projects have already been included in the consolidation area of ASTALDI CONCESSIONI S.r.l. The latter is an ASTALDI Group company (100%-owned by the parent , ASTALDI S.p.A.) dedicated to developing and managing concession and project finance initiatives assigned to it by the parent, as well as future projects which the Group plans to undertake in the future. Indeed, the company was set up in 2010 as part of a broader project to streamline the Group's presence in the concessions sector which, as a whole, involves the transfer in several stages, from the parent , ASTALDI S.p.A. to ASTALDI CONCESSIONI S.r.l., of the projects in progress in this sector. It must be recalled that ASTALDI's presence in the concessions sector is aimed at promoting and developing projects able to ensure significant synergies with the core business – construction -, thus improving the Group's integrated supply capacity.

Plant design and maintenance

ASTALDI Group has joined the plant design and maintenance sector in recent years, by developing industrial agreements (nBI S.r.l.) and by acquiring small local businesses (Sartori Tecnologie Industriali S.r.l.), able to guarantee the input of know-how and highly specialised professional resources in complementary sectors to ASTALDI's traditional activities. Its joining of the sector is aimed at ensuring the creation of major synergies with the traditional construction and concessions sectors, thus expanding on the Group's overall supply capacity in Italy and abroad. Therefore, it is felt that the vertical integration processes introduced over the year are able to guarantee additional growth opportunities for the future. For more information, please refer to the section Outlook.
Please find below a brief description of the main projects in the backlog. In order to ensure uniform understanding of the information so far provided, the works in progress in Italy will be presented according to sector, while as regards foreign projects, they will be split according to geographical area. Please refer to the

Italy,
Rome underground
Line C.

sections herein entitled "Order backlog" and "Analysis income statement and statement of financial position figures" for reconciliation of said information with the segment reporting contained in the Notes to the Financial Statements.

Construction - Italy

Transport infrastructures: railways and undergrounds

Italy - Rome Underground, Line C
(CONSTRUCTION - ITALY, Transport infrastructures: undergrounds)
The project refers to the general contracting agreement awarded for the final and executive design, construction, works supervision, commissioning and supply of rolling stock for the new Line C of Rome's underground. The relative contract was signed by Metro C S.c.p.A., the company operating in the capacity of General Contractor in which Astaldi holds a 34.5% stake. The works were commissioned by Roma Metropolitane S.r.l., a company directly controlled by the Municipality of Rome, which is responsible for improving and upgrading the capital's underground network. The trains will be driverless, in other words they will be driven and controlled by a remote integral automation system. An integral part of the agreement concerns construction of the Granite Depot – 90% of which has been completed – which will feature a completely automated warehouse. The new line will result in expansion of the existing underground network from 36.5 to 78.7 kilometres. As regards the complete planned route (42.2 kilometres long, 42 stations), the so-called Basic Route (in turn split into sections) – measuring 25.5 kilometres in length with 30 stations along the Monte Compatri/Pantano-Clodio/Mazzini stretch is currently under construction. During 2011, construction activities were performed as planned along the Monte Compatri/Pantano - San Giovanni section (18 kilometres of line with 22 stations). Excavation using a TBM (Tunnel Boring Machine) of the two single track tunnels running side by side on the whole planned tunnelled route from Giardinetti station to San Giovanni station (approximately 10 kilometres of line) was completed. As regards the supply of rolling stock, 11 trains were delivered to the Granite Depot, for which operating tests are being carried out and finishing activities completed. As regards the section under construction, 80% of overall works have been completed. The overall amount of the works stands at EUR 2.8 billion, EUR 986 million of which refers to Astaldi's stake. The figures shown include allocated funding for the T3 section of the Basic Route, as well as amounts related to the section under construction and to the preliminary activities for the T2 section for which activities prior to completion of the final project have been performed (archaeological investigations, geognostic surveys and investigations) and part of the design. It must be recalled that the T3 section refers to the part of the complete Basic Route running from San Giovanni to the Colosseum together with 2 stations – Amba Aradan, Colosseo/Fori Imperiali. Lastly, it must be noted that final design activities related to the T2 section were officially suspended by the customer, Roma Metropolitane, and instructions regarding the recommencement of activities are still pending. As regards this section, it must also be noted that during 2011, the joint venture[16] responsible for constructing Line C submitted, as agreed upon with the customer, a project financing proposal for construction of the T2

[14] Source: *ENR Global Sourcebook* December 2011, by ENR - Engineering News Record.

[15] Source: *ENR Global Sourcebook* December 2011, by ENR - Engineering News Record.

[16] Joint ventureis the method typically used by the Group to manage contracts in Italy when it works together with other businesses. As regards the joint venture, the member companies are linked by a mandate under which the principal maintains all contractual relations with the customer on behalf of the agent companies. In this case, in brief, the party operating as principal within the joint venture is directly responsible for managing the contract from a technical and administrative viewpoint. While the party operating as an agent company is not responsible for management, but, in any case, is responsible for checking the technical-administrative management of the contract.

Italy,
Milan underground
Line 5.

section as well as extension of the line to Farnesina. The proposal also provides for management of underground services along the complete Line C route. Works are set to be completed in 2012 together with testing of system operation for the first function section which will be put into operation between Monte Compatri/Pantano station and Centocelle station. Works to complete the facilities and finish off the stations together with installation of technological systems along the remaining section between Mirti and San Giovanni stations will go ahead during the whole of 2012.

Milan Underground, Line 5 (Construction Contract)
(CONSTRUCTION - ITALY, Transport infrastructures: undergrounds)
The contract forms part of the project finance initiative related to Line 5 of the Milan underground which refers to the design (final and executive) and performance of civil works for a new underground section which will run under ground level along the Garibaldi station - Bignami and Garibaldi station - San Siro route (as an extension of the first section), in Milan.
The initiative is managed by the SPV, METRO 5 S.p.A., in which Astaldi holds a 31% stake and operates in the capacity of leader of the joint venture[17] awarded the concession.

Bignami - Garibaldi station section
Activities to construct the Bignami - Garibaldi station section (6 kilometres of line, with 9 stations) went ahead as planned during 2011. Specifically, excavation of tunnels using a TBM[18] was completed and the testing of trains commenced in November. At the draft date of this report, 98% of works had been completed on the Bignami – Zara section and 86% of works on the Zara - Garibaldi station section. The duration of works, including the design phase, is 70 months. Commercial operation of a first operational section of the line is expected to be started up during the second half of 2012.

Garibaldi station - San Siro section
The Garibaldi station - San Siro extension provides for an additional 7 kilometres and 10 new stations. The sites for preliminary activities and the shifting of sub-services were set up in August 2010 and in February 2011, Metro 5 Lilla S.r.l. signed, the concession agreement related to this extension which had already been regulated by the award decree dated 29 July 2010. At the present time, activities to construct this section are in progress for all the ten stations included in the project (also in light of the forthcoming deadlines related to EXPO 2015). As regards tunnel construction, excavation activities are planned to be performed at two faces, using 4 TBMs: TBM-1 will start to be used in April 2012 and will operate from San Siro in the direction of Monumentale, as will TBM-2 for which the site is currently being prepared. TBM-3 and TBM-4, currently being serviced, will operate from Monumentale in the direction of San Siro and will start to be employed during the second half of 2012. At the draft date of this report, approximately 28% of works on this section has been completed. The duration of works is 57 months.
As regards this project, the total investment – including design, civil and technological works and the alternative solution for Garibaldi station approved during works in progress – amounts to EUR 550 million for the Garibaldi station – Bignami section and to EUR 694 million for the extension to San Siro stadium. Given that it is a project finance initiative, said investment will be partly covered by public funding and partly by funding put up by private parties (SPV), with a return on investment guaranteed by the estimated management revenue provided for in the project agreement. For more information about the financial structure and the economic-financial equilibrium provided for in the agreement, please refer to the section of this report dealing with concessions.

Italy,
Naples underground
Line 1.

Naples Underground

(CONSTRUCTION - ITALY, Transport infrastructures: undergrounds)

The initiative forms part of the project to improve the underground transport system in the Municipality of Naples, with activities being performed directly along Line 1 and 6, as described in more detail below.

Naples underground - Line 1

The concession holder, M. N. Metropolitana di Napoli S.p.A. (in which Astaldi is the majority shareholder with a 22.62% stake) acquired from the granting authority, the Municipality of Naples, the concession agreement for the design, works supervision and construction of Line 1 of the Naples underground. As regards this line, construction of the section between Dante station and Centro Direzionale station is currently underway. The works are being performed by Toledo S.c.r.l., whose corporate purpose is performance of the works awarded by M. N. Metropolitana di Napoli S.p.A. to Consorzio TRA.DE.CI.V. and by the latter to the joint venture[19] in which Astaldi holds a 90.391% stake. The awarded works involve construction of Università and Toledo stations as well as the railway superstructure for the whole section. Works went ahead during 2011, in compliance with the timeframes approved by the granting authority. Specifically, all the works related to Università station were completed and consigned, with the granting authority subsequently introducing a shuttle service between Dante and Università stations. While as regards Toledo station, all the structures within the station shaft were completed along with excavation and lining of the corridor linking to the second exit on Largo Montecalvario. At the draft date of this report, finishing activities and installation of civil plants are currently being performed with regard to Toledo station and works related to the railway superstructure of the whole Dante-Centro Direzionale section are being completed. The total amount of works for this project amounts to EUR 250 million, including changes made during works in progress. As at the end of 2011, 92% of works had been completed.

Naples underground, Line 6

The concession holder, Ansaldo STS S.p.A, acquired from the granting authority, the Municipality of Naples, the concession agreement for the design, works supervision and construction of Line 6 of the Naples underground, for which works related to the section between Mergellina station and Municipio station are currently in progress. As regards said section, Astaldi operates through AS.M. S.c.r.l. – in which Astaldi holds a 75.91% stake – which was awarded performance of the civil works related to San Pasquale station. Construction activities recommenced during 2011 following completion of archaeological excavation inside the station shaft. The overall amount of this project amounts to EUR 66 million. As at the end of 2011, approximately 64% of activities had been completed.

Brescia Underground

(CONSTRUCTION - ITALY, Transport infrastructures: undergrounds)

The contract refers to the design and construction of the first operational lot - the Prealpino - Santa Eufemia section - of a light underground in the municipality of Brescia.

The works have been commissioned by Brescia Mobilità S.p.A., a company owned by the Municipality of Brescia which is responsible for managing the city's mobility system.

The contract was acquired by ASTALDI as part of an joint venture[20], in which ASTALDI holds a 50% stake, together with Ansaldo STS (principal) and Ansaldo Breda: Ansaldo STS designs and constructs the system plants, ASTALDI designs and performs the civil works and non-system plants and Ansaldo Breda designs

[17] Please refer to Note 24 herein for a definition of joint venture.

[18] Please refer to Note 1 herein for a definition of TBM (Tunnel Boring Machine).

[19] Please refer to Note 24 herein for a definition of joint venture.

[20] Please refer to Note 24 herein for a definition of joint venture.

Italy,
Bologna Centrale HS Railway Station.

and constructs the rolling stock. The route involves the construction of a double-track line measuring 13.7 kilometres, 9.6 km of which runs underground (5.9 kilometres dug using a TBM[21]), 4.05 kilometres above ground, and 1.77 km of viaduct. It will also feature 17 stations and an outdoor depot for vehicle storage and maintenance. All the structural works and railway superstructure were completed during 2011. Installation of system plants and finishing activities are currently in progress. It must also be noted that in May 2011, a settlement was reached with the customer that put an end to some matters that had arisen among the parties while the contract was being performed. This resulted in recalculation of the contractual end-of-work deadlines, to date scheduled for 31 December 2012, with the start-up of commercial operation set for 1 January 2013. While, schedule of activities related to surface layout has been compiled – for the value of EUR 878,000 – which the customer will award directly through public calls for tenders. Production totalled EUR 43.1 million during 2011, with overall production amounting to EUR 377.1 million, equal to 90.7% of the total works.

Bologna Centrale High-Speed Station

(CONSTRUCTION - ITALY, Transport infrastructures: railways)

The project represents an all-important part of the urban penetration project for the Milan – Naples HS railway line with regard to the Bologna railway junction. The purpose of the contract is construction of the new Bologna Centrale High Speed station (Lot 11) and works needed to make it possible to put the station into operation (Lot 50). The relative agreement was stipulated by Astaldi with TAV S.p.A. which was taken over by RFI Rete Ferrovie Italiana S.p.A. in 2008. The latter is a holding company of Gruppo Ferrovie dello Stato and is responsible for managing the national railway infrastructure. Italferr S.p.A., a Gruppo Ferrovie dello Stato company is responsible for design and works supervision. The project involves the construction of a station of a large size and with structural complexities, to be built entirely under ground level below Platforms 12-17 of the "historic" Bologna Centrale station that are currently in disuse. The station is organised on several levels, the deepest of which - built at a depth of 25 metres – will be used for the transit of high speed trains, while the others will be used for railway transport-related services, commercial areas and car parks. Works commenced in 2004 and once the problems which arose during the start-up phase of the contract were resolved and the 1st Additional Amendment signed in December 2007, activities went ahead as planned in the following years even if affected by some new activities introduced by the customer. The 2nd Additional Amendment was signed in July 2011 which extends the contractual deadline for works and services to July 2013, reformulating the interim milestones for partial completion of activities (implementation of the rail link by June 2012 and of the station (with a provisional configuration) by December 2012. (Excavation of the station concourse was completed in 2011 and assembly of the main metal structures continued (struts and pillars, 87% of which have been assembled). The foundation slab was completed and construction of the underground floors located on three levels continued (approximately 57% completed). The HS platform was built and the prefabricated parts of the huge superstructure system (known as hypertrach) were installed along the two tracks. Lastly, the disposal of waste material from excavation activities at the Corticella site commenced, in compliance with the procedures provided for in waste legislation. 70% of the overall planned production activities have been completed. At 31 December 2011, the total amount of works amounted to EUR 403 million, including all the approved changes.

Italy,
Turin rail link.

Turin Rail Link

(CONSTRUCTION - ITALY, Transport infrastructures: railways)

The contract forms part of the project to expand the Turin Rail Junction and involves the quadrupling and laying under ground level of the existing Turin – Milan railway line. In relation to this project, ITALFERR S.p.A. – in the capacity of Customer, operating in the name and on behalf of RFI Rete Ferroviaria Italiana S.p.A. – awarded the joint venture[22] involving Astaldi (it has a 70% stake and is both leader and principal) the executive design and performance of works to complete expansion of the underground railway line between Corso Vittorio Emanuele II and Corso Grosseto, crossing under the River Dora Riparia. The special purpose vehicle, S.P.T. - Società Passante di Torino S.c.r.l., in which Astaldi holds a 74% stake and is both leader and principal, was set up to perform and manage the works. The executive design is being performed by Astaldi and 3TI Progetti Italia S.p.A. in equal shares. In order to ensure that the existing railway line may continue to operate, the works are being performed in two separate, sequential macro phases called Macro Phase "West" (first) and Macro Phase "East" (second). The activities performed during 2011 concerned the continuation of works related to Macro Phase East only in so far as the two tracks of the new underground line related to Macro Phase West has already been laid in 2009. At the same time, works to shift and divert the subservices and sewers interfering with the works were carried out. As regards this project, the contractual value is EUR 550.8 million, including changes and additional acts approved during works in progress. Specifically, the figure shown takes into account Variant No. 7 of the 2nd Additional Amendment approved in 2011 which introduced: (i) different procedures for handling waste material from railway tunnel excavation, in compliance with amendments to environmental legislation, with acknowledgement of the relative increased charges for the joint venture (Variant No. 7) and (ii) reformulation of the works completion deadline to 31 May 2013, with consequent acknowledgement of site rescheduling and reorganisation charges for the joint venture (2nd Additional Amendment, made necessary mainly as a result of RFI S.p.A.'s delays in starting operation of the new underground railway line in the west tunnel and the interferences with the site for the new passengers terminal at Porta Susa station, which is covered by another contract). At 31 December 2011, the overall production activities performed for the whole contract amounted to EUR 544.24 million (including changes and works subject to adjustment). As regards ASTALDI's stake, said figure corresponds to EUR 370.3 million of overall production, EUR 62.9 million which to 2011. Therefore, approximately 93% of works have been performed.

Parma - La Spezia Railway ("Pontremolese Railway")

(CONSTRUCTION - ITALY, Transport infrastructures: railways)

The project forms part of the programme to improve and modernise the Parma – La Spezia railway called the "Pontremolese" railway. As regards this project, Italferr S.p.A. – in the capacity of Customer in the name and on behalf of R.F.I. Rete Ferroviaria Italiana S.p.A. – awarded ASTALDI the executive design and performance of works to widen the railway line for the section between Solignano and Osteriazza stations, along a stretch measuring a total of approximately 12.5 kilometres. The new railway line runs for the first 5 kilometres along an alternative route to the current one – indeed, said section will see performance of the most significant works included in the contract such as the bored tunnel called Marta Giulia Tunnel (4.2 kilometres), a viaduct running over the River Taro (450 metres) and a viaduct over the Galgana torrent. The remaining 7.5 kilometres of overall route will run alongside the railway line currently in use.
During 2011, activities to construct works alongside the railway line currently in operation continued, mak-

[21] Please refer to Note 1 herein for a definition of TBM (Tunnel Boring Machine).
[22] Please refer to Note 24 herein for a definition of joint venture.

Italy,
Parma - La Spezia ("Pontremolese")
railway.

ing it possible to start up operation of a first section of the new line in early 2012. Works to construct the Marta Giulia tunnel (at 31 December 2011, 1,195 linear metres from the Solignano side and 660 linear metres from the Fornovo side had been excavated) also went ahead. The deadline for completion of works has been set for 2015. At 31 December 2011, the amount of this agreement, including variations and amendments approved during works in progress amounted to EUR 200.6 million. At the same date, 50.8% of the overall planned production activities had been completed.

Transport infrastructures: roads and motorways

Jonica National Road (SS 106) Lot DG22

(CONSTRUCTION - ITALY, Transport infrastructures: motorways)

The project is also known as Mega Lot 1 and involves awarding, using the general contracting formula, of the executive design and performance of works to upgrade the section between Palizzi and Caulonia (lots 6-7-8, including Marina di Gioiosa Jonica junction) of the SS 106, also known as the Jonica National Road. The works have been commissioned by ANAS S.p.A., the organisation in charge of managing the Italian road and motorway network of national interest. The corporate body responsible for performing activities related to this contract is AR.GI S.p.A. which has the role of general contractor representing the joint venture awarded the contract in which Astaldi is the principal company with a 99.99% stake. The special purpose vehicle, AR.GI S.p.A., was transformed into a Head Corporation as from 1 January 2010 under the resolution passed by the shareholders of AR.GI on 26 October 2009. From a technical viewpoint, the route of the new motorway measures approximately 17 km in length, 19% of which consists in viaducts and 37% in bored and cut-and-cover tunnels. The works were split into two sections, with the approval of a preliminary survey, known as the Functional Lot (works to be performed immediately) and the Marginal Lot (works not to be performed immediately). The overall value of the contract amounts to EUR 354 million, reformulated with approval of the aforementioned survey into EUR 282 million for the Functional Lot and EUR 72 million for the Marginal Lot. As regards the latter, the General Contractor has asked the customer for final payment due to the continuance of causes hindering works which have caused the delay. Construction works involving the whole of the route continued during 2011, with total economic progress made which amounted to over 65% of the amount for the section under construction, and related progress on the critical route (tunnel excavation) of over 70%. Total production at December 31 2011 amounted to approximately EUR 190 million, EUR 176.4 million of which certified. Lastly, it should be noted that, considering the specific operating difficulties encountered while carrying out works – geological and geotechnical problems, waste located in site and line areas, dragging out of archaeological investigations – the study of a second variance survey proved necessary. Said survey, presented in July and still under examination by ANAS, provides for deferment of the works completion deadline to November 2012. Approval of the second survey and resolution of most of the problems still hindering the progress of works are expected during 2012 . Completion of the major engineering works (tunnels and viaducts), as well as assignment and relative commencement of the remaining transversal and finishing activities, are also expected.

Jonica National Road (SS 106) Lot DG21

(CONSTRUCTION - ITALY, Transport infrastructures: motorways)

The project, also known as Mega Lot 2, refers to awarding, using the general contracting formula, of the executive design and performance of works to construct the E-90 State Road - for the stretch of the SS 106 (Jonica National Road) running from Squillace junction to Simeri Crichi junction. Extension of the SS 280 (Due Mari National Road) from San Sinato junction to Germaneto junction is also planned. The works have been commissioned by ANAS S.p.A. The corporate body responsible for performing activities

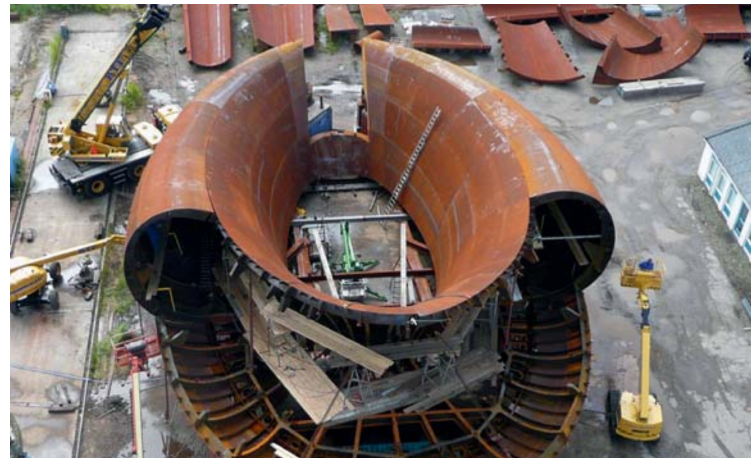
Italy,
Jonica National Road (NR-106).

related to this contract is CO.MERI S.p.A. the general contractor set up by the joint venture[23] awarded the contract in which Astaldi is the principal company with a 99.99% stake. As regards the project, CO.MERI S.p.A. assigned ASTALDI, under a specific Project Management Agreement, all the activities needed to fulfil contractual undertakings, with the exception of Works Supervision and Safety Coordination during the performance of works, area acquisition-related activities and anti-mafia checks pursuant to the MoU (signed by Catanzaro's Police Department, ANAS and CO.MERI).
From a technical viewpoint, the section of the SS 106 included in the project runs along a route measuring 17.2 kilometres, with 11 twin-bore tunnels, 10 viaducts, 2 separate carriageway bridges and 8 flyover junctions. While the extension of the SS 280 (currently suspended pending relative funding) measures approximately 5.2 kilometres in length. A significant intensification of construction activities for this project was recorded during 2010. In 2011, the 3rd Technical Variance Survey was also approved which referred to various actions needed to complete the works as well as new activities required for the early opening to traffic of a first operational section measuring 12 kilometres. Indeed, in November 2011, the Borgia-Simeri Crichi section of the SS 106 was opened to the public. At 31 December 2011, production related to the whole year totalled EUR 123 million, with 94.5% of the overall works completed (24.1% in 2011 alone). At the draft date of this report, works are set to be completed in two separate phases: 30 June 2012 for the SS 106 and 28 February 2013 for the SS 280. Lastly, it must be noted that, at the draft date of this report, EUR 45.6 million resulting from the aforementioned 3rd survey have still to be financed. The timeframe with which said financial backing is made available will affect the performance of works and, hence, the completion deadlines provided for in the contract.

Jonica National Road (SS-106) Lot DG41
(CONSTRUCTION - ITALY, Transport infrastructures: motorways)
Astaldi Group, in the capacity of principal of a joint venture where it operates as leader with a 60% stake, was recently awarded, the general contracting project to perform construction activities for the 3rd Maxi Lot of the Jonica National Road (SS 106), worth a total of EUR 791 million. The project will involve the performance of works to upgrade the section of the Jonica National Road running from SS 534 to Roseto Capo Spulico measuring a total of 38 kilometres in length. The planned duration of works is approximately 7 years and 8 months, 15 months of which for design activities (final and executive) and for preliminary activities prior to the commencement of works, and the remaining 6 years and 5 months for construction activities.

Piedmont Lombardy Motorway – Section A
(CONSTRUCTION - ITALY, Transport infrastructures: motorways)
The project refers to awarding, using the general contracting formula, of design (final and executive) and construction of Lot 1 of the Como ring road, Lot 1 of the Varese ring road and the A8-A9 section which, as a whole, is referred to as Section A. The project has been commissioned by APL Autostrada Pedemontana Lombarda S.p.A. The contract was acquired by an joint venture[24] in which ASTALDI holds a stake which, in turn, set up Pedelombarda S.c.p.A. which ASTALDI has a 24% stake in. Specifically, the main part of the route (14.6 kilometres) runs from west to east, from the interchange with the A8 Milan-Varese motorway to the interchange with the A9 Milan-Como motorway. Lot 1 of the Como ring road (2.9 kilometres) joins up with the A9 Milan-Como motorway in the vicinity of Grandate and runs eastwards to the Acquanegra, junction, including the "Grandate" bored tunnel (400 metres). Lot

[23] Please refer to Note 24 herein for a definition of joint venture.
[24] Please refer to Note 24 herein for a definition of joint venture.



Italy, Phlegraean project in Naples.

1 of the Varese ring road (4.5 kilometres) joins up with the A8 motorway near Gazzada and runs in a northeast direction through the "Morazzone" tunnel (2.2 kilometres) to link up with the existing Vedano Viaduct and to Lot 2 that has already been built. The works for this project have been started up in two separate and subsequent phases. An Addendum to the Additional Agreement No. 1 was signed on 3 December 2010 in relation to the early commencement of some works, for a total of EUR 403 million, and reformulation of the works completion deadline to 31 December 2013. Subsequently, following a second partial consignment of works and of the available areas in February 2011, Addendum No. 2 to Additional Agreement No. 1 (dated 30 June 2011) was signed, with the subsequent start-up of all works. During 2011, production related to this project totalled EUR 72.6 million, with a total production of EUR 109.3 million performed at the year-end, corresponding to 12.17% of progress. The procedures for accessing pre-financing of EUR 450 million, provided for in the contract, must be defined during 2012, to be implemented on the basis of current agreements after 30 June 2012.

Activities involving the urban network within the Municipality Of Naples

(CONSTRUCTION - ITALY, Transport infrastructures: roads)

INFRAFLEGREA PROGETTO S.p.A., the special purpose vehicle, in which Astaldi holds a 51% stake, is the general contractor performing various activities aimed at streamlining the internal transport system in the Phlegrean area of the Municipality of Naples. The project involves upgrading and improvement of the existing infrastructures (roads, railway, port, pedestrian zones) with the aim of achieving total intermodality within a network comprising various, already existing transport systems and communication systems. The funding administration is the Ministry of Transport and Infrastructures, while the granting authority is the President of the Region of Campania in the capacity of Special Commissioner pursuant to Article 11, subsection 18 of Law No. 887/1984. In brief, the works involve construction of the Montesantangelo rail link for the section from Soccavo to Mostra d'Oltremare, with relative interim stations and interchange junctions (Application Document No. 15), as well as works to extend and upgrade Pozzuoli port (Application Document No. 12), construction of a multi-storey car park with related access road and upgrading of Parco della Cava Regia and areas of the former Capuchin Convent (Application Document No. 13) and upgrading of Lungomare Sandro Pertini and the urban road network in Pozzuoli (Application Document No. 14). Performance of works in stages has been envisaged for some of the aforementioned Application Documents in order to satisfy the priority actions decided on by the Customer, as well as for reasons linked to the funding of works. Activities to perform all four of the Application Documents continued throughout 2011. Specifically, the works related to Pozzuoli Port and Lungomare Sandro Pertini and the multi-storey car park were completed. As regards activities related to Application Document No.15, works related to completion of the civil works and plants for Monte Sant'Angelo were performed in relation to the remaining section of tunnel adjacent to the future Parco San Paolo station. The total amount of this project amounts to EUR 237 million, including EUR 96 million of additional funding made available at the end of December 2011 for the Parco San Paolo station – Terracina section (Part 1 of Lot 3 of Monte Sant'Angelo rail link for which, at the draft date of this report, preliminary activities prior to the start-up of works are in progress). Not taking into account the aforementioned additional funding, 77% of the total works had been completed at 31 December 2011.

Italy,
New Hospital in Mestre
("Ospedale dell'Angelo").

Transport infrastructures: ports and airports

Mose Project

(CONSTRUCTION - ITALY, Transport infrastructures: ports)

ASTALDI is involved in the project to construct the MOSE system, designed to protect Venice's lagoon from tidal action. The project as the whole involves the construction of a system of mobile barriers installed on each of the port's three outlets (Lido, Malomocco and Chioggia), which represent the points linking the sea and the lagoon. The performance of works related to the MOSE system is regulated by a contract stipulated between the state represented by the Magistrate for the Waters of Venice and Consorzio Venezia Nuova, which was granted the concession to perform the works in question. Consorzio Venezia Nuova in turn awarded the works, split into operational phases, to the joint ventures set up by its members to perform the works in question. In this regard, Astaldi operates in the capacity of leader and principal of an joint venture[1] which set up the consortium company, Mose-Treporti S.c.r.l., to perform works related to Bocca di Lido Treporti. The total value of the works for which the joint venture involving Astaldi is responsible amounts to EUR 419 million, EUR 373 million of which have already been awarded. Approximately EUR 350 million of works had been performed at 31 December 2011, corresponding to over 80% of the total works the joint venture involving Astaldi is responsible for.

Civil and industrial construction

"Ospedale dell'Angelo" - Mestre (construction contract)

(CONSTRUCTION - ITALY, Civil construction)

The contract forms part of the project finance initiative for the construction and subsequent management of Ospedale dell'Angelo in Mestre that has been operational since April 2008. Its construction made available a highly specialised hospital offering 680 beds within a net surface area of approximately 150,000 m^2. The total investment for works, furnishings and machinery and indirect charges, including changes made during works in progress, was largely concluded in keeping with estimates and amounted to approximately EUR 251.7 million excluding VAT, of which 120 million (excluding VAT) of public capital account funding by the granting local health authority, ULSS12, disbursed on the basis of progress of works. All the works awarded by the granting authority to the special purpose vehicle, VENETA SANITARIA FINANZA DI PROGETTO S.p.A., were completed and commissioned as planned, with the exception of those regarding updating of the stamina cells laboratory which is currently in the process of being commissioned. For more information regarding the financial structure of this operation and the equilibrium conditions of the project's Financial Economic Plan, please refer to the section of this report dedicated to concessions.

Four Hospitals in Tuscany (construction contract)

(CONSTRUCTION - ITALY, Civil construction)

The contract forms part of the project finance initiative for the construction and subsequent management of four hospitals in Tuscany and involves the construction of four hospital complexes situated in Lucca, Massa (Apuane), Prato and Pistoia. The new facilities will occupy a total surface area of over 200,000 m^2 and make available over 1,700 hospital beds, 52 operating theatres, 134 dialysis units and 103 new cots. As regards this project, a total investment of EUR 365 million is envisaged for design and 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). Given that it is a project finance initiative, said investment will be partly covered by public funding and partly by funding put up by private parties (SPV), with a return on investment guaranteed by the estimated management revenue provided for in the project agreement. For more information about the financial structure and the economic-financial equi-

Italy,
Pistoia Hospital.

librium envisaged for the project, please refer to the section of this report dealing with concessions.

The duration of the concession is 22 years and 9 months, of which 3 years and 9 months for design and construction activities 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 19 November 2007. On said date, the local health authorities (USL 1 - Massa e Carrara, USL 2 - Lucca, USL 3 - Pistoia and USL 4 – Prato) awarded as a concession to SAT S.p.A, which Astaldi holds a 35% stake in, the construction of four new hospitals using the project finance formula. The purpose of the relative agreement, which applies to all four hospitals, is the final and executive design, performance of works and management of the new hospitals, as well as of some hospital and commercial services. Design and construction activities were awarded by the concession holder to a joint venture-set up by two of its partners. The consortium company CO.SAT S.c.r.l., in which Astaldi holds a 50% stake, was set up to perform works. All the hospitals feature a main 5-floor building with 1 basement level and an additional 4-floor building with 1 underground level. While there are differences between the hospitals as regards the surface area occupied and the number of hospital beds made available.

Massa Hospital

The hospital will occupy a surface area of 80,430 m^2, with a total volume of 175,000 m^3, 24,480m^2 of cark parks and a similar number of square metres of green areas. Construction of the complex will make available 360 hospital beds, 30 dialysis units, 12 hospital beds for short-term observation and 24 cots.

Lucca Hospital

The works involve a total surface area of 72,250 m^2. The total volume is 184,300 m^3 with 25,700 m^2 of outdoor cark parks and 13,400 m^2 of green areas. 410 hospital beds will be made available along with 38 dialysis units, 20 hospital beds for short-term observation and 24 cots.

Pistoia Hospital

Once this complex is fully operational, 400 hospital beds will be made available together with 26 dialysis units, 20 hospital beds for short-term observation and 20 cots. The hospital will occupy a total surface area of 86,800 m^2, with 25,000 m^2 of outdoor car parks and 31,000 m^2 of green areas.

Prato Hospital

The hospital in Prato is the largest of the four planned complexes. The total surface area involved is 99,000m^2, with a volume of 208,900 m^3, 33,750 m^2 of outdoor car parks and 31,800 m^2 of green areas. The project will make available 540 hospital beds, 40 beds for haemodialysis, 20 beds for short-term observation and 35 cots.

Works went ahead as planned during 2011 for the hospitals in Prato (65% completed), Pistoia (68%) and Lucca (47%). While as regards Massa Hospital, once the obstacles to production brought to light during signing of the Additional Agreement – resulting from waste and contaminated soil which were completely removed – were resolved, the areas were consigned on 30 June 2011 and works started up on the same date. 15% of works had been completed at 31 December 2011.

Police Officers Academy [Scuola Carabinieri] – Florence

(CONSTRUCTION - ITALY, Civil construction)

The contract is being performed by the consortium company S.CAR. S.c.r.l, in which Astaldi holds a 61.4% stake, and involves construction of the new Police Officers' Academy in Florence. The works have been commissioned by the Ministry of Transport and Infrastructures. The project involves a large area comprising four functional centres: a sports centre which entails construction of a football and athletics stadium, covered swimming pool, tennis courts and gym (Centre 1); a centre dedicated to student housing with 9buildings to accommodate 1,500 students (Centre 2); a logistics centre with an auditorium, teaching rooms, canteen and kitchens, clubs, infirmary, command of-

Italy,
Police Officers' Academy in Florence.

fices, 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). At the present moment, following the Administration's request for the drafting of a variance survey and operational document which is compatible with the Carabinieri's minimum requisites, the need to optimise the complex's management system and available financial resources (equal to approximately 80% of the contract), a large part of works related to the Sports and Logistics Centres (approximately 35% of the total works the contract refers to) are still suspended. Approximately 50% of works had been completed at 31 December 2011, with substantial completion of works related to Centre 4 – Cadre accommodation.

Ospedale del Mare - Naples (construction contract)
(CONSTRUCTION - ITALY, Civil construction)
The contract forms part of the project finance initiative which involves the construction and subsequent management of a new hospital complex in the Municipality of Naples. The administration granting the concession is Naples' local health authority (ASL Napoli 1). The concession holder is the special purpose vehicle, Partenopea Finanza di Progetto S.p.A. (PFP), owned by Astaldi. The agreement entered into provides for the final and executive design, construction and management of the relative non-healthcare and commercial services of a new, highly-specialised hospital complex located in the eastern suburbs of Naples for a total of 450 hospital beds (as well as 50 beds for low care patients). The agreement also includes the supply of furnishings and electromedical equipment. OS.MAR. S.c.r.l., in which ASTALDi holds a 60% stake, was set up in order to perform the activities. From a corporate viewpoint, it must be noted that on 6 July 2011, the shareholders, Giustino Costruzioni S.p.A., Ing. C. Coppola S.p.A. and Ingg. F.&R. Girardi Costruzioni Civili e Industriali S.p.A. transferred their complete shareholding in PFP to ASTALDI. Therefore, at the draft date of this report, ASTALDI S.p.A. owns 99.99% of the share capital of PFP. On the same date, the aforementioned companies also transferred to ASTALDI S.p.A. the contractual rights regarding performance of the design and construction activities of the aforementioned contract, as well as the relative stakes in OS.MAR. S.c.r.l. As a result of the lack of plurality of parties involved and considering that the two companies currently involved in PFP S.p.A. (ASTALDI S.p.A. and Siemens S.p.A.) possess all the requisites and certification requested by the Customer to perform all the works and supplies in question in order to complete the project, PFP S.p.A. was transformed into a Head Corporation as from 22 November 2011 with the aim of simplifying the complete operating structure. From a contractual viewpoint, it must be recalled that, following the protraction of a period of irregular performance of works (for which the concession holder was not responsible) and given that PFP's request for redressing of the concession's Economic and Financial Plan in order to acknowledge the longer work schedules and higher costs incurred, fell on deaf ears, in March 2009 PFP submitted a request for arbitration, availing itself of the arbitration clause provided for in the Acknowledgement Clause. Subsequently, following serious default by the granting authority and, specifically, failure to pay the price, in June 2009, the concession holder PFP availed itself of the cancellation clause set forth in the Acknowledgement Clause and declared the agreement to be terminated as a result of the granting authority's actions, including in the pending arbitration proceedings a request for ascertainment of said termination. As a result of this, a statement was drafted pursuant to law defining the state of progress of the works carried out and identifying the checks, protection and making safe of the works carried out, which were ordered to be performed. On 22 July 2009, at the request of the acting Commissioner – appointed in 2009 by the President of the Region of Campania with the task of adopting, in place of the granting local health authority, all the measures needed to complete the project - a Negotiating Table was set up to identify suitable solutions to all the problems, without prejudice to the action already taken by both parties and relative responsibili-

ties. The Negotiating Table carried out a lengthy and complex assessment, completed in July 2011 with the signing of a settlement which defines a new project structure for the hospital and which, with the support of the State Legal Advisory Service, a possible solution to reconcile the respective positions. Without prejudice to the effects of the statement terminating the Agreement and the Acknowledgement Clause, said solution provides for PFP to complete the project and suspended works at a price proposed by the Commissioner and approved by PFP. As far as the overall settlement is concerned, the dispute was successfully settled and hence the pending arbitration proceedings were abandoned. The agreement reached and signed by the parties was subject to approval by the President of the Region of Campania in the capacity of Special Government Commissioner, entailing additional expenses as regards the original estimates contained in the agreement. At the draft date of this report, the term for said approval is 15 April 2012. Lastly it must be noted that in October 2009, the Public Prosecutor's Office in Naples, in relation to a criminal investigation regarding some directors and/or professionals operating in the area, notified the decree which orders proceedings against Chairman of the Board of Directors of Società Partenopea Finanza di Progetto S.p.A. (PFP) in office at that time as well as PFP itself, pursuant to Legislative Decree No. 231/2001. PFP is cooperating fully with the judicial authorities. Lastly, it must be noted that the Court of Auditors, following official notification by the Public Prosecutor's Office in Naples of the committal for trial of PFP and some of its directors, ordered the acquisition of documentation and of the investigation documents of the Italian Finance Police's Public Spending Protection Division. As a direct consequence, the Court of Auditors, pursuant to Article 5, subsection 1 of Law No. 19 of 14.1.1994, invited PFP to file its own findings and documentation in order to ascertain any administrative responsibility on the part of those committed for trial. PFP, in full compliance with the timeframes provided for by law, is cooperating fully with the administrative authorities, without prejudice to the primary goal of protecting the company's assets in relation to which the defence strategies deemed most appropriate will be adopted. Therefore the company has appointed Mr. Marco Annoni as its defence counsel and is confident that the correctness of its conduct will be ascertained, maintaining that the risk of an adverse outcome is remote.

Construction - International

ASTALDI's foreign presence in the construction sector can be traditionally linked to 5 geographical macro areas: central-Eastern Europe (Romania, Poland, Russia and Turkey), the Maghreb (Algeria), the Middle East (Saudi Arabia, United Arab Emirates, Oman and Qatar), Latin America (Central America, Chile, Peru, Venezuela), North America (USA and Canada).
Please find below some brief descriptions of some of the significant works in progress in each foreign area.

Central-Eastern Europe

ASTALDI Group is present in this area in Turkey, Russia, Romania, Poland and Bulgaria.
Turkey is one of the main areas of activity for ASTALDI Group. The country helped consolidate the Group's international positioning during the year, with the successes achieved in the concessions sector (airports, hospitals),as well as for the opportunities it succeeded in generating outside the local market thanks to the industrial partnerships entered into with leading Turkish companies. At the present time, the Group operates in Turkey with projects falling into the construction (transport infrastructures) and concessions (airports, hospitals, motorways) sectors. The figures shown do not include the amounts related to concession projects for the construction and subsequent management of Etlik Hospital (3,200 beds) and the Gebze-Izmir motorway (421 kilometres, for which financial closing is pending). For more information regarding these two projects awarded to Astaldi in recent years, please refer to the section herein entitled Outlook.
Russia represents a recently acquired market where

the Group operates with private customer only. ASTALDI's entry into Russia was celebrated during 2011 with acquisition of works to upgrade Pulkovo International Airport in St. Petersburg. As regards the future, it is felt that additional development opportunities may arise in the transport infrastructures sector which ASTALDI is already examining initiatives for which the outcome is pending.

Poland has featured for some years among the areas of guaranteed interest for the development policies of the Group which has already secured some significant contracts from both a design and economic viewpoint. At the moment, the Group is active in Poland solely in relation to priority projects (railway, underground, motorway transport infrastructures) in the country's development policies, financed through dedicated EU funds. As regards the future, given the country's political and economic stability as well as the legislative framework, further consolidation is not to be excluded with the possibility of joining the renewable energy and concessions sectors. Railway contracts were acquired during 2011 (Warsaw-Lodz railway line and Lodz Fabryczna underground railway station).

Romania continues to have an important strategic value for the Group insofar as it is still able to guarantee new commercial opportunities which ASTALDI will continue to examine with great interest. Indeed, the local offices continue to monitor the opportunities on offer in Romania, which the Group tries to take up, also with the aim of ensuring ever-increasing customer diversification. The following works were acquired during 2011: underground works (M5 Drumul-Taberei-Eroilor section), motorway works (Sibiu –Orastie Corridor IV motorway, A2 Cernavoda-Medgidia motorway) and civil works (construction of the pedestrian area under Piazza Romana).

As regards **Bulgaria**, ASTALDI Group has recently completed a project in the railway transport infrastructures sector.

Please find below a brief description of the main works in progress in each of the countries comprising the Area.

TURKEY – Istanbul Underground (Kadiköy - Kartal – Kaynarka Section)

(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: undergrounds)

The project refers to construction of a new section of the Istanbul underground using the general contracting formula. ASTALDI, in its capacity as leader of a joint venture, was awarded the relative contract with an initial value of EUR 751 million (in which Astaldi has a 42% stake). The contract involves construction of a double-track line which will run through a tunnel along the Kadiköy-Kartal section for approximately 21 kilometres with 16 stations, and includes the supply of electromechanical and signalling systems in addition to civil works. Once works have been completed, the new line as a whole will run across Istanbul's Anatolian shore and guarantee transportation of 70,000 passengers per hour in each direction, with an operating speed of 80 km/h. This contract was subject to a contract extension in 2009 related to extension of the new line in the direction of Pendik as far as Kaynarka station – for an additional 4.8 kilometres of tunnel to be dug along the Kartal-Kaynarka section. The planned project duration is 3 years and works were started up during 2008. This project recorded extremely good progress during 2011. Virtually all the civil works inside tunnels were completed (99.8%) and 15 of the 16 stations envisaged in the project were completed. Good progress was also made in relation to electromechanical works (96% completed). The project's overall amount at 31 December 2011, including the extension and changes approved during works in progress, amounted to over EUR 900 million (Astaldi has a 42% stake). At the same date, over 97% of all works had been completed. At the draft date of this report, final consignment of works is scheduled for June 2012, with commercial operation to be launched as from May 2012.

Turkey,
Halic bridge in Istanbul.

TURKEY – Istanbul Golden Horn Bridge (Haliç Bridge)

(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: undergrounds)

The project refers to the contract to construct the Golden Horn Bridge, also known as Haliç Bridge, worth a total EUR 147 million (Astaldi has a 51% stake). Taking into account the changes approved during works in progress, said amount now totals to EUR 162 million. Haliç Bridge will run across the inlet on the European side of the Bosporus, known as the Golden Horn, linking Topкapi to Galata. The route will measure approximately one kilometre and will allow the new Unкapanı - Yeniкapı line of the Istanbul underground to run along it. The new structure will also involve construction of a steel cable bridge measuring 387 metres in length, as well as a 120-metre swing bridge which will open to allow boats to pass through. The works have been commissioned by the Municipality of Istanbul. Astaldi's local partner in performing the works is Gülermaк, one of the companies Astaldi is already working with to construct the Istanbul underground. Works commenced during 2009 and construction activities went ahead during 2011. Specifically, laying of the bridge's foundations on the north side of the viaduct was completed, and the foundations on the south side are currently being laid. The contract amount at 31 December 2011 amounted to EUR 162 million, including changes approved during works in progress, with more than 47% of works having been completed.

TURKEY – Milas-Bodrum Airport (Epc Contract)

(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: airports)

The project consists in an EPC contract for construction of the international terminal of Milas-Bodrum airport in Turkey. The works will involve a surface area measuring 100,000 m^2. Milas-Bodrum Airport has been operational since 1997 and is one of the 12 airports under the responsibility of the General Directorate of State Airport Authority of Turkey's Ministry of Transport and Communications. The airport currently operates national and international flights and can boast a strategic logistic position insofar as it is located at a distance of 18 kilometres from Milas and 35 kilometres from Bodrum, two important tourist locations in the Turkish province of MuĐla. Built on an area measuring a total of 4,139,000 m^2, the airport currently comprises an international terminal with a capacity of 2,000,000 passengers/year (surface area of 16,500 m^2) and a domestic terminal with a capacity of 600,000 passengers (surface area of 19,200m^2), for a total of 2,600,000 passengers/year. Construction of the new international terminal will mean that the existing terminals are used as domestic terminals and the new building will be able to cater for 5,000,000 passengers/year. Construction activities for this project were increased during 2011 in consideration of the planned consignment date set for the first half of 2012. More than 55% of overall works had been completed at 31 December 2011. At the same date, the project's contractual value amounted to EUR 110 million, including the changes approved during works in progress. As regards this project, the works are scheduled to be consigned by April 2012. Lastly, it must be recalled that ASTALDI Group holds the controlling interest, with a 90.85% stake, in MONDIAL S.A., the concession holder of the project for the design, construction and subsequent management of the terminal under construction by ASTALDI.

Romania,
Bucharest underground
Line 5.

RUSSIA –Pulkovo International Airport, St. Petersburg
(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: airports)

The project refers to the contract to expand Pulkovo International Airport in St. Petersburg, the number four airport in Russia for the number of passengers. The project was awarded to ASTALDI as part of a joint venture with the Turkish construction firm, IC Ictas, during 2011. The total of works to be performed is EUR 700 million (Astaldi has a 50% stake). The project has been commissioned by Northern Capital Gateway (NCG), an international consortium in which Fraport (Frankfurt Airport Group), an international leader in airport management and VTB Capital (VTB Group), the second-most important Russian bank hold a stake. The Senior Lenders of the project promoted by NCG are the European Bank for Reconstruction and Development (EBRD), International Finance Corporation (IFC), Vnesheconombank - Bank for Development and Foreign Economic Affairs of USSR, Nordic Investment Bank (NIB), Black Sea Trade and Development Bank (BSTDB) and Eurasian Development Bank (EDB). The contract is an EPC contract and involves the construction of a new international terminal as well as renovation of the existing terminal (Pulkovo 1). Once the works have been completed, the airport will be able to guarantee a level of service equivalent to IATA C and can accommodate 14 million passengers per year, thus becoming the most important airport in the Baltic region. The works will involve the construction of a main building that will occupy a total surface area of 95,475 m^2, with 85 check-in desks, boarding gates and links with car parks and the existing Pulkovo 1 terminal and North Pier, as well as an office district (Class B, 11,660 m^2), a four-star hotel (200 rooms, 13,800 m^2) and all works connected to commissioning of the new facility (airside facility, snow storage area, fire station, de-icing facility, commercial areas, etc.), as well as renovation of the existing Pulkovo 1 terminal (34,314 m^2). The planned duration of works is 39 months. Site areas were set up during 2011 and construction activities commenced, with production for the year totalling EUR 39 million.

ROMANIA – Bucharest underground, Line 5
(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: undergrounds)

The project refers to construction of the new Line 5 of the Bucharest underground for the DrumulTaberei – Pantelimon section (Raul Doamnei –Hasdeu section), using the Design and Build formula. The contract's overall amount is RON 919 million, equivalent to EUR 215 million (ASTALDI is the leader with a 39% stake). The project forms part of a broader programme to expand Bucharest's underground network and is funded by the EIB (European Investment Bank) as well as by the State (25%). The project has been commissioned by METROREX S.A. (that is responsible for managing the Municipality of Bucharest's underground network which currently covers 69 kilometres) and which reports to the local Ministry of Transport and Infrastructures. The project involves the design and construction of approximately 4.5 kilometres of new underground line, limited to civil structures only, along the section between Raul Doamnei and the Bucharest Opera House (Hasdeu), with 9 stations and 7.7 kilometres in total of tunnels dug using TBMs[25]. Design and site installation activities for 7 stations were started up during 2011. Construction of Academia Militara station got underway in November 2011 and it is planned for the TBMs to start excavation from said station. Consignment of the works is scheduled for 2013.

[25] Please refer to Note 1 herein for a definition of TBM (Tunnel Boring Machine).

Romania,
Medgida - Constanta motorway.

ROMANIA – Bucharest-Constanta railway (section 2 - Lots 1 & 2, section 3/4 - Lot 2)
(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: railways)
The project involves the performance, using the general contracting formula, of works to upgrade the Bucharest – Constanta railway, with regard to the section identified as Section 2, Lots 2, 3 and 4. The works have been commissioned by Romania's State Railways and consist, in brief, in upgrading of the railway platform and complete replacement of ballasts, sleepers and tracks. The total amount of the contract is approximately EUR 178 million.

Section 2 (Lot 1)
All the works related to this section which, inter alia, entailed the upgrading of an existing railway viaduct measuring approximately 340 linear metres (Mostistea Bridge) and the construction of a new railway viaduct measuring 235 linear metres (Saluresti Bridge) along the Fundulea – Lehliu route, were consigned in June 2011.

Section 2 (Lot 2)
The works related to this section were completed and consigned in July 2011 and consisted in the upgrading of approximately 28 kilometres of double-track line of the Bucharest – Constanta railway line with regard to the section between Fundulea and Lehliu stations. The aim of the project is to increase the technical travelling speed of passenger trains from the current 120 km/h to 160 km/h, with a maximum speed of 200 km/h.

Section 3/4 (Lot 2)
The works related to this section were completed and consigned in July 2011 and consisted in the upgrading of approximately 78 kilometres of the Bucharest – Constanta railway line with regard to the section between Lehliu and Fetesti stations. The aim of the project is to increase the technical travelling speed of passenger trains to 160 km/h, with a maximum speed of 200 km/h. 5 of the 7 planned stations were also consigned during 2011. The last 2 stations will be consigned during 2012, with final consignment of the works set for 31 December 2012.

ROMANIA – Frontiera-Curtici-Simeria railway line
(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: railways)
The contract, awarded during Q4 2011, involves the upgrading of 41 kilometres of railway line and 4 stations, as well as laying of a second track along a 5-kilometre stretch and construction of the signalling, telecommunications and electric traction systems. Once completed, the works will guarantee a speed of 160km/h for passenger trains and 120km/h for freight trains. The amount of the works totals EUR 254 million (Astaldi has an 18.75% stake). Works are set to commence during the first half of 2012, with a planned duration of approximately 2 years. The project has been commissioned by Romania's State Railway Company (C.S.R. S.p.A.) and will be financed using European funds and dedicated resources allocated in the state budget.

ROMANIA – Bucharest – Constanta motorway (Medgida – Constanta Section)
(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: motorways)
The contract worth a total of EUR 168 million (Astaldi has a 60% stake) involves construction of the Bucharest – Constanta motorway with regard to the section between Medgida and Constanta. The route corresponds to a final section of the A2 motorway and fits into a general plan to improve the country's motorway network. The contract involves the design and construction of approximately 32 kilometres of motorway with 4 overpasses, 2 viaducts, 2 bridges and 1 junction. The works have been commissioned by Romania's National Roads and Motorways Department. The works commenced in April 2009, and are expected to be completed by the end of July 2012. Approximately 14 kilometres of motorway were consigned during 2011 following resolution by the customer of some problems linked to planned expropriation procedures and thanks to considerable production efforts. Said consignment made it possible to link the motorway net-

Romania,
Basarab Overpass.

work to the coastal tourist locations. 25% of the works are financed by EU cohesion funds and the remaining 75% by an EIB (European Investment Bank) loan.

ROMANIA – Basarab overpass

(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: bridges)

The Basarab Overpass project, performed by ASTALDI as part of a joint venture (Astaldi is the leader with a 50% stake), was completed and consigned to the customer, the Municipality of Bucharest, on 19 June 2011. The project involved the design and construction of a cable stayed bridge measuring approximately 340 metres in length, with a maximum width of 44 metres and a maximum height of 84 metres, and an arched concrete and steel bridge measuring 120 metres in length, as well as approximately 2 kilometres of road and tram viaducts and an intermodal station (tram, underground, road network). Following opening to the public, the client requested some additional works (viaduct traffic monitoring system, multi-storey car park) which will be performed during 2012.

ROMANIA – Arad - Oradea national road

(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: motorways)

The contract to be performed using the general contracting formula is worth approximately EUR 75 million and involves the upgrading of 99 kilometres of the road in Romania. The contract entails the design and upgrading of a section of the DN-79 National Road, between the cities of Arad and Oradea for a total of 103 kilometres. Performance of the project will entail, inter alia, the upgrading and construction of 13 bridges, 46 culverts and approximately 80 kilometres of drainage system. The works have been commissioned by Romania's National Roads and Motorways Department. 30% of the works are financed by the Romanian government and the remaining 70% by the EIB (European Investment Bank). Works were started during the first half of 2009, and are expected to be completed by July 2012. Expansion of the road area was completed during 2011 together with the laying of structural layers of asphalt, with the wearing surface, and final horizontal and vertical street signs and marking to be completed.

ROMANIA – Arad - Timisoara motorway

(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: motorways)

The contract, worth EUR 138 million (in which Astaldi has a 50% stake), involves the construction of 31.5 kilometres of motorway in the western part of Romania with 4 lanes in each direction, 2 hard shoulders, one junction and 16 bridges. The works will be performed by a joint venture involving ASTALDI and the Spanish firm FCC Construcción S.A. The project has been commissioned by Romania's National Motorway and National Roads Company. Works commenced during the first part of 2009 and, despite the difficulties encountered as a result of failed expropriation procedures and project shortcomings that cannot be attributed to ASTALDI, activities went ahead speedily during the whole of 2011. The complete motorway section was inaugurated on 16 December 2011, in a ceremony attended by the Prime Minister and Minister of Transport. The completion of some secondary works (car parks and coordination and maintenance centre) is planned for 2012. Consignment of the works is scheduled for August 2012.

ROMANIA – Constanta ring road

(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: motorways)

The project involves the design and construction of the motorway link between the A2 motorway from Bucharest and the maritime port of Constanta on the Black Sea, as well as with the DN2 national road towards the Ukrainian border to the north and the Bulgarian border to the south. The contract, awarded to ASTALDI in 2008 as part of a joint venture with the Spanish company, FCC Construcción S.A., is worth EUR 120 million (Astaldi has a 50% stake). The project forms part of the European plan to develop a sea-road transport infrastructure network to link Europe with Asia and, as a whole, will entail the construction of 22 kilometres of motorway to link the A2 to the city of Ovidiu and to

Romania,
"Lia Manoliu" National Stadium
Bucharest.

Gate No. 9 of the maritime port of Constanta (Agigia). The motorway will have 4 lanes for a total width of 26 metres, including 2 hard shoulders. The construction of 5 interchanges and 21 overpasses and bridges is also planned. The project has been commissioned by Romania's National Motorway and National Roads Company. The works, started up during the first half of 2009, continued during 2011 and a first section of approximately 9 kilometres was consigned to the customer on 29 July 2011. The works are scheduled to be completed by the end of 2012.

ROMANIA – Orastie – Sibiu motorway, Lot 4

(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: motorways)

The contract for the design and construction of Section 4 of the Orastie – Sibiu motorway forming part of the Trans-European Corridor IV, was signed in June 2011. The project involves the construction, using the Design & Build formula, of approximately 16 kilometres of new motorway, including a cut-and-cover tunnel (200 metres) and two viaducts (900 metres). ASTALDI group is the project leader and holds a 70% stake. The works have been commissioned by Romania's National Roads and Motorways Company (CNADNR) which reports to the local Ministry of Transport and Infrastructures. 85% of the project is financed using European cohesion funds and 15% using state funding. Design activities were started up during 2011 and setting-up of sites was completed, with the commencement of construction of the motorway, underpasses and drainage systems as well as the viaduct foundations. Consignment of the works is scheduled for April 2013.

ROMANIA – Bucharest – Constanta motorway (Cernavoda - Medgida Section)

(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: motorways)

The contract for the design and construction of the Cernavoda – Medgida section of the A2 Bucharest – Constanta motorway was signed on 21 September 2011. The project involves the design and construction of approximately 20 kilometres of motorway with 2 viaducts (580 metres in total) and major earth movement works. ASTALDI group is the project leader with a 50% stake. The works have been commissioned by Romania's National Roads and Motorways Department (CNADNR) which reports to Romania's Ministry of Transport and Infrastructures. 25% of the works are financed by EU cohesion funds and the remaining 75% by an EIB (European Investment Bank) loan. Consignment of the works is scheduled for December 2012.

ROMANIA – Piazza Romana (Bucharest)

(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: roads)

The contract for the design and performance of civil works for the restoration of Piazza Romana in Bucharest was signed in September 2011. The contractual amount of the works is EUR 18 million and the project involves the construction, using the Design & Build formula, of a pedestrian area underneath Piazza Romana, in the centre of Bucharest. ASTALDI is the project leader with a 70% stake. The works have been commissioned by the Municipality of Bucharest. As regards this project, survey activities were performed during 2011 along with the start-up of general design activities. As for 2012, following budget problems experienced by the customer, completion of design and site preparation activities is planned. Consignment of the works is scheduled for 2014.

ROMANIA – "Henri Coanda" International Airport – Bucharest (Phase 3)

(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: airports)

The contract refers to the performance, using the general contracting formula, of a third phase of the project

Poland,
Warsaw underground
Line 2.

to develop and modernise "Henri Coanda" International Airport (formerly Otopeni) in Bucharest. The works have been commissioned by C.N.A.I.H.B.(*Compania Nationala Aeroportul Internationale Henri Coanda Bucuresti*), in the name and on behalf of Romania's Ministry of Transport. ASTALDI Group, which has already successfully completed the first two phases of this project, will perform the civil works and plants aimed, inter alia, at extending the passenger arrivals and departures terminals, reorganising passenger traffic and building a new ground level car park. A first important target as regards the performance of works was achieved on 15 March 2011 with consignment of the new terminal (finger), and works to extend the departures terminal also went ahead, with completion expected by August 2012. The contractual amount of the works amounts to approximately EUR 75 million.

ROMANIA – "Lia Manoliu" National Stadium (Bucharest)

(CONSTRUCTION – INTERNATIONAL, Civil construction)

The contract related to the "Lia Manoliu" national stadium was completed and consigned to the customer, the Municipality of Bucharest, on 8 August 2011. The official opening ceremony took place on 6 September 2011 with the qualification match for the 2012 European Championships between Romania and France, attended by over 54,000 spectators and a television audience of over 40 million spectators (FRF figures). The project involved demolition of the existing national stadium as well as the design and on-site construction of a new, modern sports facility. The new stadium has an arena-type layout with 54,800 covered seats and is qualified as Category 1 for concurrence and compliance with international regulations. The final of the UEFA Europa League Cup will be played in this stadium on 9 May 2012.

POLAND – Warsaw - Łódź Railway Line and Łódź Fabryczna Station

(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: railways)

The project refers to the design and performance of all works connected to upgrading of the section of railway from ŁódźWidzew to ŁódźFabryczna, with construction of the passengers building and underground station of ŁódźFabryczna (4 platforms, 8 tracks), a double-track, twin-bore tunnel (1.5 kilometres) and the plant design and superstructure of the whole section, as well as an underground car park and multi-modal interchange junction at Fabryczna railway station. The works, awarded in August 2011, have a contractual amount of PLN 1.4 billion, equivalent to EUR 350 million (ASTALDI has a 40% stake), with a planned duration of 42 months. The project forms part of the "Infrastructure and Environment" Operating Programme, funded by EU Cohesion Funds. The works have been commissioned by Poland's railway companies (PKP and PKP PLK) and the Muncipality of Łódź. This project is of great importance for the national railway system insofar as it will be the first work already boasting high-speed standards, and also for the city of Łódź (Poland's number-two city for the number of inhabitants). Indeed, following the completion of works, this city will see a radical change in its city centre, with the large underground station, adjacent multi-storey car park, multi-modal junction and surface area layout becoming distinctive features. Design activities commenced during 2011 along with works to demolish the old railway line and existing station.

Poland,
NR-8 National Road.

POLAND – Warsaw Underground, Line 2

(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: undergrounds)

The project involves the construction of a central section of Line 2 of the Warsaw underground in Poland worth a total of PLN 3.375 billion, equivalent to approximately EUR 800 million (Astaldi has a 45% stake and is the project leader). The project forms part of the "Infrastructure and Environment" Operating Programme, the most important project planned in Poland in relation to the national development policy funded by the EU, and especially in relation to the operating plan for planned investments for the 2007-2013 five-year period. Specifically, Line 2 of the Warsaw underground is part of the "Environmental Transport" axis for which investment totalling approximately EUR 8 billion is planned. The works have been commissioned by the Municipality of Warsaw. In detail, the project involves the design and construction of approximately 6 kilometres of new underground line along the route between Rondo Daszynskiego and Dworzec Wilenski, with 7 stations, 6 sections of twin-bore tunnel for a total of 4.5 kilometres, a single-track tunnel linking to the existing line and 3 buildings for train deposit and maintenance. The route will run mainly underground and also include passage under the River Vistula. 4 TBMs[26] (Tunnel Boring Machine) will be used to dig the tunnel sections. As regards this project, the bulkheads, excavation and reinforced concrete works for stations were performed during 2011 along with design activities and assembly of the TBMS in order to start-up tunnel excavation activities. Consignment of the works is scheduled for 2013.

POLAND – NR8 National Road (Piotrków Tribunalski - Rawa Mazowiecka Section)

(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: roads)

The contract refers to the design and performance of works to upgrade the NR8 National Road to fast-flowing, dual carriageway standards with regard to the Piotrków Tribunalski - Rawa Mazowiecka section (approximately 62 kilometres). This project, just as Line 2 of the Warsaw underground, forms part of the "Infrastructure and Environment" Operating Programme financed using EU cohesion funds - specifically, the project is part of the "TEN-T road and air transport network" for which investment totalling EUR 8.8 billion in planned. The contract has a total amount of PLN 1.4 billion, equivalent to EUR 350 million (Astaldi has a 47% stake and is project leader) and, specifically, involves the design and upgrading with transformation to fast-flowing, dual carriageway standards of 62 kilometres of the NR8 National Road, with regard to the section between Piotrków Tribunalski and Rawa Mazowiecka. The construction of 14 split-level junctions and 59 large-scale works (including overpasses, bridges and viaducts) is also planned. The works have been commissioned by Poland's National Roads and Motorways Department and the planned duration of works is 33 months, 12 months of which for design activities. All works related to one carriageway were completed during 2011, including the concrete surfaces, and earth movement works for the second carriageway were started up subsequent to the opening to traffic of the first carriageway.

POLAND – Minsk ring road

(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: motorways)

The contract, worth a total of EUR 124 million involves the construction of a motorway ring road to the east of Warsaw. The project entails the construction of 20 kilometres of ring road boasting motorway standards along State Road No. 2, for the section between Choszczowka and Ryczolek, as well as a series of works to interconnect the local road network, including 16 viaducts and bridges. The works have been commissioned to the consortium which Astaldi is part of together with various local partners, by Warsaw's National Roads and Motorways Department. Works commenced in 2009 and the last road finishing activities are currently being performed.

Algeria,
Saida - Moulay Slissen railway.

BULGARIA – Plovdiv – Svilengrad railway
(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: railways)
The project involves the design and construction of a new railway line along the Plovdiv – Svilengrad section as part of the Trans-European Corridor IV project. The works have been commissioned by Bulgaria's Ministry of Transport. The amount of the contract amounts to EUR 68 million, excluding the changes agreed on with the Customer during works in progress. The project was consigned to the Customer in November 2011 and the electricity substations will be completed during 2012 along with final testing. The project as a whole entailed the electrification and reconstruction of approximately 30 kilometres of existing railway for the section between the municipalities of Parvomai and Dimitrograd, with the aim of improving the quality of the national railway system and integrating it with the European system. The project also involved the renovation of railway stations, electricity substation and electricity power lines located along the whole route.

The Maghreb (Algeria)

ASTALDI Group is present mainly in Algeria as regards the Maghreb area.
Algeria features among the traditional markets for the activities of the Group which has operated in this area for over 20 years, mainly in the transport infrastructures and energy production plants and hydraulic works sectors. The Group operates in this area with 439 employees, a representative office in Algiers and a permanent establishment that employs over 1,000 local skilled workers.
Lastly, with the scope of providing complete information, it must be noted that ASTALDI Group is performing a single construction project in Tunisia (motorways), developed as part of a partnership with a local operator. As regards said project, the activities in progress are experiencing a ten-month delay as regards contractual deadlines, to be linked to the general unrest seen in the country at the start of 2011. Nevertheless, it should be noted that this project, of a minor contractual amount, does not entail any operating presence by the Group, but only the sharing of know-how and managerial skills.
Please find below a brief description of the main works in progress in the area.

ALGERIA – Saida - Tiaret railway
(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: railways)
The contract, awarded to Astaldi as part of joint venture at the end of 2010, involves the design and construction of a new railway line from Saida to Tiaret in Algeria. The contract amount amount to EUR 417 million (Astaldi has a 60% stake). The works have been commissioned by Algeria's Ministry of Transport through the *Agence Nationale d'Etude et du Suivi de la Réalisation des Investissements Ferroviaires* (ANESRIF). The contract involves the executive design and construction of 153 kilometres of single-track railway line which will feature 41 railway bridges and viaducts, 35 road overpasses as well as 4 main stations (2 of which will be passenger stations while the other 2 will serve as a freight village and maintenance depot) and 9 interchange stations. The route, which will run along the "*Rocade des Hauts Plateaux*" to link up with the Bechar - Mecheria – Oran line, is the natural continuation of the railway line linking Saida and Moulay-Slissen which is already under construction by Astaldi. Work on this new project commenced in January 2011, with a total duration of 36 months. The works performed during the year mainly concerned installation and design activities.

ALGERIA – Saida - Moulay Slissen railway
(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: railways)
The project refers to construction of a section of railway measuring approximately 120 kilometres, that runs along the Saida - Moulay Slissen section. The project forms part of Algeria's plan to create an in-

[26] Please refer to Note 1 herein for a definition of TBM (Tunnel Boring Machine)tione.

Algeria,
Hamma Aqueduct.

tegrated infrastructure network comprising road and rail transport. Specifically, this initiative forms part of the "*Rocade des Hauts Plateaux*", which stretches from East to West in the northern part of the country's high ground. The works have been commissioned by ANESRIF (*Agence Nationale d'Etudes et Suivi de la Réalisation d'Investissements Ferroviaires*), in the name and on behalf of Algeria's Ministry of Transport. The project consists in the design and construction of a new single-track railway line, not electrified but able to include a second track. The route stretches over 120 kilometres and includes bridges, viaducts, overpasses, underpasses and 4 stations. The contract also provides for the installation of signalling, telecommunications and energy systems. Works got underway during the third quarter of 2008, and Variant No. 1 extended the overall duration of works to 59 months. As regards this project, activities went ahead much better than planned during 2011 and mainly concerned earth movement works and activities related to the construction of viaducts. Approximately 40% of works had been performed at 31 December 2011.

ALGERIA – Mecheria - Redjem Demouche railway
(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: railways)
The contract, awarded by SNTF, Algeria's national railway company and subsequently handed over to ANESRIF, entails design and construction of the new Mecheria - Redjem Demouche railway line.The construction of this railway line forms part of the project to create a railway corridor between the coastal cities of Oran and Bechar in the south-west of Algeria. The stretch of railway will run for approximately 140 kilometres, connecting the two cities of Mecheria and Redjem Demouche, located in the south-west of the country. The new line will be mainly used to transport freight and will guarantee a maximum operating speed of 160 km/h. All activities were completed during 2011 and the complete section is ready to be consigned. Signalling and telecommunication system activities still have to be completed for the Tabia – Redjem Demouche section.

ALGERIA – Hamma Aqueduct
(CONSTRUCTION – INTERNATIONAL, Energy production plants and hydraulic works)
The project entailed the performance of four lots of an aqueduct inside the city of Algiers, starting with a desalination unit. The initiative, of primary importance with regard to the water supply project for the city of Algiers, consisted in the performance of four different lots (A, B, C and D) and initially involved the executive design and construction of a supply system from the Hamma desalination unit to three reservoirs (of which two already existed (Telemly and Garidi) and one had to be built (Kouba)) and relative connection to the existing drinking water network. The impossibility of using a proposed layout for Lot D, as provided for in the preliminary design, entailed substantial changes to the definition of said lot. Therefore the works related to the new Lot D formed the purpose of specific contractual addendum which led to the construction of a new reservoir, called HARCHA, which supplies Lot D instead of the Telemly reservoir. During 2011, following the approval of Variant No. 4, finishing activities for the civil works involving the Harcha reservoir were completed, and activities related to the supply and commissioning of technological installations were started up.

Middle East

The Middle East (which for Astaldi means Saudi Arabia, the United Arab Emirates, Oman and Qatar) continues to be of interest for the Group's development policies. At the present time, the Group is working in the area with industrial design-related projects applied to the petrochemical sector (Jubail Project in Saudi Arabia) and transport infrastructure projects (Jeddah and KAEC HS stations). As far as the future is concerned, refocusing of activities is expected, with the Group exiting the industrial sector (which is currently able to guarantee lower margins than in the past) and consolidation of the Group's traditional sectors where it boasts greater expertise (railway and motorway transport infrastructures, ports).
All ASTALDI Group's activities within the Middle East

Oman,
Bidbid-Sur Road.

are developed by ASTALDI ARABIA Ltd., a subsidiary of ASTALDI S.p.A. Therefore, please refer to the section herein dedicated to said company for more information regarding activities performed in the Middle East. Please find below a brief description of the main works in progress in each of the countries indicated for this area.

SAUDI ARABIA – Jeddah and Kaec High - Speed railway stations

(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: railways)

The contract was acquired by Astaldi Group, as part of a joint venture, at the end of 2010. The project refers to the construction of two major railway stations, Jeddah and KAEC (King Abdullah Economic City), along the Mecca – Medina high-speed line (forming part of the "Haramain High Speed Rail Project" – the railway network expansion programme approved by the Saudi government). The total amount of the works is USD 1.24 billion (Astaldi has a 15% stake). The works have been commissioned by the Saudi Railways Organization. Designed by Norman Foster and Buro Happold, the two stations boast large dimensions: Jeddah, the larger station, will occupy a total surface area of over 111,000 m^2 – equivalent to approximately 14 football pitches – while KAEC will occupy a total surface area of approximately 64,000 m^2. More than 200,000 m^3 of concrete and 74,000 tons of steel will be used to construct the stations that will feature 58 lifts and 116 escalators. The planned duration of works is approximately 2 years.

SAUDI ARABIA – Jubail Industrial Plant

(CONSTRUCTION – INTERNATIONAL, Industrial construction)

The project has a contractual amount of USD 80 million and refers to the performance of civil works and electromechanical plants for the construction of an oil refinery in the Jubail industrial district (Areas 5 and 2-A).The project, known as the Jubail Export Refinery Project, has been commissioned by the French company, TECHNIP. It will be performed by ASTALDI ARABIA Ltd., the subsidiary of Astaldi S.p.A. which handles the Group activities in the Middle East. As regards this project, works to lay the foundations and put up the framework structures for the chemical plants continued during 2011, with 77% of overall works completed at 31 December 2011.

OMAN – Bid Bid-Sur road (Lot 1-Package 1-A)

(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: roads)

The project has a contractual amount of OMR 125 million, equivalent to approximately USD 324 million (ASTALDI has a 51% stake). The contract refers to the road project to widen one of the Sultanate's main roads, for a total of 41 kilometres of new road linking the capital with the country's eastern regions. The project has been commissioned by Oman's Ministry of Transport and Communications. The works commenced during 2011, with a duration of just over three years.

Latin America

The anti-cyclical amount lent to infrastructure investments in many countries in this area means that it is of guaranteed interest for the Group's development policies. It must be recalled that ASTALDI is mainly present in the transport infrastructures and energy sectors in Venezuela, Peru, Chile and Central America. It is also examining with interest some medium-term opportunities singled out in reference sectors in Brazil. Please find below some brief observations regarding Venezuela, Peru, Chile and Central America.

Venezuela,
Puerto Cabello - La Encrucijada railway.

Venezuela
ASTALDI Group has operated for over 30 years in Venezuela where it is principally active in the railway transport infrastructure sector. The Group currently plays a key role in the "*Plan de Desarollo Nacional*" approved by the local government – a project to improve the entire local railway network which is based on the creation of 5 main axes which, run across the whole country. Three new railway lines are currently under construction and are being developed under the aegis of an intergovernmental agreement between Italy and Venezuela aimed at promoting economic and industrial cooperation between the two countries. As regards these three projects – which all together aim to provide the central-southern areas of Venezuela with a suitable transport system to promote and support economic development projects drawn up at a national level – ASTALDI Group is involved in as part of a permanent association of Italian companies in which the individual shareholders each have a 33.3% stake. Within said association, the projects are developed in accordance with a method of distributing activities which sees each member being allocated a section corresponding to one third of the whole project. Therefore, each company is totally responsible for the section allocated, which it develops in accordance with its own managerial and operating models, therefore guaranteeing splitting of the project into independent yet adjoining sections. Lastly, it must be recalled that, in order to comply with the criterion adopted by Astaldi as regards inclusion in the order backlog – reserved solely for contracts that have been secured and fully financed -, the projects in progress, just as the additional developments expected in relation to the aforementioned intergovernmental agreement, are not included in full in the Group's order backlog insofar as they are included in the backlog on a tranche, pro quota and annual basis, against inclusion of the stipulated contracts in the state's budget.

Peru
Astaldi's activities in Peru, just as in Chile, respond to the Group's need and desire to diversify its operations in Latin America, offsetting the planned slowdown of activities in Venezuela. At the present moment, the Group is involved in three projects in progress in Peru, more details of which are provided later on.

Chile
Chile represents an area where ASTALDI Group has been working in an ongoing manner since 2008 and which sees the Group as partner, with a 27.3% stake of the concession holder that constructed and currently manages the Chacayes hydroelectric plant (11MW), together with the Australian Group, Pacific Hydro. Astaldi's presence in Chile responds to the Group's need and desire to diversify its operations in Latin America and to offset the planned slowdown of activities in Venezuela. Indeed, the country represents an opportunity for geographical and sector diversification thanks to the socio-political and economic stability it is able to offer along the validity of its legislative framework, and to the important opportunities on offer in the renewable energy and mining sectors. The latter represents a new sector of activity for ASTALDI but which is considered to be an interesting market offering additional commercial opportunities given the planned investments as well as compatibility between the expertise required and the Group's technical and managerial skills. The works currently in progress in the area can be linked to the renewable energy sector (concessions) and mining works (construction, concessions).

Central America
The projects in progress in this area are mainly linked to road transport infrastructures (Costa Rica, Nicaragua, Honduras) and energy production plants and hydraulic works (Costa Rica, El Salvador). Commercial activities aimed at acquiring new construction and concession projects are also going ahead, mainly in the transport infrastructures and renewable energy sectors.
Please find below a brief description of the main works in progress in the area.

Peru,
Huanza hydroelectric plant.

VENEZUELA – Puerto Cabello - La Encrucijada railway line

(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: railways)

The contract involves the construction of a double-track railway line running along the Puerto Cabello - La Encrucijada stretch for approximately 108 kilometres, with 33 km of tunnels, 21 km of viaducts and 10 stations. Consorcio Grupo Contuy-Proyectos y Obras de Ferrocarriles, in which Astaldi holds a 33.33% stake, is responsible for construction of the line. The total amount of the contract amounts to approximately EUR 3,000 million (including "Option 10" signed in 2006, which entails the construction of stations and freight villages), one third of which refers to Astaldi's stake. A contract addendum for completion of the railway line was also signed during 2011. Said addendum provides for updating of the existing contract and extension of the line from Moron to Puerto Cabello. With said addendum, the amount of works to be completed in relation to the Puerto Cabello-La Encrucijada line amounts to EUR 3.3 billion (Astaldi has a 33.33% stake), meaning EUR 500 million of new works for the company. Construction of the new railway section will make it possible to link the line under construction with Puerto Cabello and will guarantee Valencia, one of the country's leading cities located along the line, access to the sea that is all-important for trade. The works have been commissioned by I.F.E *(Instituto de Ferrocarriles del Estado)*, the independent organisation responsible for managing Venezuela's railway transport infrastructures. The project fits into the Economic, Industrial, Infrastructure and Development Cooperation Agreement signed by the Italian and Venezuelan governments in February 2001, and ratified in subsequent agreements, the most recent in May 2010. The project is included among the new orders acquired during Q3 2011. The works, for which Astaldi is responsible, started during 2002, are split into two lots, one situated in the mountains and one in the plains. Despite the planned slowdown in activities, works related to this project continued to go ahead during 2011, generating an extremely positive trend. Specifically, works involving lining of the tunnels (100% of which have been dug) continued together construction of the viaducts contained in the plain lot (65% of works have been completed in total).

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

(CONSTRUCTION – INTERNATIONAL, Transport infrastructures: railways)

The contracts for the two projects in question - resulting from the Italo-Venezuelan intergovernmental agreements of 2005 aimed at ensuring cooperation between the two countries as mentioned above - were signed in June 2006. The two projects involve the construction of a total of 452 km of new railway lines, of which 15 km of tunnels and 12 km of bridges and viaducts, and include design and installation of the railway superstructure, 13 stations, 3 freight villages and a maintenance workshop. The works have been commissioned by I.F.E *(Instituto de Ferrocarriles del Estado)*, the independent organisation responsible for managing Venezuela's railway transport infrastructures.

San Juan de Los Morros - San Fernando de Apure railway

The contract provides for construction of a new railway line running along a route measuring approximately 252 kilometres, with 17 kilometres of tunnels and 6.3 kilometres of viaducts, 7 stations and 3 maintenance areas. The contractual amount of the works amounts to EUR 1,258 million, a third of which corresponds to Astaldi's stake. Tunnel excavation works related to this project continued during 2011, with 16% of total activities completed and a good overall result achieved. It must also be noted that activities were rescheduled, in agreement with the customer, reducing progress made on construction works. As regards this project, 20% of overall works were completed during the year.

Chile,
Chacayes hydroelectric plant.

Chaguaramas – Cabruta railway

The new railway line runs for 201 kilometres and includes 6 stations and a maintenance area. The contractual amount of the works amounts to EUR 591 million, a third of which corresponds to Astaldi's stake. It is important to note that the area involved in the project is characterised by logistic difficulties (distance from residential areas) and technical difficulties (performance of works in areas subject to flooding). Despite this, the project performance achieved during 2011 was decent with 20% of works completed. Activities were rescheduled during 2011, in agreement with the customer, reducing progress made on construction works with 25% of overall works completed.

PERU – Huanza Hydroelectric project

(CONSTRUCTION – INTERNATIONAL, Energy production plants)

The contract, worth an equivalent of USD 116 million involves the performance of civil works related to Huanza hydroelectric plant in Peru. The project consists in the construction of a hydroelectric plant with a nominal power of 90MW, making use of water provided by the Rio Pallca. Construction of this plant will involve, inter alia, the construction of a 34,000 m^3 barrier in RCC (roller-compacted concrete), a 10-kilometre tunnel, a penstock, a hydroelectric plant and a switchyard. The works have been commissioned by Minera Buenaventura, one of the leading mining operators in Peru. The project was acquired during 2009 and, site installation activities were started up during the same year. The works are expected to be completed over 29 months.

PERU – Santa Teresa hydroelectric plant

(CONSTRUCTION – INTERNATIONAL, Energy production plants)

The contract, worth an equivalent of USD 100 million (Astaldi has a 40% stake) involves the performance of civil works related to Santa Teresa hydroelectric plant in the Machu Picchu region of Peru. The project consists in the construction of a hydroelectric plant with a nominal power of 86MW, making use of water provided by the Rio Urubamba, waters that are already "turbined" by the Machu Picchu plant currently in operation. Construction of this plant will involve, inter alia, the construction of an underground water intake facility, a series of tunnels to access the plant and the main tunnel. A conduction tunnel is also planned along with a supply shaft for the underground plant and the performance of plant excavation works, for an underground excavation volume of 270,000 m^3 of rock. The works have been commissioned by Luz del Sur, one of the main electricity distributors in Peru. The project was acquired during 2011 and, site installation activities were started up during the same year. The works are expected to be completed over 30 months.

PERU – Cerro Del Àguila hydroelectric plant

(CONSTRUCTION – INTERNATIONAL, Energy production plants and hydraulic works)

The turnkey EPC contract, worth an equivalent of USD 670 million (Astaldi has a 50% stake and is project leader) involves the performance of civil and electromechanical works related to Cerro del Àguila hydroelectric plant in Peru. The project consists in the design and construction of a hydroelectric plant with a nominal power of 504MW, making use of water provided by the Rio Mantaro. Construction of this plant will involve, inter alia, the construction of 70 km of access roads, a barrier consisting in a gravity dam of 340,000 m^3 of concrete, a tunnel measuring 6 kilometres with a 100 m^2 section, a 140 m-tall charge basin, the underground hydroelectric plant and a discharge tunnel measuring approximately 5 kilometres. Given that it is an EPC contract, the supply and installation of three Francis turbines is also envisaged in addition to design activities The works have been commissioned by KALLPA S.A., one of the main electricity generators in Peru. The project was acquired during 2011 and, site installation activities were started up during the same year. The works are expected to be completed over 48 months.

Chile,
Chuquicamata Mining Project.

CHILE – Chacayes hydroelectric plant (Epc Contract)

(CONSTRUCTION – INTERNATIONAL, Energy production plants and hydraulic works)

The Chacayes hydroelectric plant, built and currently managed by ASTALDI together with the Australian group, Pacific Hydro, was opened and put into operation in October 2011. The works were commissioned by Pacific Hydro, one of the most important operators worldwide in the energy production plant and renewable energy sector. The project involved performance of the EPC contract to construct one of the biggest hydroelectric plants in Chile - two intake plants (Chacayes and Cipreses), a water supply system comprising channels (7 kilometres) and tunnels dug using traditional methods (3.5 kilometres) and TBMs (2.5 kilometres), a regulating reservoir of approximately 200,000 m^3, a clearing and reserve basin of 800,000 m^3 and a surface-level plant with 2 55MW turbines. The contract also included the supply, assembly and commissioning of electromechanical components (turbines, generators and flood gates). Performance of the works was awarded to the EPC Contractor Astaldi-Fe Grande, in which Astaldi holds a 95% stake. The Chacayes hydroelectric plant has an installed power of 111MW and is expected to produce 557Gwh/year. The plant is located in the Alto Cachapoal valley, at a distance of 20 kilometres from Rancagua and 200 kilometres from Santiago del Cile and produces totally renewable energy insofar as it is a run-off-river plant. Indeed, operation of the plant is based on retrieving and making use of kinetic energy produced by the river's flow. Lastly, it must be noted that for more information on Astaldi's stake in PACIFIC HYDRO CHACAYES S.A., the concession holder of the private project finance initiative for construction and subsequent management of the Chacayes plant, please refer to the section herein dealing with foreign concession projects.

CHILE – Chuquicamata project

(CONSTRUCTION – INTERNATIONAL, Mining works)

The contract amounts to USD 155 million and forms part of the plan of action worth USD 875 million approved by CODELCO aimed at converting Chuquicamata, currently the world's largest open-air mine, into a large-scale underground mine. The project has been commissioned by CODELCO (*Corporación Nacional del Cobre del Chile*), a state-owned company, set up in 1976 and currently the leading copper producer in the world. This new contract involves the construction of two main tunnels, one for access (7.5 kilometres) and one to transport copper inside the mine (6.2 kilometres), as well as the relative linking tunnels and approximately 3.5 kilometres of ventilation and emergency shafts. The duration of works is 41 months.

CHILE – Relaves project (construction contract)

(CONSTRUCTION – INTERNATIONAL, Mining works)

The contract forms part of the concession project which ASTALDI Group, as leader (with a 55% stake) of an association of Chilean companies specialising in the mining sector, will perform in Chile. The project involves the design, construction and subsequent management, using the concession formula, of a plant to treat sludge produced by the CODELCO Andes mine in order to salvage copper and molybdenum. The works have been commissioned by CODELCO (*Corporación Nacional del Cobre del Chile*), a state-owned company, set up in 1976 and currently the leading copper producer in the world. The plant will be able to produce 4,000 tons of copper and 80 tons of molybdenum per year which CODELCO has already undertaken to purchase. The total amount of the investment is USD 34 million and will be performed also with the help of private funding (partners in the SPV set up to perform the project), with a return on investment guaranteed by the forecast management revenue. For more information regarding the operation's financial structure and equilibrium conditions set down in the initiative's Economic and Financial Plan, please refer to the section herein dealing with concession projects developed abroad.

Florida (USA)
SR-84 State Road.

EL SALVADOR – El Chaparral hydroelectric plant
(CONSTRUCTION – INTERNATIONAL, Energy production plants and hydraulic works)
The contract, awarded to ASTALDI Group in 2008, has a contractual amount of USD 220 million (equivalent to EUR 160 million at tender exchange rates) and involves construction of the El Chaparral hydroelectric plant in El Salvador. The contract consists in the design and construction of a new hydroelectric plant in RCC (roller-compacted concrete) with an installed power of 66MW, as well as construction of a substation. The plant is located in the north-east of the country, in the low part of the hydrographic basin of the River Tarola (in the municipalities of San Luis La Reina and Carolina) which stretches as far as the municipality of San Antonio del Masco in San Miguel Department. The contract also involves the final design of civil and electromechanical works and operational testing of the plant.
The works have been commissioned by CEL (Rio Lempa Hydroelectric Executive Commission), El Salvador's electricity company. The project is financed by the BCIE (Central American Bank for Economic Integration) and by the local government. Works were started up during the last quarter of 2008, with a total duration of 50 months. The works are scheduled to be completed by February 2013. Geological problems related to this project were encountered during 2010 which resulted in a partial delay in construction activities. The delay, which affected only a part of the works in progress, did not make it impossible to perform construction activities, but created the conditions for re-definition of some project aspects linked to design needs.

North America

ASTALDI Group has been present in the USA for over 20 years, operating mainly in the transport infrastructures sector. All the activities in the USA are performed through ASTALDI CONSTRUCTION Corp., a US-regulated, 100%-owned (directly and indirectly) company of ASTALDI S.p.A. For more information regarding the operations of said subsidiary, please refer to the section herein dedicated to the Group's main companies. It is considered appropriate to include at this point a brief description of the contracts in progress in the country.
In order to ensure further diversification of the geographical positioning of activities, it must also be noted that at the draft date of this report, opportunities are being examined that could become tangible in the nearby Canadian market. Canada offers a stable macroeconomic situation and favourable reference legislative framework and is open to the development of infrastructure projects in the renewable energy and transport sectors. In order to ensure suitable monitoring of the market and business opportunities in the construction and concessions sectors, ASTALDI CANADA Inc., a company owned completely by ASTALDI S.p.A. was set up at the start of 2012.
.

USA – SR-84 - Davis Boulevard/Collier Boulevard
(CONSTRUCTION – INTERNATIONAL, Transport infrastructures; motorways)
The contract involves extension and upgrading of the SR-84 (Davis Boulevard), in the section from Radio Road to Collier Blvd., and of the CR-951 (Collier Boulevard) from Davis Boulevard to Golden Gate Canal, in Collier County, Florida. The contract is being performed entirely by Astaldi Construction Corporation and involves widening of the road, excavation of water retention basins and improvement of the drainage network as well as shifting of subservices, surfacing and asphalt, finishes and plants. Site preparation activities were performed during 2011 as well as excavation of water retention basins and the start-up of installation of the drainage networks and subservices. The contract amount amounts to USD 28.2 million and production during 2011 totalled EUR 2.4 million.

USA – NW 25th Street
(CONSTRUCTION – INTERNATIONAL, Transport infrastructures; motorways)
The contract refers to works to upgrade and expand NW 25th Street in Miami-Dade County in Florida. The contractual amount of works amounts to USD 59 mil-

Italy,
Riva Reno car park in Bologna.

lion, equivalent to approximately EUR 42 million. The project involves the rebuilding and widening to 4-6 lanes of an expressway to Doral, in the vicinity of Miami international airport, as well as the construction of a metal overpass next to the SR-826 Palmetto Express and a viaduct for a total length of 1.9 kilometres. The project has been commissioned by the Florida Department of Transportation (FDOT). The planned duration of works is just over 3 years. Design activities went ahead during 2011 with subsequent presentation to the customer of a series of changes known as cost saving initiatives.

Concessions

As regards the specific concessions sector, ASTALDI group is interested in opportunities able to generate synergies with its core business which is construction – in Italy as well as abroad – where it is possible to re-use the model implemented to date that is characterised by: (i) high level of public funding; (ii) a return on investment based on cash flow guaranteed by the inclusion of minimum fee clauses (in the form of guaranteed availability charges, guaranteed minimum traffic, occupation fees and similar) in the contracts awarding management activities.
The areas of interest for the Group as regards concessions continue to be transport infrastructures, healthcare construction and energy production plants. Mining works are also of interest and this is an area which ASTALDI Group joined in 2011 with projects performed in the Chilean market for CODELCO.
At the draft date of this report, ASTALDI Group's presence in the concessions sector consists in involvement in 21 projects developed in Italy and abroad (Turkey, Chile, Honduras), related to the following sectors: healthcare construction (6), underground, motorway and airport transport infrastructures (7), car parks (5), energy and environment (2), mining concessions (1). As regards the projects in progress, 9 are currently in the management phase and related to initiatives built and managed by ASTALDI Group – such as Ospedale dell'Angelo in Mestre and 5 car parks in Italy, the Chacayes hydroelectric plant in Chile – or to projects where the Group has joined the concessionaire company after the works are already in an operational phase – as is the case for Agua de San Pedro Sula in Honduras and A4 Holding in Italy. The remaining 13 projects consist in stakes in initiatives which are still under construction at the draft date of this report.
It is also important to note that, during the last two years, ASTALDI Group has carried out major streamlining of its presence in the concessions sector. Indeed, in 2010 it set up the company, ASTALDI CONCESSIONI S.r.l. (100% owned by the parent ASTALDI S.p.A.) dedicated to developing and managing current and future concession projects and project finance initiatives, with it being planned to gradually transfer all the projects in progress in this sector to said company. ASTALDI CONCESSIONI S.r.l. was set up on 30 July 2010 through the transfer of so-called mature assets (in other words assets already under management), or for which the conditions for transfer are already satisfied (in other words, the grantee's consent). Specifically, the plan to gradually transfer all the other assets will be carried out on the basis of the conditions required (consent of Grantee or of Partners). In some cases it is specifically envisaged that the project shall be transferred to ASTALDI CONCESSIONI upon completion of construction activities.
At the draft date of this report, there are 10 projects included in the consolidation area of ASTALDI CONCESSIONI S.r.l., and they are as follows:

a. Car parks
   - "Corso Stati Uniti" Car Park – Turin – under management, 500 spaces
   - "Porta Palazzo" Car Park – Turin – under management, 853 spaces
   - "Piazza VIII Agosto" Car Park - Bologna – under management, 979 spaces
   - "Riva Reno" (Ex Manifattura Tabacchi) Car Park - Bologna – under management, 543 spaces
   - "Piazza Cittadella" Car Park - Verona – under management, 800 spaces

b. Investments - Italy

- A4 Holding S.p.A.(formerly Autostrada Brescia-Verona-Vicenza-Padova S.p.A.) – under management, 182 kilometres of motorway

c. Investments - International
- Pacific Hydro Chacayes S.A. (Chile, energy) – under management, 110MW of installed power
- Agua de San Pedro Sula A.S. (Honduras, environment) – under management
- MONDIAL Milas-Bodrum Airport Anonim Sirteki S.A. (Turkey, airports) – under construction, 5,000,000 passengers/year
- Ankara Etlik Hastanesi A.S. (Turkey, hospitals) – under construction, 3,200 beds
- Valle Aconcagua S.A. (Chile, mining concessions) – under construction, 4,000 tons/year of copper and 80 tons/year of molybdenum

In order to provide complete information, please find below a brief description of ASTALDI group's projects in progress to date in the concessions sector, with those already included in the consolidation area of ASTALDI CONCESSIONI S.r.l. being shown. Lastly, please refer to the section herein dealing with the Outlook for more information regarding the additional concession projects acquired, but still to be entered among the backlog (Gebze-Izmir motorway in Turkey, Line 4 of the Milan underground) or for which ASTALDI is acknowledged as Sponsor in the relative award procedures (Ancona Port).

Projects under management

This category includes all the projects which ASTALDI is involved in the concessions sector (directly or through its subsidiary ASTALDI CONCESSIONI S.r.l.), related to works which, at the draft date of this report, are already operational. Said projects can refer to works built by ASTALDI (Mestre Hospital and car parks) or to works where ASTALDI joined the concessionaire company when the works were already operational (A4 motorway).

Veneta Sanitaria Finanza di Progetto S.p.A. ("Ospedale dell'Angelo", Mestre - Italy)

(CONCESSIONS – ITALY, Healthcare construction – 680 beds)

Veneta Sanitaria Finanza di Progetto S.p.A. (hereinafter VSFP) is the concession holder of the project finance initiative for the final and executive design, construction and management of as well as the supply of electro-medical equipment and furnishings for the new Ospedale dell'Angelo in Mestre (a highly specialised hospital complex). Its construction, carried out by ASTALDI, has made available 680 hospital beds within a net surface area of 150,000 m^2. The concession has a duration of 29 years and 11 months, 24 years and 7 months of which refer to the management phase. The operation is structured on the basis of non-recourse financing of approximately EUR 107 million, with 20/80 financial leverage and consequent contribution of own resources (share capital + loan) of approximately EUR 28 million. Disbursement of public funding of approximately EUR 120 million (excluding VAT) is envisaged against a total investment of EUR 238 million (excluding VAT and financial charges). The return on investment is guaranteed by forecast management revenue by the SPV for the provision of non-healthcare and commercial services (civil works and plant maintenance, electro-medical equipment maintenance, catering services for patients, employees and visitors, cleaning, laundry and sterilisation services, computerised information system management, technical-administrative management of testing laboratory (Mestre and Venice), technical and administrative management of radiology and neuro-radiology departments, special waste disposal management, management of commercial areas, management of green areas, car park management). Looking at the figures for 2011, management revenue for the SPV amounted to approximately EUR 59 million. The administration granting the concession is Venice's local health authority (ULSS 12). The concession holder is VSFP which ASTALDI holds a 31% stake in. During 2011, the management activities which commenced in April 2008 were carried out in a regular manner and in compliance with the performance requisites provided for in contract documentation. From a financial viewpoint, it must be noted that project re-funding was disbursed by the European Investment Bank (EIB) on 6 June 2011 for the amount of EUR 65 million, pursuant to the loan agreement dated 19 April 2005. Thus current financing operations with commercial banks were reduced by the same amount. While from a corporate viewpoint, it must be noted that the transaction to transfer the complete package of VSFP shares, equal to 14%, held by Cofely to the shareholder, Sinergie, was completed, and hence Cofely no longer features among the company's shareholders. As a result, Sinergie's shareholding rose from 10.5% to 24.5%. In October, Sinergie signed a preliminary agreement with the shareholder Mantovani and with ASTALDI CONCESSIONI to sell 7% of shares in the company, 3.5% to Mantovani and 3.5% to ASTALDI CONCESSIONI. Authorisation of the transaction by the other shareholders has already been obtained and approval by the lending bodies is currently pending, with the aim being to complete the transaction by April 2012. It must also be noted that on 22 November 2011, the 13th Additional Agreement to the concession agreement was signed with the granting authority that introduced a series of amendments to technical specifications for the supply of some services and corresponding charges in order to deal with new requirements on the part of the granting authority. The total investment for works and the supply of furnishings and equipment including changes during works in progress, was largely completed in keeping with estimates and amounted to EUR 251.7 million (excluding VAT), EUR 120 million (excluding VAT) in the form of public capital account funding by the local health authority (ULSS12), disbursed on the basis of progress of works. All the works awarded to the company by the granting authority were duly completed and commissioned, with the exception of those related to upgrading of the Stamina Cells Laboratory, which is currently undergoing commissioning.

Car Parks

(CONCESSIONS – ITALY, Car parks – 3,700 spaces)

The 5 projects in progress in this sector are controlled by the investee company, ASTALDI CONCESSIONI S.r.l., 100%-owned by ASTALDI S.p.A.

At the draft date of this report, all five concession projects that Astaldi is involved in to date in the mobility and car park sector were operational, in other words:

- "Corso Stati Uniti" Car Park - Torino (Italy, under management)
- "Porta Palazzo" Car Park - Torino (Italy, under management)
- "Piazza VIII Agosto" Car Park - Bologna (Italy, under management)
- "Riva Reno" (Ex Manifattura Tabacchi) Car Park - Bologna (Italy, under management)
- "Piazza Cittadella" Car Park - Verona (Italy, under management)

It must also be recalled that there is not a reference special purpose vehicle for each of the concession projects in progress insofar as ASTALDI Group has entered into a strategic partnership with APOCA Europe Group with regard to all the projects in progress. The latter is a leading operator in the car park services sector in Italy and Europe and currently manages more than 6,000 car parks in Europe (53 in Italy) for a total of 1.3 million parking spaces. APOCA is directly responsible for management of the works and, depending on the agreements entered into, it periodically transfers to ASTALDI 50% of the total annual turnover from management activities, with the provision for an agreed guaranteed minimum amount which APOCA is obliged to pay to Astaldi regardless of car park occupation levels.

Please find below a brief description of the projects in progress in this sector.

"Corso Stati Uniti" Car Park - Turin

The concession to construct and manage "Corso Stati Uniti" Car Park in Turin has a duration of 80 years (as from February 1999), 77 years and 5 months of which refer to management activities. There are 500 available parking spaces and they are directly managed by

Italy,
"Piazza della Cittadella" car park in Verona.

Società APCOA Parking Italia S.p.A. (APCOA Europe Group), ASTALDI Group's partner for the project in question. Indeed, ASTALDI and APCOA Parking Italia S.p.A. have set up joint venture which sees APOCA acting as the principal company and responsible for car park management for a 22-year period (which will end in 2020). Management activities commenced in October 2001 following the completion of car park construction activities performed directly by ASTALDI. The project was financed in part by public funding of EUR 4.7 million, in part by a corporate loan of EUR 2 million and in part by revenue from the sale of 46 parking spaces.

"Porta Palazzo" Car Park - Turin

The concession to construct and manage "Porta Palazzo" Car Park in Turin has a duration of 80 years (as from August 1996), 77 years and 8 months of which refer to management activities. There are 853 available parking spaces and they are directly managed by Società APCOA Parking Italia S.p.A. (APCOA Europe Group), ASTALDI Group's partner for the project in question. Indeed, ASTALDI and APCOA Parking Italia S.p.A. have set up joint venture which sees APOCA acting as the principal company and responsible for car park management for a 22-year period (which will end in 2020). Management activities commenced in January 1999 following the completion of car park construction activities performed directly by ASTALDI. The project was financed in part by public funding of EUR 6.3 million, in part by a corporate loan of approximately EUR 1.4 million and in part by revenue from the sale of 90 parking spaces.

"Piazza VIII Agosto" Car Park - Bologna

The concession to construct and manage "Piazza VIII Agosto" Car Park in Bologna has a duration of 60 years (as from February 1998), 57 years and 10 months of which refer to management activities. There are 979 available parking spaces and they were directly managed by APOCA Austria A.G. (APCOA Europe Group) together with ASTALDI Group until 31 July 2011. As from 1 August 2011, management of the car park was assigned to APCOA Parking Italia S.p.A. (part of the same APCOA Europe Group). The change in operator did not entail any changes to the ATI (Temporary Business Association) which is the project concession holder and sees the involvement of ASTALDI CONCESSIONI S.r.l. (in the capacity of agent) and APCOA Austria A.G. (principal and responsible for car park management for a 30-year period). Construction of the car park was completed in October 2000 and, subsequent to commissioning, the car park was put into operation in March 2011. The project was financed in part by public funding of EUR 9 million, in part by a corporate loan of EUR 9 million and in part by revenue from the sale of 276 parking spaces

"Riva Reno" Car Park - Bologna

The concession to construct and manage "Riva Reno" Car Park in Bologna has a duration of 37 years (as from April 2003), 31 years and 11 months of which refer to management activities. There are 543 available parking spaces and they are directly managed by Società APCOA Parking Italia S.p.A. (APCOA Europe Group), ASTALDI Group's partner for the project in question. APCOA Parking Italia S.p.A. operates in the capacity of principal of the joint venture set up with ASTALDI CONCESSIONI and is responsible for car park management for a period equal to the duration of the concession. Management activities commenced in March 2009 following the completion of car park construction activities performed directly by ASTALDI. The operation is structured on the basis of a corporate loan. Public funding of approximately EUR 1.7 million, excluding VAT, was disbursed during 2010 against a total investment of approximately EUR 14 million (excluding financial charges and VAT).

"Piazza Cittadella" Car Park - Verona

The concession to construct and manage "Piazza Cittadella" Car Park in Verona has a duration of 37 years (as from September 2010, expiring in June 2048). There are 800 available parking spaces and they are directly managed by APCOA Parking Italia S.p.A., ASTALDI Group's partner for the project in question. APCOA

Italy,
Milan underground
Line 5.

Parking Italia S.p.A. operates in the capacity of principal of the joint venture set up with ASTALDI CONCESSIONI and is responsible for car park management for a period equal to the duration of the concession. Management activities commenced in September 2010 following the completion of car park construction activities performed directly by ASTALDI. The operation is structured on the basis of a corporate loan equal to the whole investment sum of approximately EUR 19 million (excluding financial charges and VAT).

A4 Holding S.p.A.(Italia)
(Serenissima Motorway, Italy)
(INVESTMENTS - ITALY, Transport infrastructures: motorways)
ASTALDI CONCESSIONI S.r.l. is the owner of an equity investment in the motorway company, A4 Holding S.p.A. (formerly Autostrada Brescia-Verona-Vicenza-Padova S.p.A.), the concession holder for the A4 motorway located in the North-East of Italy. ASTALDI Group's entry into A4 Holding S.p.A. is of particular strategic importance if considered within the broader development plans for the Group's activities, insofar as it has allowed it to join a sector – the motorway transport infrastructures sector – which it is felt can guarantee significant synergies between the construction and concessions sectors. The equity investment was acquired in several stages during 2011: (i) following the outcome of calls for bids made respectively by the Municipality of Milan and the Municipality of Brescia, with contracts made official during 2011, and (ii) in fulfilment of the share capital increases resolved upon by the company, in which regard ASTALDI CONCESSIONI S.r.l. subscribed the share it was entitled to as well as part of the unopted share resulting from the failure of some shareholders to take part in the share capital increase in question. Considering said acquisition, at the draft date of this report, ASTALDI CONCESSIONI S.r.l.'s investment in A4 Holding S.p.A. is equal to 9.12%, corresponding to 160,980 shares. The total amount of the operation totalled to EUR 99.8 million. For more information regarding said project, please refer to the section herein entitled "Subsequent events".

Pacific Hydro Chacayes S.A. (Chile)
(INVESTMENTS - INTERNATIONAL, Energy – 111 MW of installed power)
The project involves an equity investment in the special purpose vehicle, Pacific Hydro Chacayes S.A., responsible for constructing and managing the Chacayes hydroelectric plant, located in Chile and with an installed capacity of 111 MW. The investment in said SPV is made through a 60% stake in Inversiones Assimco Ltd. which, in turn, owns 100% of Cachapoal Inversiones Ltd. and which, for its part, owns 27.3% of Pacific Hydro Chacayes S.A. As regards Inversiones Assimco Ltd. SIMEST S.p.A. holds a 31.39% stake while the remaining 8.61% is held by F.V.C. (the same SIMEST S.p.A.'s Venture Capital Fund). The Chacayes hydroelectric plant was built by Astaldi and the concession contract provides for 60% of the power produced to be sold on the Chilean energy market and the remaining 40% to be allocated to the spot market thanks to a long-term purchase agreement. Plant management activities commenced in October 2011, with spot sales of power. Subsequently, the PPA contract came into force as from 1 January 2012. Pacific HydroChacayes receipts from the trial sales of power to the spot market performed in October amounted to USD 13.7 million at 31 December 2011.

Projects under construction

This category includes all ASTALDI's projects in progress in the concessions sector (directly or through its subsidiary ASTALDI CONCESSIONI S.r.l.) which are still under construction at the draft date of this report.

SAT S.p.A. (Tuscan Hospitals)
(CONCESSIONS – ITALY, Healthcare construction – 1,700 beds)
SAT S.p.A. is the concession holder of the project finance initiative for the final and executive design, construction and management of relative non-healthcare and commercial services of 4 hospital complexes in Tuscany - Massa (Apuane), Lucca, Pistoia and Prato. The supply of electromedical equipment and furnish-

Turkey,
Milas-Bodrum International Airport.

ings is excluded. The local health authorities granting the concessions are U.S.L. 1 - Massa and Carrara, U.S.L. 2 - Lucca, U.S.L. 3 – Pistoia and U.S.L. 4 - Prato. The concession holder is SA.T. S.p.A. in which Astaldi holds a 35% stake. The duration of the concession is 22 years and 9 months, 19 years of which for management activities. Further to the financial review of 26 May 2010, the operation is currently structured on the basis of non-recourse financing of approximately EUR 161 million, with 18/82 financial leverage which entails a contribution of own resources (share capital + loan) of approximately EUR 33 million. Total public funding of approximately EUR 242 million (excluding VAT) is envisaged, (EUR 231 million to be paid on the basis of progress of works and a final amount of EUR 11 million upon commissioning) against a total investment of approximately EUR 398 million (excluding VAT and financial charges). The return on investment for private parties (SPV) is guaranteed by estimated management revenue for the SPV of approximately EUR 53 million per year in relation to the supply of non-healthcare (cleaning, maintenance, sterilisation, laundry, catering, etc.) and commercial services. Even if four agreements have been signed with each of the local health authorities concerned, the operation is based on the single nature of the Economic and Financial Plan and on the concept of union among the four projects. Each local health authority will intervene should a financial review prove necessary. For more information regarding the progress made on construction activities, please refer to the section herein dealing with the performance of construction projects. While as far as financial aspects related to the project are concerned, it must be noted that the due diligence reports (technical, insurance and legal) required prior to funding have been completed. Financial closing is expected by 31 March 2012. As far as management activities are concerned, calls for bids have been made to choose the operators of non-healthcare services, and a short list of providers has been compiled for the final choice.

Metro 5 S.p.A. (Line 5 of the Milan underground – Garibaldi station-Bignami section)

(CONCESSIONS – ITALY, Transport infrastructures: undergrounds – 26,000 passengers/h in each direction)

Metro 5 S.p.A. is the concession holder of the project finance initiative for the final and executive design, construction and management of the new Line 5 of the Milan underground for the section running from Garibaldi Station to Bignami (6.1 kilometres, 9 stations and a capacity of 26,000 passengers/h in each direction), currently under construction by ASTALDI as part of a joint venture. The authority granting the concession is the Municipality of Milan. The duration of the concession is 31 years and 9 months, 27 years of which for management activities. Astaldi holds a 31% stake in the special purpose vehicle. The operation is structured on the basis of non-recourse financing of approximately EUR 275 million, with 18/82 financial leverage and consequent contribution of own resources (share capital + loan) of approximately EUR 40 million. Total public funding of approximately EUR 350 million excluding VAT (of which EUR 116 million from the Municipality and the rest from the state) is envisaged against a total investment of approximately EUR 552 million (excluding VAT and financial charges). Return on the investment for the SPV is guaranteed by management revenue of approximately EUR 26 million per year. At a contractual level, the putting into operation of a first operational section (7 stations from Zara to Bignami) is scheduled for April 2012, with the whole section in operation by July 2013. In the light of delays that cannot be attributed to the concession holder, said deadlines are currently being re-negotiated with the granting authority, with opening of a first section scheduled for November 2012 and opening of the whole line for December 2013. For more information regarding the construction activities of this project, please refer to the section herein dealing with the performance of construction projects.

Turkey,
Etlik Hospital in Ankara.

Metro 5 Lilla S.p.A. (Line 5 of the Milan underground – Garibaldi Station-San Siro extension)

(CONCESSIONS – ITALY, Transport infrastructures: undergrounds – 26,000 passengers/h in each direction)

The project refers to the project finance initiative for the final and executive design, construction and management of the new Line 5 of the Milan underground for the section running from Garibaldi Station to San Siro (7.1 kilometres, 10 stations and a capacity of 26,000 passengers/h in each direction). The project concession holder is METRO 5 LILLA S.r.l., 100%-owned by METRO 5 S.p.A. (which ASTALDI holds a 31% stake in). The authority granting the concession is the Municipality of Milan. The duration of the concession is 30 years (until 31 December 2040), 25 years and 8 months of which for management activities. The operation is structured on the basis of non-recourse financing of approximately EUR 334 million, with 21/79 financial leverage and consequent contribution of own resources (share capital + loan) of approximately EUR 85 million. Total public funding of approximately EUR 443 million excluding VAT (of which EUR 88 million from the Municipality and the rest from the state) is envisaged against a total investment of approximately EUR 775.7 million (excluding VAT and financial charges). The equilibrium of the project's Economic and Financial Plan is based on the forecast management revenue for the SPV, with an availability charge provided for. For more information regarding the construction activities of this project, please refer to the section herein dealing with the performance of construction projects.

Mondial Milas-Bodrum Airport Anonim Sirteki S.A. (Turkey)

(EQUITY INVESTMENTS – INTERNATIONAL, Transport infrastructures: airports under construction)

The project forms part of the consolidation area of ASTALDI CONCESSIONI S.r.l.

On 6 April 2011, ASTALDI CONCESSIONI S.r.l. officially completed acquisition of 90.85% of the shares of MONDIAL Milas-Bodrum Airport Anonim Sirteki S.A., holder of the contract for design, construction and management of the international terminal of Milas-Bodrum Airport – currently under construction by Astaldi S.p.A. The operation forms part of the broader development plant for Astaldi Group's activities and responds to the specific strategic desire to ensure expansion of the Group's offer in the airport concessions sector. Indeed, the project involves the acquisition of a green field concession and ensures improvement of the Group's leadership in the airport sector, thanks to synergies generated with the construction sector. The operation consisted in: (i) entry of ASTALDI CONCESSIONI S.r.l into the share capital paid-in and subscribed by one of the concessionaire partners with regard to 70.85% of the shares acquired; (ii) acquisition of beneficial rights on capital with regard to the remaining 20%. The total amount of the operation corresponds to the carrying amount of the equity acquired which, in turn, is equal to the fair value of the assets acquired and the liabilities undertaken, hence resulting in no goodwill (positive or negative). Milas-Bodrum Airport is located in an area with a high density of tourists in the south-west of Turkey and occupies a total surface area of 100,000 m^2. Performance of construction activities was awarded to Astaldi S.p.A. in the form of an EPC (Engineering Procurement Construction) contract and the works are scheduled to be completed by the first quarter of 2012. Management activities are set to commence in March 2012. Indeed, during 2011, a first contract extension was agreed on with the granting authority (DHMI, Turkey's state body responsible for managing airport services) which puts forward the deadline for the management phase to October 2015.

Ankara Etlik Hastanesi A.S. (Turkey)

(EQUITY INVESTMENTS – INTERNATIONAL, Energy - under management)

The project forms part of the consolidation scope of ASTALDI CONCESSIONI S.r.l.

Ankara Etlik Hastanesi A.S. is the SPV set up on 5 January 2012 and responsible for design, construction and management of the Etlik hospital campus in

Ankara, Turkey. Indeed, during 2011, ASTALDI CONCESSIONI S.r.l., as part of a joint venture, was awarded the concession contract for design, construction and management of the campus, as well as for the supply of electro-medical equipment and furnishings. The project involves the construction of a healthcare facility which will boast a total of 3,200 beds, spread over 9 departments, which will occupy a total surface area of approximately 1,080,000 m^2. The complex will be built on behalf of the Turkish Ministry of Health (MOH) by the joint venture in which ASTALDI CONCESSIONI S.r.l. has a 46% stake, Astaldi S.p.A. a 5% stake and the Turkish company, Türkerler, the remaining 49%. The planned duration of the concession is 28.5 years, 3.5 years of which for construction activities and 25 years for management activities which will commence upon the completion of construction activities. The project involves a total investment of EUR 940 million, the remuneration of which is guaranteed by an annual availability charge (which can be reviewed on the basis of inflation), as well as a charge for the performance of other non-healthcare services (routine and non-routine maintenance of buildings, roads, green areas, electro-medical equipment and furnishings and utility management), and by the commercial development of some real estate areas. Lastly, it must be noted that, as regards this project, the procedure to obtain signature of the contract by the Turkish Ministry of Health is underway. Indeed, subsequently to the final award date, direct negotiation with the customer was started-up with the aim of officially closing the contract which may lead to the definition of extra services. It is felt that this procedure may be completed during the first half of 2012. Subsequently, following the relative financial closing, the amounts related to ASTALDI's stake in the project will be included in the backlog.

Valle Aconcagua S.A.

(EQUITY INVESTMENTS – INTERNATIONAL, - under management)

The project forms part of the consolidation scope of ASTALDI CONCESSIONI S.r.l.

The Relaves project – awarded to ASTALDI CONCESSIONI S.r.l. as part of a joint venture (ASTALDI CONCESSIONI S.r.l. is the project leader with a 55% stake) – consists in a concession agreement for the design, construction and subsequent management of a plant to treat sludge produced by CODELCO's Andes mine to salvage copper and molybdenum. CODELCO (*Corporación Nacional del Cobre de Chile*) is the state-owned Chilean company, set up in 1976, which is currently the leading copper producer in the world, accounting for 11% of global production in 2010. Once completed, the plant will be able to produce 4,000 tons of copper and 80 tons of molybdenum per year, which CODELCO has already undertaken to purchase at set terms and conditions. The total amount of the investment is USD 34 million, with total management revenue amounting to approximately USD 230 million. The planned duration of the concession is 21 years, with the start date set as March 2012 and expiry in October 2032. A period of 1 year is envisaged for plant design and construction activities. Management activities will commence following this and the planned duration is 20 years. Works to construct the plant will commence in March and be performed directly by Astaldi S.p.A. Lastly, it must be noted that the Special Purpose Vehicle called Valle Aconcagua S.A. was recently set up. It will be dedicated to performance of the concession agreement related to the Relaves Project and will see ASTALDI CONCESSIONI S.r.l. holding a 55% stake.

Astaldi Group's main companies

Astaldi S.p.A. (Parent Company)

2011 proved to be a year of additional growth for the parent company, Astaldi S.p.A., showing excellent annual increases in the income statement items.
Revenue increased by 21.8% YOY while the profit margins showed a more marked increase. Indeed EBITDA increased by 32.3% and EBIT by 35.5%. There was a 43.1% increase in EBT. Hence a 40.4% incidence of taxes generated a profit of EUR 62.7 million, showing a 33.6% YOY increase.

Financial Performance

Restated Income Statement

(thousands of euros)	Note regarding reconciliation with statutory financial statements	2011	% of total revenue	2010	% of total revenue
Revenue	1	1,948,735	95.6%	1,551,075	92.7%
Other operating revenue	2	89,328	4.4%	122,657	7.3%
Total revenue		2,038,063	100.0%	1,673,732	100.0%
Cost of production	3 - 4	(1,589,267)	(78.0%)	(1,300,954)	(77.7%)
Added value		448,796	22.0%	372,778	22.3%
Personnel expeses	5	(170,588)	(8.4%)	(159,918)	(9.6%)
Other operating costs	7	(22,885)	(1.1%)	(19,808)	(1.2%)
EBITDA		255,324	12.5%	193,052	11.5%
Amortisation and depreciation	6	(37,288)	(1.8%)	(37,013)	(2.2%)
Provisions	7	(7,665)	(0.4%)	(744)	0.0%
EBIT		210,371	10.3%	155,295	9.3%
Net financial income and charges	8 - 9	(105,199)	(5.2%)	(81,780)	(4.9%)
Pre-tax profit		105,172	5.2%	73,516	4.4%
Taxes	10	(42,518)	(2.1%)	(26,624)	(1.6%)
Profit for the year		62,654	3.1%	46,891	2.8%

Revenue

Revenue for 2011 amounted to EUR 1,948.7 million, showing a 25.6% increase compared to EUR 1,551.1 million at the end of 2010. Said results were achieved thanks to the good performance recorded in both the domestic area (Maxi Lot of the Jonica National Road, Line 5 of the Milan underground, Tuscan hospitals) and the foreign area (contract related to the motorway sector in Romania and Poland, railway works in Algeria).

The breakdown of revenue by geographical area reflects the good mix of projects achieved by the company. Italy accounted for 49.1% of revenue, with foreign activities accounting for the remaining 50.9%, with an increase in the European area which accounted for 31.8% of revenue (25.7% in 2010), a largely unvaried contribution from the Maghreb of 8.3% and the planned reduction in activities in America which accounted for 10.8%.

Transport infrastructures continued to represent the company's reference sector, accounting for 90.4% of revenue (87.9% in 2010), followed by civil and industrial construction with 7.2% (5% in 2010) and energy production plants and hydraulic works with 2.5% (7.1% in 2010).

Breakdown of operating revenue by geographical area and sector

Breakdown of operating revenue by geographical area

(millions of euros)	2011	%	2010	%
Italy	958	49.1%	762	49.1%
International	991	50.9%	789	50.9%
Europe	619	31.8%	399	25.7%
America	210	10.8%	253	16.3%
Africa (Maghreb)	162	8.3%	137	8.8%
Total	1,949	100.0%	1,551	100.0%

Breakdown of operating revenue by sector

(millions of euros)	2011	%	2010	%
Transport infrastructures	1,761	90.4%	1,363	87.9%
Energy production plants and hydraulic works	48	2.5%	110	7.1%
Civil and industrial construction	140	7.2%	78	5.0%
Total	1,949	100.0%	1,551	100.0%

Other revenue amounted to EUR 89.33 million (EUR 122.7 million in 2010), showing a drop of 27.2% linked to the lower level of secondary activities in 2011 related to contracts in progress in Turkey. It must be recalled that said activities are linked to the company's core business and are of a lasting nature.

Total revenue amounted to EUR 2,038.1 million, showing a 21.8% increase compared to EUR 1,673.7 million in 2010.

Total costs had an 87.5% incidence on total revenue, showing a slight drop compared to 88.5% recorded in 2010 and presented the following trends. **The cost of production totalled EUR 1,589.3 million,** up on the figure of EUR 1,300.9 million recorded in 2010 as a result of the increasing number of contracts performed using the general contracting formula. **Personnel expenses amounted to EUR 170.6 million** with as clear drop in the incidence of revenue from 9.6% (2010) to 8.4%. **Other operating costs amounted to EUR 22.9 million,** showing a largely unvaried incidence of 1.1% (1.2% in 2010).

Depreciation of property, plant and equipment and investment property amounted to EUR 37.3 million with a 1.8% incidence, taking into account **provisions as well, which amounted to EUR 7.7 million** (EUR 0.7 million in 2010), this generated an **operating profit of EUR 210.4 million** equal to 10.3 % of total revenue, showing a 35.5% increase compared to 2010.

Net financial charges totalled EUR105.2 million (EUR 81.8 million in 2010) with a 5.2% incidence (4.9% in 2010).

Pre-tax profit (EBT) amounted to EUR 105.2 million, up by 43.1% compared to 2010. The estimated tax rate of 40.4% was slightly up on 2010 and reflected the different geographical mix of activities, generating **profit of EUR 62.7 million,** up by 33.6% compared to EUR 46.9 million in 2010.

Financial position

Restated statement of financial position

(thousands of euros)	Note regarding reconciliation with statutory financial statements	31/12/2011	31/12/2010
Intangible assets	14	3,983	3,025
Property, plant and equipment	12 – 13	131,976	137,667
Equity investments	15	226,556	157,414
Other net non-current assets	10 - 16 – 17	220,310	99,694
TOTAL fixed assets (A)		582,825	397,800
Inventories	18	79,308	82,407
Contract Work in progress	19	963,486	780,812
Trade receivables	20	150,986	89,192
Receivable from customers	20	598,870	521,180
Other assets	16 – 17	199,277	231,213
Tax assets	21	83,126	64,051
Payment on account from customers	19	(377,023)	(304,298)
Subtotal		1,698,029	1,464,557
Trade payables	27	(344,740)	(334,312)
Payables due to suppliers	17 – 27	(566,406)	(400,641)
Other liabilities	24 - 25 – 28	(219,769)	(171,746)
Subtotal		(1,130,914)	(906,699)
Working capital (B)		567,115	557,858
Employee benefits	26	(5,631)	(5,820)
Provisions for non-current risks and charges	29	(111,237)	(66,927)
Total Provisions (C)		(116,868)	(72,747)
Net invested capital (D) = (A) + (B) + (C)		1,033,072	882,911
Cash and cash equivalents	22	241,247	239,667
Current financial receivables	16	3,783	4,154
Securities	16	1,675	4,789
Non-current financial receivables	24	(347,456)	(284,159)
Current financial liabilities	24	(486,758)	(452,969)
Net financial liabilities (E)		(587,508)	(488,519)
Equity (F) = (D) - (E)	23	445,564	394,392

Net non-current assets increased to EUR 582.9 million (EUR 397.8 million at 31 December 2010), mainly due to the increase in investments.
Working capital amounted to EUR 567.1 million (EUR 557.8 million at 31 December 2010). The YOY increase can be largely explained by the order backlog structure which has a major incidence of contracts providing for lump-sum payments (rather than payments in relation to the quantity of works performed) which, by their very nature, are made against the overall works carried out. It must be noted that, despite the difficulties currently being experienced by public administrations (the typical counterparty for the Group's activities), the total amount of accounts receivables from the customers remains under control and there are no specific problems as regards the financial structure. Lastly, it is important to note that contract advances exclusively refer to items regarding foreign contracts insofar as no down payments are envisaged for projects in progress in Italy, and Poland as regards foreign projects.
On the whole, the aforementioned trends generated **an increase in net invested capital to EUR 1.03 billion** (EUR 882.9 million at 31 December 2010).
Equity increased to EUR 445.6 million (EUR 394.4 million at 31 December 2010) thanks to the quarterly profit, deffered items entered in the income statement and distribution of dividends.

Total Net Financial Debt

The company's debt structure remains focused on the long-term with the first significant deadline scheduled for 2013. The company has therefore achieved a significant growth as regards turnover, while still maintaining a necessary financial equilibrium.

Breakdown of total net financial debt

(thousands of euros)			Note regarding reconciliation with statutory financial statements	31/12/2011	31/12/2010
A	Cash and cash equivalents		22	241,247	239,667
B	Securities held for trading		16	1,675	4,789
C	Available funds	(A+B)		242,922	244,456
D	Financial receivables				
E	Current bank loans and borrowings		24	(253,554)	(192,482)
F	Current share of non-current debt		24	(90,262)	(87,627)
G	Other current financial payables		24	(3,640)	(4,051)
H	Current financial debt	(E+F+G)		(347,456)	(284,159)
I	Net current financial debt	(H+D+C)		(104,534)	(39,704)
J	Non-current bank loans and borrowings		24	(482,501)	(450,067)
K	Other non-current payables		24	(24,257)	(2,902)
	of which related parties			*(20,000)*	
L	Non-current financial debt	(K+J)		(506,758)	(452,969)
M	Net financial debt	(L+I)		(611,292)	(492,673)
N	Non-current financial receivables		16	3,783	4,154
	of which related parties			*3,783*	*4,001*
O	Share of debt referred to related parties			20,000	
P	Total financial debt	(M+N+O)		(587,508)	(488,519)
	Treasury shares on hand			3,005	4,168
	Total net financial debt			(584,503)	(484,351)

Astaldi Concessioni S.r.l.

ASTALDI CONCESSIONI S.r.l. is the Astaldi Group company (100%-owned by the parent , Astaldi S.p.A.) dedicated to developing and managing concession and project finance initiatives assigned to said company by the parent , as well as future project which the Group plans to undertake in this sector.
ASTALDI CONCESSIONI S.r.l. was set up in 2010 as part of a broader project to streamline the Group's presence in the concessions sector which, as a whole, involves the transfer in several stages, from the parent company to ASTALDI CONCESSIONI S.r.l., of the projects in progress in this sector.
The setting-up of said company satisfies the need to:

- define a new organisational structure for ASTALDI Group which makes it possible to capitalise experience accrued, creating a suitable "knowledge centre" for the Group's development strategies;
- make the most of the Group's management assets, highlighting their strategic value;
- vest the concessions sector with a legal, economic and financial identity;
- optimise the management system for sources of finance, so as to bring deadlines into line with the economic and financial cycle of projects.

At the draft date of this report, Astaldi Group's presence in the concessions sector consists in involvement in projects in Italy and abroad (Turkey, Chile, Honduras), referable to the healthcare construction (6 projects), underground transport, motorway and airport transport infrastructures sector (7 projects), car parks (5 projects), water and energy (2 projects) and mining works (1 project). 8 of the 21 projects are already operational (Ospedale dell'Angelo in Mestre and 5 car parks in Italy, Chacayes hydroelectric plant in Chile and involvement in management of the water network for the industrial city of San Pedro Sula. in Honduras) and 10 projects have already been included in the consolidation scope of ASTALDI CONCESSIONI S.r.l. A series of projects in Italy and abroad are also currently under examination and further development are expected.

Please find below a list of the projects which, at the date shown, can be included in the consolidation scope of ASTALDI CONCESSIONI S.r.l. or which are currently under examination.

Projects In progress

Car Parks

- "Corso Stati Uniti" Car Park – Torino – under management
- "Porta Palazzo" Car Park - Torino – under management
- "Piazza VIII Agosto" Car Park - Bologna – under management
- "Riva Reno" (Ex Manifattura Tabacchi) Car Park - Bologna under management
- "Piazza Cittadella" Car Park - Verona – under management

Investments - Italy

- A4 Holding S.p.A.(formerly Autostrada Brescia-Verona-Vicenza-Padova S.p.A.)

Investments - International

- Pacific HydroChacayes S.A. (Chile, energy) – under management
- Agua de San Pedro Sula A.S. (Honduras, environment) – under management
- MONDIAL Milas-Bodrum Airport Anonim Sirteki S.A. (Turkey, airports) – under construction
- Ankara Etlik Hastanesi A.S. (Turkey, hospitals) – under construction
- Valle Aconcagua S.A. (Chile, mining works) – under construction

Projects being launched

- Nogara Mare S.c.p.a. (Italy, motorways)
- Acquisition of additional shares in Società Veneta Sanitaria Finanza di Progetto S.p.A. (Italy, hospitals)

The geographical positioning of ASTALDI CONCESSIONI S.r.l.'s activities currently sees the company

operating in Italy, but also abroad in countries that (i) can offer suitable socio-political and economic stability, (ii) boast a stable legislative framework, (iii) have interesting opportunities for the concessions sector, (iv) make it possible to re-use the model applied for these projects in Italy outside the domestic market; said model is characterised by a risk/return ratio that benefits from public funding, as well as minimum guaranteed fees (in the form of availability charges, guaranteed minimum traffic, occupation fees, water rights or take and pay clauses) equal on average to 50% of the overall estimated revenue.
At the draft date of this report, ASTALDI CONCESSIONI S.r.l. is present in Turkey (healthcare construction, motorway transport infrastructures), Honduras (water) and Chile (energy) and is examining, with interest, the opportunities that may arise in the medium-term in Canada (healthcare construction) and Peru (mining sector). Moreover, in order to ensure suitable control of the markets and projects in progress, two branches were opened on 3 October 2011, ASTALDI CONCESSIONI TURKEY and ASTALDI CONCESSIONI CHILE which, to date, are fully operational.
For a brief analysis of the background scenarios that can be singled out in each of the areas where ASTALDI CONCESSIONI S.r.l. operates or is examining with interest, please refer to the section herein entitled "Background scenarios".
For a brief description of the main projects in progress being performed by ASTALDI CONCESSIONI, please refer to the section herein dealing with the performance of ASTALDI Group's concessions sector. While as regards projects being launched, please refer to the section herein entitled Outlook.
Please find below the financial statements referring to ASTALDI CONCESSIONI S.r.l.

Astaldi concessioni: restated separate income statement

(millions of euros)	2011		2010	
Revenue	7,164	96.8%	4,618	99.3%
Other operating revenue	240	3.2%	32	0.7%
Total revenue	7,404	100.0%	4,650	100.0%
Cost of production	(1,567)	(21.2)%	(1,272)	(27.4)%
Added value	5,837	78.8%	3,378	72.6%
Personnel expenses	(628)	(8.5)%	(177)	(3.8)%
Other operating costs	(417)	(5.6)%	(162)	(3.5)%
EBITDA	4,792	64.7%	3,040	65.4%
Amortisation and depreciation	(64)	(0.9)%	(4)	(0.1)%
EBIT	4,728	63.9%	3,035	65.3%
Net financial income and charges	1,689	22.8%	1,008	21.7%
Pre-tax profit	6,417	86.7%	4,043	86.9%
Taxes	(3,243)	(43.8)%	(1,492)	(32.1)%
Profit for the year	3,174	42.9%	2,551	54.9%

Astaldi concessioni: restated separate statement of financial position

(millions of euros)	31/12/2011	31/12/2010
Intangible assets	4,114	651
Investments	133,852	18,724
Other net non-current assets	9	9
TOTAL non-current assets (A)	137,976	19,385
Work in progress	22	
Trade receivables	528	146
Other assets	2,272	1,457
Tax assets	93	86
Subtotal	2,915	1,689
Trade receivables	(1,092)	(551)
Payables due to suppliers	(772)	(3,451)
Other liabilities	(19,582)	(12,891)
Subtotal	(21,446)	(16,893)
Working capital (B)	(18,531)	(15,204)
Employee benefits	(16)	(16)
Total provisions (C)	(16)	(16)
Net invested capital (D) = (A) + (B) + (C)	119,429	4,164
Cash and cash equivalents	1,352	660
Current financial receivables	3,863	
Non-current financial receivables	5,929	13,030
Current financial liabilities	(5,676)	(4,259)
Non-current financial liabilities	(100,299)	(32,874)
Net financial liabilities (E)	(94,832)	(23,443)
Financial assets from concessions	63,359	60,363
Total financial assets (liabilities) (F)	(31,473)	36,920
Equity (G) = (D) - (F)	87,956	41,084

Astaldi concessioni: net financial debt

(thousands of euros)		31/12/2011	31/12/2010
A	Cash and cash equivalents	1,352	660
B	Securities held for trading		
C	Available funds (A+B)	1,352	660
D	Financial receivables	9,791	13,030
E	Current bank loans and borrowings	(15)	(6)
F	Current share of non-current debt	(4,397)	(4,253)
G	Other current financial payables	(1,265)	
H	Current financial debt (E+F+G)	(5,676)	(4,259)
I	Net current financial debt (H+D+C)	5,467	9,431
J	Non-current bank payables	(34,107)	(32,874)
K	Other non-current payables to parent	(66,192)	
L	Non-current financial debt (K+J)	(100,299)	(32,874)
M	Net financial debt (L+I)	(94,832)	(23,443)
N	Receivables arising from concessions	63,359	60,363
O	Total financial debt (M+N)	(31,473)	36,920
	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	(87,956)	(41,084)
	NFP / EQUITY	0.36	(0.90)

Astaldi Construction Corp.

ASTALDI CONSTRUCTION CORPORATION is the company operating under U.S. law, based in Davie (Broward County, Florida) and owned entirely by Astaldi S.p.A., which handles the Group's activities in the USA. The reference geographical area is the south of Florida, both the east coast (Miami, Fort Lauderdale), and the west coast (Naples, Tampa), with additional real possibilities of expansion in the adjacent areas of Orlando and Jacksonville.
ASTALDI CONSTRUCTION CORPORATION is currently involved in projects in two business areas: traditional construction activities and procurement activities on the US market to support the local procurement facility which the company performs for both its own operating units and on behalf of other Astaldi Group areas located outside the USA.
The procurement division avails itself of a network of accredited suppliers located throughout North America as far as Canada. The activities performed by said division have made it possible to carry out widespread monitoring of the opportunities offered by the local market, allowing for the consolidation of relations with leading US manufacturers and dealers, with consequent benefits at a Group level too.
As regards the construction of infrastructures, ASTALDI CONSTRUCTION CORPORATION is accredited with several public authorities including the Florida Department of Transportation (FDOT), the South Florida Water Management District (SFWMD), the US Army Corps of Engineers, as well as various local administrations (counties and cities).
The company has also been registered since 2008 with the USGBC (United States Green Building Council), a no-profit organisation dedicated to developing and making known sustainable design and construction methods (green building). It has also developed commercial agreements with local partners working in the renewable energy sector in order to explore possible

photovoltaic-related projects in North America, also making use of the partnerships generated through procurement activities.
It must also be noted that during 2011 Astaldi Construction Corporation obtained:
- the "Gold Level Step Award" from ABC (Associated Builders&Contractors Inc.) for the sixth year running;
- the "2011 FTBA Safety Award" from Florida Transportation Builders Association.

The aforementioned awards acknowledge the company's ongoing commitment to developing and implementing its own occupational health and safety management system, which has always been looked on as a priority in order to safeguard employees.
During 2011, ASTALDI CONSTRUCTION CORPORATION also received the "DBE Certificate of Achievement" from the FTBA (Florida Transportation Builders Association), to acknowledge that, as regards its projects, it subcontracted some works to DBEs (Disadvantaged Business Enterprises), achieving the minimum assignment targets required by contracts (in percentage terms on the total amount of the contracts) or outdoing them in some case, during the Federal Fiscal Year 2009-2010.
Works currently in progress (or recently completed) mainly refer to road infrastructure works, performed on behalf of both the Florida Department of Transportation, which has always been one of Astaldi's strategic customers in Florida, and on behalf of Collier County, on the west coast of Naples, where ASTALDI has already performed several projects in past years.
During 2011, despite the efforts made by the US Administration to pursue the investment plan set forth in the ARRA (American Recovery and Reinvestment Act), the company continued to have to face a difficult, highly competitive market. Despite the fact that the consequences of the recent economic crisis can still be clearly seen, ASTALDI CONSTRUCTION CORPORATION was awarded two contracts, one with the Florida Department of Transportation (FDOT) and one with Collier County, worth a total of USD 86.7 million.
For more information about these projects, please refer to the paragraph dealing with the USA in the section herein dedicated to the performance of construction contracts.
A further three projects with the FDOT, included among the other projects in progress, must be mentioned:
- construction and widening of State Road 823 (NW 57th Ave), located in Hialeah in Miami-Dade County, currently in an advanced phase of construction. Contract amount: USD 14.5 million;
- widening and rebuilding of a section of State Road 93 (I-75) including 8 flyovers, in Sarasota County (Florida), with completion scheduled for June 2012. Contract amount: USD 31.7 million;
- rebuilding and widening of a motorway junction located near the SR-862/I-595, including 4 flyovers, in Broward Country (Florida), in the vicinity of Fort Lauderdale Airport. Contract amount: USD 36.9 million.

The remaining order backlog of Astaldi Construction Corporation at 31 December 2011 amounted to approximately USD 118.6 million, up on the figure of USD 60.8 million recorded for the previous year.
As regards the trend of activities performed during 2011, the company achieved revenue from works totalling USD 28.7 million.

Astaldi Arabia Ltd.

ASTALDI ARABIA Ltd. is the ASTALDI Group company, owned entirely by ASTALDI S.p.A., which handles and monitors all the Group's working and commercial activities in the Middle East (Qatar, Saudi Arabia, United Arab Emirates).
At the present moment Astaldi Group's role in the area can be considered stable and aimed at developing opportunities no longer singled out in the oil&gas sector (where the Group has only one project in progress, the Jubail industrial project in Saudi Arabia), but mainly in the more traditional transport infrastructures and civil construction sectors (Saudi Arabia, United Arab Emirates).
Lastly, it is important to note that, following the conclusion of some projects in progress in the country –

still not offset by the entry into full operation of more recently-acquired contracts – ASTALDI ARABIA Ltd. ended 2011 with a reduced level of production and negative economic results due to an increase in costs linked to the closure of sites, and to the lack of absorption of structure costs as a result of the aforementioned drop in production.

Human resources and organisation

Astaldi Group avails itself of the services of 9,192 employees, 15% of whom are employed in Italy, and the remaining 85% abroad in the 25 countries the Group operates in.

Organisation

2011 saw consolidation of the matrix organisational model introduced in 2010 through strengthening of central control of industrial services. Said model included the setting up of an Subcontracting Service within the Purchase Division whose goal is to support country or contract management through all the phases comprising the stipulation of subcontracts with third parties, and consolidation of the Electromechanical Systems and Energy Service which is under the direct control of the Industrial Services Division. The company's expansion on the foreign market has also entailed the creation of a new Head Office in Russia and renaming of the United Arab Emirates Head Office to which a new country – Oman – has been added. Lastly, 2011 also saw consolidation of the foreign organisational structure of ASTALDI CONCESSIONI which saw the setting up of two organisational units in Chile and Turkey.

Training

the first Astaldi Management global convention was held in 2011. For the first time in the company's history, a training event was organised which involved all the company's management , approximately 200 managers and level one executives, in two separate sessions. The aim of said event was the integration and sharing of corporate amounts and the corporate mission. Said training event was especially valuable at a time of major growth and cultural change for the company, with it serving to reinforce the company's sense of identity that has allowed the achievement of important economic targets in recent years and that represents one of the keys to future success. More generally speaking, approximately 5,500 hours of training were provided in relation to occupational safety, information systems, foreign languages, engineering and design, internal auditing, personnel management and the quality system. All of the above in addition to obligatory training provided for by law and on-site training provided for local staff.

Development and selection

The performance and skills assessment system, adopted in 2010 for management staff only, was extended to a wider group during 2011. Approximately 450 human resources holding managerial or specialised positions, were subjected to assessment, in Italy using the Cezanne information system and abroad using no specific system. The progressive detailed mapping of corporate skills represents one of the most important instruments for management of know-how and integrated development of resources. At the same time, the process of hiring skills from the external market went ahead in an ongoing manner. Indeed 170 qualified resources were hired during 2011, including 30 newly-qualified graduates in a variety of technical, legal and economic subjects.

Personnel information systems

Work Force Planning of Production Units in Italy and the Corporate Services/Divisions was carried out during 2011 with the aid of Cezanne software as part of the project to computerise and re-organise human resources management processes. Work-Force Planning (WFP), a module designed and created for (and by) Astaldi Group, makes it possible to plan personnel requirements, both as regards recruitment and dismissal, making it possible to optimise internal mobility management, career paths and recruitment and selection procedures. The main results obtained through process re-engineering are as follows:

- availability of organisational information within the system in real time;
- computerisation of the process, which by using the web, makes it possible to speed up input data collection (forecast figures);
- the availability within the system of final forecast figures for each individual position;
- the possibility of aggregated collection and quick reuse of planning figures through reports made available within the system, to be used by managers as well as the Human Resources Division.

Quality, safety and the environment

Complete redefinition of the corporate management system was concluded in 2011 following adoption, by the parent , ASTALDI S.p.A, of a matrix organisational structure needed to achieve the growth targets set down in the Business Plan and considered more suitable for companies operating within a project management logic.

At the top management's request, the new matrix management system has been subjected to validation by a consulting firm which, using its own methods, has checked the efficiency of the most important corporate macro processes when applying the matrix organisational model.

In September 2011, immediately following adoption of the aforementioned system, a road show was started up directly at all the Group's country head offices and with regard to relative contracts in order to acquire a more in-depth knowledge of the matrix system. The road show was completely designed, organised and managed by some corporate departments that, availing themselves of the specialist assistance of the company responsible for validation, made it possible to transfer and share the main operating and detailed mechanisms of the new model with all the management involved.

The road show came to an end in December and saw the involvement of approximately 330 people within the Group.

In 2011 for the first time since ASTALDI obtained quality, environment and safety certification, the Certification Organisation, DNV, Det Norske Veritas carried out simultaneous auditing of the three components of the management system in order to test and exploit the synergic effect of integration, including during inspection by an independent third party. The results obtained were positive and, consequently, all three certifications in compliance with ISO 9001, ISO 14001 and OHSAS 18001 were renewed.

As regards ASTALDI CONCESSIONI, the project to define and implement the corporate quality system was started up immediately following incorporation. Checking of compliance with the requisites of UNI EN ISO 9001:2008, by the Certification Organisation DNV, Det Norske Veritas was performed, on a voluntary basis, in April 2011. The positive outcome resulted in issue of the relative certificate of conformity with regard to the following field of application: "Design, development and management of project finance initiatives, public-private partnerships and concessions, in the infrastructures and plants sectors".

In September 2011, Astaldi, through the newco nBI S.r.l., signed an agreement with Busi Group related to leasing of the company division related exclusively to the plant design and maintenance divisions of Busi Impianti S.p.A.

In the same month, following an extraordinary check performed by the Certification Organisation DNV, Det Norske Veritas, the validity of nBI S.r.l.'s certificate of conformity of the management system with the requisites of UNI EN ISO 9001:2008, previously issued to Busi Impianti S.p.A., was confirmed.

Lastly, note must be taken of the Group's involvement in the carbon disclosure project (CDP). CDP is an international organisation that collects information on behalf of some institutional investors. The information collected help investors understand the risks and opportunities of climate change in their corporate portfolio. Our company has helped provide some environmental data that testify to the commitment to reduce its ecological impact and to look on the environment as a strategic business variable.

Specific risks and uncertainties

The risk management policies implemented by ASTALDI Group are based on a concept of "risk" taken as an integral part of the generation of amount for shareholders and as the sum of the current amount of the existing business model and the amount of future development opportunities. Hence, successful risk management is aimed at exploiting business opportunities by encouraging future growth and, at the same time, safeguarding the value created to date. Therefore, it is all-important to align risk management with the key targets that shareholders look on as critical for the company's success.

With a view to achieving this, a Corporate Risk Management Service was established in 2010 which reports directly to ASTALDI Group's Chief Executive Officer and which is responsible for assisting the management in the decision-making process. The aim is to neutralise unwanted, unsustainable risk situations during the whole corporate business cycle and in relation to a variety of contractual formulas (traditional, general contracting, concessions and project finance).

The Risk Management logic model adopted within the company is three-dimensional, split according to the type of risk (operational financial, strategic and compliance), level (corporate, country, contract) and project phase (development, performance, management). Risk management is considered a "focal" element, especially in the planning process which defines the business plan's key risks and the general risk management procedures. Said model implies that Risk Management activities and responsibilities (identification, assessment, management and monitoring) must be attributed to the organisation's various levels on the basis of the type of risk in question and the time phase during which said risk arises.

The model, which has been fully implemented inside the company, also comprises the integration within decision-making mechanisms of a uniform, structured identification, analysis and governance process, aimed at:

- providing the Group's top management/departments with an overall vision of the main risks the Group is exposed to;
- lending appropriate importance to the risk dimension with regard to the undertaking of business decisions that systematically take into account the volatility of forecast results;
- helping improve existing Risk Management techniques with the aim of improving the company's performance and business sustainability;
- helping make known the risk culture and consolidating departments' awareness of risk management issues.

The Group's Enterprise Risk Management (ERM) Programme was launched during 2011, focused on the main risks able to threaten achievement of the Business Plan's performance levels and strategies. The method adopted made it possible to identify 15 Top Risks, in other words able to seriously jeopardise achievement of the targets set down in the strategic plan and the 5 countries making the greatest contribution to the Group's EBIT (Italia, Venezuela, Turkey, Algeria) so as to perform a risk analysis for ERM purposes and identification, on the basis of results, of relative action to offset said risks and regular monitoring. The activities performed were regularly discussed and analysed by the Group's top management, Internal Control Committee and Board of Statutory Auditors, in order to share the methodological approach applied and the main findings of the analyses performed.

Please find below a brief overview of the risks with greatest incidence among the 15 Top Risks identified, split by category.

Financial risks

Liquidity and credit

This risk expresses the possibility that the Group may be unable to cover its financial obligations arising from contractual undertakings and, more generally, from its own financial liabilities, as well as the Group's exposure to potential losses arising from default as regards obligations undertaken by counterparties.

Financial structure and market (Interest rate)
The current situation of the financial markets highlights critical phenomenon in terms of limitation of credit and fluctuation in the cost of money. The Group has undertaken, as from previous years, to bring its debt structure into line and re-position it in the medium/long-term, curbing variations in the cost of money through a cautious interest risk hedging policy.

Currency market (Exchange rate)
The current situation of currency markets can bring to light some extremely volatile situations. The Group has already undertaken to control said risk, as from previous years, through suitable hedging transactions.

Strategic risks

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

Conformity risks

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

Operating risks

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

Corporate Governance

The governance model adopted by ASTALDI S.p.A. is in keeping with the principles contained in the "Self-Regulation Code for listed companies" – drawn up by Borsa Italiana S.p.A. in October 1999 and subsequently amended and added to –, with the recommendations formulated by CONSOB in this regard and, more generally with international best practice.
As regards the information requested by Article 123-bis of the Finance Consolidation Act, please refer to the "Annual Report on Corporate Governance and Shareholding Structure report" drafted in compliance with current legislation and published together with this report. The

Annual Report on Corporate Governance and Shareholding Structure report" is made available for consultation at www.astaldi.it, Governance section, in compliance with the terms and procedures provided for by law.

Remuneration report

As regards information related to the remuneration of Company Directors, Statutory Auditors and Key management personell, please refer in full to the Remuneration Report drafted by the Board of Directors of Astaldi S.p.A. pursuant to Article 123-ter of the Finance Consolidation Act.
Said document is also made available on the Group's website at www.astaldi.it, Governance section, in compliance with the terms and procedures provided for by law.

Privacy safeguard and protection

This is to make known that the company has updated the Data protection Document, drafted in accordance with the provisions contained in point 19 of Legislative Decree No. 196/2003 (the so-called Personal Data Protection Code), on the basis of organisational and procedural changes introduced within the company, 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.

Subsequent events

As regards the general contracting project for **Mega-Lot 3 of the Jonica National** Road (SS 106) in Italy, note must be taken that January 2012 saw official completion of the procedure to award the contract, which had already been provisionally awarded during the first part of 2011. Therefore the amounts related to Astaldi's stake were included among the order backlog at 31 December 2011.
As regards the contract for the general contracting project for Line C of the Rome underground, it must be noted that on 20 January 2012, CIPE (Interdepartmental Committee for Economic Planning) definitely approved the start-up of works on the T3 section (San Giovanni-Colosseo). Consignment of the areas and the start-up of works on this new section are scheduled for the early part of 2012.
As regards the contract for construction and management of **Line 4 of the Milan underground** in Italy, it must be noted that in January, Lombardy's Regional Administrative Court (TAR) voiced its opinion in favour of the joint venture involving Astaldi, rejecting the appeal submitted by the second-place holder in the procedure to award the concession for construction and management of the line. Taking into account the Council of State's verdict with regard to said appeal, which was in favour of the joint venture including Astaldi, preliminary activities prior to construction of the line commenced at the end of February. The amounts related to Astaldi's stake in the project will be included among the backlog over the coming months.
At an operating level, it must be noted that activities were started up related to the contracts regarding the Chuquicamata Project (construction) and the Relaves Project (concession), already included among the backlog at 31 December 2011. As for the Relaves project, the special purpose vehicle, VALLE ACONCAGUA S.A. was also set up. For more information about these two projects, please refer to the section herein dealing with the Performance of operations by sector and geographical area.
It must also be noted that the companies, ASTALDI-TURKELER J.V. and ANKARA ETLIK HASTANTE A.S. were set up. Astaldi Group holds a 51% stake in both companies – a joint venture set up to perform the EPC Construction Contract and an SPV (Special Purpose Vehicle) set up to perform the concession agreement for design, construction and subsequent management of the **Etlik Hospital Centre in Ankara, Turkey.** The importance the country is taking on for the Group's

activities in the concessions sector can be confirmed by the opening up in January of the Turkish branch of Astaldi Concessioni (a group company dedicated to the concessions business and 100%-owned by Astaldi S.p.A.). The new branch's key aim will be to guarantee more direct control of important projects in progress in Turkey.
March also saw the incorporation of **ASTALDI CANADA Inc.**, a company that is 100%-owned by ASTALDI S.p.A. and whose aim will be to develop and monitor projects and opportunities that may arise in the Canadian market.
Lastly, it must also be noted that in March, ASTALDI Group exercised the right of pre-emption to purchase shares held in **A4 Holding S.p.A.**(formerly Autostrada Brescia-Verona-Vicenza-Padova S.p.A.), the owner, inter alia, of 100% of the share capital of the concession holder for the A4 motorway in the north-east of Italy, from the municipalities of Vicenza and Padova. The relative transfer of said shares will be made official upon completion of the award and pre-emption procedure provided for in the By-Laws, expected over the coming months, and will increase ASTALDI Group's stake from 9.1% to 9.8%. For more information, please refer to the following section dealing with the Outlook.

Outlook

Approval of the new Business Plan is also envisaged for the coming months which will show a considerable increase in production volumes thanks to the significant investments and numerous commercial successes achieved by Astaldi Group in recent years.
The new plan can be defined as a turning point in the Group's history since its point of departure is represented by the end of a cycle – which, over the last ten years, has led to consolidation of the Group's cornerstones and its ability to generate income through the listing of Astaldi's shares on the stock exchange and major investment in endogenous growth – and ensures an additional boost to the expansion of activities as a whole.
The Group's ability to offer quality products and services in line with its leading position in the markets where traditionally present will be consolidated. If the last ten years have seen the Group progressing from being a construction company with foreign activities to being a General Contractor of international standing, the new Business Plan will be aimed at building on the Group's ability to offer an integrated, turnkey product, able to best meet all requirements in its reference business sectors.
In 2011, Astaldi Group achieved a turnover well in excess of the EUR 2 billion mark, and positioned itself in first place among Italian contractors. Over the next five years, Astaldi Group will further consolidate its competitive positioning thanks to suitable geographical diversification and correct balancing of activities between construction and concessions. It is also important to note that said results were achieved within an overall recessive macroeconomic situation, and show the flexibility of the Group's economic model, on the one hand, and its ability to react to negative economic situations on the other.
Said conclusions have been reached even given an understandable fear of the possible consequences on real economies of the problems experienced in the financial markets in recent months, in the knowledge that the strategies adopted to date are able to ensure the Group's business model has the flexibility needed to successfully react to negative situations that continue to come to the fore.
Indeed, at a financial level it is impossible not to note that the public debt crisis being experienced by some of the world's leading economies and also in Italy, combined with recent developments regarding European banking regulations, have had serious consequences on the raising and investment capacity of leading European banks, resulting in an increasingly tangible risk of the freezing of credit granted to real economies. Despite this, the decisions approved by Italy's government in office during this early part of the year have confirmed the anti-cyclical amount of investment in the infrastructures sector, highlighting a positive turnaround in economic planning as regards

public works. Numerous measures have already been taken by the government in this direction which have resulted in the following: positive speeding-up of the approval of projects for which sites can be set-up, with the introduction of a simpler, quicker procedure for approving strategic works projects; the introduction of project bonds which can be issued by SPVs; the go-ahead for projects totalling EUR 6.2 billion from CIPE (Interdepartmental Committee for Economic Planning) during the meeting held on 20 January 2012.
In this context, it is important to highlight the legislative framework which is very much in favour of promoting project financing in Italy, outlined firstly in Law No. 214 of 22 December 2011 (which converted Law Decree No. 201 of 6 December 2011, also known as the "Save Italy" decree) and secondly in Law Decree No. 1 of 24 January 2012 (also known as the "Grow Italy" decree). Specifically, the provisions approved under the latter decree are aimed at promoting the inclusion of private capital in the funding, construction and management of infrastructures. These range from provisions facilitating project bankability, the introduction of availability charges and the introduction of the right of pre-emption for sponsors of works not included among public planning to the possibility of grouping together various project phases, the new mechanism regarding the issue of bonds by SPVs and the improved procedure for taking over existing concessions. All of the aforementioned changes provided for in recent legislation are aimed at developing project finance which is set to replace funding mechanisms for a large slice of works, to date financed exclusively by public funding.
Therefore, construction will continue to represent the Group's core business, but important partnerships will arise from concessions in Italy and abroad in relation to structured projects with a suitable risk/return profile and guaranteed minimum fees, **as well as with the plant sector**.
As regards projects currently in progress **in Italy**, **activities will receive a new boost from the intensification of underground transport infrastructures**, especially works to construct Line 5 and Line 4 of the Milan underground. **As regards foreign activities, an intensification of activities is envisaged in Central-Eastern Europe and Turkey, as well as Latin America** which will benefit, inter alia, from the entry into full operation of new acquisitions in the hydroelectric and mining sectors.
Therefore, new commercial opportunities will mean that **Italy continues to play a key role** in the Group's development policies, holding steady its contribution to turnover. **Foreign activities shall consolidate their contribution**, also as a result of the greater geographical diversification of activities and **consequent improvement in the risk profile of activities.** Specifically, the focus will remain on countries where the Group is traditionally present (Poland, Romania, Turkey), as well as areas of more recent commercial penetration (Chile, Peru and the Middle East) and areas of interest (Canada).
Among the foreign countries where traditionally present, **Poland continues to be of guaranteed interest in the Group's development policies**. Indeed, it is suffice to note that, on the basis of 2007-2013 EU Planning, Poland is set to receive more than EUR 80 billion of community financial resources, EUR 67.3 billion of which from European cohesion and structural funds, allocated with the aim of promoting growth of the Polish economy through new infrastructures, protection of the environment, improvement of competitiveness and training.
Among the countries of more recent commercial penetration, **Chile is an area where Astaldi Group has operated in an ongoing manner since 2008** in the hydroelectric sector and where it has a 27.3% stake in the concessionaire which built and currently manages the Chacayes hydroelectric plant (111MW), together with the Australian company, Pacific Hydro. **Its entry into the Chilean mining sector corresponds to the Group's desire to build upon its role in a country of guaranteed interest** through strategic diversification in sectors that are new for Astaldi, yet able to offer interesting commercial opportunities for its technical and managerial skills and know-how. In this regard, the Chilean mining sector has been singled out as of

interest, also thanks to approximately USD 70 billion of investments planned for this sector over the next ten years. CODELCO alone – with whom Astaldi signed two mining agreements worth a total of USD 420 million related to the Chuquicamata Project and the concession for the Relaves Project at the start of 2012 – has announced investments of USD 15 billion in the sector over the next five years. CODELCO, a Chilean state-owned company set up in 1976, is currently the leading producer of copper in the world, accounting for 11% of global production in 2010.

Canada features among the new areas of more recent interest. ASTALDI CANADA Inc., a company owned entirely by ASTALDI S.p.A. was set up in February 2012 and will be responsible for monitoring and developing opportunities in the area. The country has approved interesting infrastructure investments which mean the area is of guaranteed interest, also in light of a favourable legislative framework. The "Plan Nord" launched in Québec, provides for investments of EUR 34 billion in the renewable energy sector (more than half in the hydroelectric sector) and EUR 27 billion in mining and transport infrastructures (ports, airports, roads, railways) over the next 25 years. The "Green Energy Act" approved in Ontario, provides for the replacement of coal-powered plants by 2014, with estimated private investments totalling EUR 6.6 billion in the sustainable energy sector. Additional investments are also expected in light of the announcement made by the National Association of Oil Producers which envisages a 68% increase in the country's oil production by 2025.

Lastly, mention must be made of the **Middle East, where the Group envisages reorganisation of activities**. It must be recalled that, to date, Astaldi has been present in this area (Saudi Arabia, United Arab Emirates, Oman) mainly with industrial plant design activities related to the petrochemical sector. It is envisaged that said sector's contribution will be replaced over the coming years by increased involvement in traditional transport infrastructures in relation to which interesting investments are expected, especially as regards undergrounds and high-speed railways.

As regards concessions, as from 2012, the Group's revenue will include the **first tangible results of entry into full operation of the Chacayes plant (inaugurated in October) and the Milas-Bodrum airport (which will enter the management phase during the forthcoming summer season).** These projects, combined with those that are already fully operational (Mestre Hospital and five car parks in Italy), shall make a significant contribution to stabilising concession revenue. While as regards the **Gebze-Izmir motorway** concession in Turkey, the Turkish government's major commitment has been confirmed with regard to a work which will play a key role in the economic development of the areas the planned 422-kilometre route takes in – cutting travel times along the Istanbul-Izmir section to less than four hours. All project activities involving special surveys and project design have been carried out as scheduled and the relative financing procedures are going ahead as planned. Once these have been completed, the amounts related to Astaldi's stake in this project shall be included in the order backlog. It must also be noted that the consortium that will perform the concession project - which Astaldi holds a stake in - signed a subcontract agreement with the Japanese companies, IHI and Itochu in September for design and construction of the bridge to cross over the Gulf of Izmit. The latter represents the most demanding part of the whole route from an engineering viewpoint and upon completion, it shall be one of the longest suspended bridges in the world. During November 2011, an arranging mandate was also signed with a group of local and international banks, with the involvement of leading supranational organisation such as IFC (World Bank) and EBRD (European Union) and of JBIC (Japan's Export Credit Agency) and SACE. A project funding strategy comprising several phases was defined in view of the current situation of the financial markets and in light of the large scale of the operation to be financed.

Still as regards Turkey, the procedure is underway regarding signature of a contract with the Turkish Ministry of Health which is responsible for granting the **concession for the design, construction, supply**

of electro-medical equipment and furnishings and subsequent management of the Etlik Hospital Complex in Ankara. Indeed, it must be recalled that in November 2011, Astaldi Group, as part of a joint venture with the Turkish construction firm, Turkeler, in which it holds a 51% stake, received the letter awarding the contract prior to signature of the aforementioned concession agreement which should take place during the first half of 2012. The project will involve construction of the largest hospital complex in Europe. The total amount of the investment amounts to EUR 940 million. EUR 567 million will be used to perform the works. Management revenue will total EUR 2.4 billion, 85% of which is guaranteed by availability charges, which may be reviewed due to inflation, and the remaining percentage by the provision of contracted services (routine and special maintenance of buildings, roads, green areas, electro-medical equipment and furnishings as well as utility management). The planned duration of the concession is 28.5 years, 3.5 of which for design and construction activities and the remaining 25 for management activities. Works are scheduled to commence in 2012. Upon completion, the complex will be able to offer 3,200 hospital beds, split between 8 facilities, and a hotel, occupying a total of approximately 1,080,000 m2. Studio Altieri that has already worked with Astaldi on the concession project to build and manage Mestre Hospital which is currently under management in Italy, will be responsible for design activities.

As regards Italy, **additional interesting developments are expected in the motorway transport infrastructures sector** where, it should be remembered, Astaldi Group is currently present in the north-east of the country with a series of strategic investments, also held through its subsidiary Astaldi Concessioni.

In November 2011, Astaldi Concessioni increased its equity investment in the share capital of the motorway company, A4 Holding S.p.A., formerly Autostrada Brescia-Verona-Vicenza-Padova S.p.A., (holder of 100% of the share capital of the concessionaire for the A4 motorway), from 8.65% to 9.12%. Said increase was achieved as a result of subscription of the share capital increase it was entitled to (11,387 shares) on 11 November 2011 followed by subscription of the unopted shares it was entitled to (8,449 shares) on 30 November 2011. Subsequently, as already mentioned in the section herein dealing with subsequent events, in March ASTALDI Group exercised its right of pre-emption to purchase shares held in A4 Holding S.p.A., from the Municipalities of Vicenza and Padova. The relative transfer of shares will be made official upon completion of the award and pre-emption procedure provided for in the By-Laws, scheduled within the coming months, and will increase ASTALDI Group's stale from 9.12% to 9.8%.

In December 2011, Astaldi Group acquired a stake in the share capital of **Autostrada Nogara-Mare Adriatico Società consortile per azioni**. The corporate purpose of said company concerns involvement in the award procedure for the concession to design, construct and manage the Medio Padana-Veneta Nogara-Mare Adriatico regional motorway. 10% of the share capital was acquired through Astaldi S.p.A. (12,000 shares) and 13% through Astaldi Concessioni (15,600 shares), for a total investment amount that currently totals EUR 27,600. Veneto's regional authority will perform the call for bids to award the concession during 2012, and in relation to which the company may exercise the right of pre-emption.

It must also be remembered that Astaldi Group is part of the joint venture – with a 23% stake – already chosen as Sponsor for the procedure to award the project finance initiative to construct the new motorway link connecting Ancona Port to the surrounding road network. As regards said project, the award procedure was completed in February 2012 and the joint venture which Astaldi holds a stake in was definitively awarded the contract, following a call for bids which was abandoned by the originally pre-qualified participants. At the draft date of this report, negotiations are taking place between the granting authority (ANAS) and the joint venture with the aim of signing the agreement, in compliance with the terms and procedures set forth in the CIPE Resolution approving the preliminary project. Lastly, it must be recalled that growth may be further boosted by **synergies developed with Busi Impianti**, on the basis of industrial agreements approved in September. Indeed, it must be recalled that Astaldi, through its 100% subsidiary, nBI S.r.l., has signed an agreement with Busi Group regarding (i) leasing of the company division related exclusively to the Italian plant design and maintenance divisions of Busi Impianti S.p.A. and (ii) the preliminary contract for subsequent purchase of said company division, within Busi Impianti S.p.A.'s deed of arrangement, presented and admitted by the Court of Bologna and for which approval is currently pending. The amount, which shall be paid upon stipulation of the final contract and which has been calculated on the basis of comparable transactions and market multiples, is equal to EUR 12.7 million. The lease instalments paid until purchase is completed shall be deducted from the price, and purchase of the company division may take place upon approval of Busi Impianti S.p.A.'s deed of arrangement. This operation fits into Astaldi Group's wider expansion plan insofar as it represents consolidation of its role in a sector that is complementary to its current activities, through a company, Busi Impianti, able to offer major industrial and commercial synergies, as well as human resources with a high level of professional skills. Busi Impianti's specific skills in the plant design and maintenance sectors, combined with Astaldi's business volumes and business management skills will complete the range of technical know-how and supply which Astaldi is already able to offer and shall improve its ability to offer integrated solutions, contributing to the Group's growth as a whole. Busi Impianti, which has achieved a turnover in excess of EUR 100 million p.a. in recent years and boasts 260 employees, works in the civil, industrial and manufacturing engineering, plant design and maintenance sector where it develops integrated "turnkey" solutions – from design and construction through to assistance, maintenance and management – of complex systems and plants in the infrastructure, commercial, industrial, healthcare, pharmaceutical and energy sectors. Leasing of the company division, through management by Astaldi Group, shall make it possible for the company to continue its business activities in the immediate future and, consequently, to protect Busi's levels of employment. Following approval of the deed of arrangement, Astaldi will purchase the company division related exclusively to the Italian plant design and maintenance divisions. The significance of said transaction is even more appreciable if we take into account the boom of investments currently being seen in the renewable energy sector. It is suffice to recall that said investments in Italy in 2011 amounted to EUR 26 billion, in other words one billion Euros more than that recorded for the same period in the residential sector.

Other information

Information on transactions with related parties

As regards transactions with related parties, it must be remembered that this form part of the Group's normal activities and are regulated at market conditions. For information regarding said transactions, please refer to Note 33 of Astaldi's consolidated financial statements at 31 December 2011.

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

Said transaction 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.

Lastly, it must be recalled that the Board of Directors meeting held on 10 November 2010, in keeping with the provisions set forth in CONSOB regulations regarding the procedures for regulating transactions with related parties, approved under Resolution No. 17221 of 12 March 2010, and subsequently amended under the Resolution dated 23 June 2010, approved, with the favourable opinion of the Committee of Independent Directors appointed for this purposes, the new internal procedures for identifying, approving and performing transactions with related parties carried out by Astaldi S.p.A., either directly or through its subsidiaries. In brief, these procedures:

1. identify the transactions of "greater" and "lesser" importance.
   As regards transactions of lesser importance, the following is provided for:
   (i) that the responsibility for passing resolutions lies, alternatively, with the Board of Directors or the Chief Executive Officer in relation to the powers granted to the latter;
   (ii) a well-motivated, non-binding opinion provided by the aforementioned Related Parties Committee;
   (iii) that the aforementioned Committee may avail itself of independent experts of its choice;
   (iv) suitable ex-ante information, promptly provided to the resolving body and to the Committee which must voice its opinion.
   While as regards transactions of greater importance, the procedures provide for:
   (i) the responsibility to pass resolutions to lie with the Board of Director;
   (ii) a binding opinion provided by the aforementioned Committee.
2. establish the procedures to be used to start up and approve transactions, as well as the composition of and working rules for the Related Parties Committee which, in keeping with recent indications provided by CONSOB, comprises exclusively independent directors, both in the case of transactions of lesser and of greater importance.
3. set the procedures and deadlines for providing the aforementioned committee as well as the Board of Directors and the Board of Statutory Auditors with information regarding the transaction prior to resolution, during and subsequent to the performance of said transactions;
4. identify rules to be applied by the company in the event of examining or approving the transactions of Italian and foreign subsidiaries;
5. single out the cases of "default exemption" from the regulations and the cases of "optional exemption".

For more information, please refer to the Annual Report on Corporate Governance and Shareholding Structure Report.

Treasury shares

It must be noted that, in relation to the Astaldi share buy-back plan implemented during the year, 420,767 shares were gradually acquired during 2011 while 631,838 shares were sold.
Treasury shares on hand at 31 December 2011 amounted to 610,908 with a nominal value of EUR 2.

Parent shares held by subsidiaries

No parent shares are held by subsidiaries.

Management and coordination activities (pursuant to Article 2497 et seq. of the Italian Civil Code)

It must be noted that Astaldi S.p.A. is not subject to "management and coordination" by any of its shareholders insofar as the company's Board of Directors is fully and independently responsible for all the most appropriate decisions related to management of the company's activities.

Astaldi S.p.A. shares held by Company Directors, Statutory Auditors and Key management personnel at 31 December 2011

For information in this regard, please refer to the section herein dealing with the Remuneration Report.

Research and development

The Group did not incur any costs for research and development during the year.

Atypical or unusual transactions

No atypical or unusual transactions were performed during the year.

Conclusions

Dear Shareholders,
The consolidated financial statements show a profit of EUR 71 million, excluding amortisation, depreciation, provisions and consolidation adjustments.

On behalf of the Board of Directors
The Chairman
(Paolo Astaldi)

Statement as per Article 36 of CONSOB Regulation No. 16191/07 ("Market Regulation")

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

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

1. the parent, Astaldi S.p.A., has ongoing access to the articles of association and composition of the company bodies of all non-EU subsidiaries of importance as per Article 36, paragraph 2 of the Issuers Regulation, with highlighting of the company offices held;

2. the parent Astaldi S.p.A. makes available to the public, inter alia, the accounts of all non-EU subsidiaries of importance as per Article 36, subsection 2 of the Market Regulation formulated for the purpose of drafting the consolidated financial statements, including at least the statement of financial position and income statement;

3. the administrative-accounting and reporting procedures currently in use by Astaldi Group are suitable for transmitting to the parent companies management and auditors at regular intervals, the income statement and statement of financial position figures of the non-EU subsidiaries of importance as per Article 36, subsection 2 of the Market Regulation, needed to draft the consolidated financial statements;

As regards checking by the parent of the information provided to the central auditors, needed to perform auditing of the parent's annual and interim accounts, it is felt that the current procedures used to communicate with the auditors, implemented at various levels of the corporate auditing chain throughout the whole year, are effective in this regard.

The scope of application concerns 6 subsidiaries based in 4 countries not belonging to the European Union, which are of importance as per subsection 2 of the aforementioned Article 36.

Consolidated financial statements

Separate consolidated income statement (*)

(thousands of euros)	Notes	2011	2010 Restated
OPERATING PERFORMANCE			
Revenue	1	2,265,284	1,931,588
of which with related parties		*210,863*	*182,112*
Other operating revenue	2	94,975	124,220
of which with related parties		*3,326*	*5,559*
Total revenue		2,360,259	2,055,808
Purchase costs	3	(458,640)	(366,906)
Service costs	4	(1,349,308)	(1,180,715)
of which with related parties		*(149,612)*	*(194,659)*
Personnel expenses	5	(262,492)	(244,102)
Amortisation, depreciation and impairment losses	6	(51,568)	(56,807)
Other operating costs	7	(38,409)	(28,227)
of which with related parties		*(1,432)*	
Total Costs		(2,160,418)	(1,876,756)
(Capitalisation of internal construction costs)	8	850	1,241
Operating profit		200,691	180,293
Financial income	9	44,772	33,645
of which with related parties		*1,301*	*199*
Financial charges	10	(120,444)	(111,717)
of which with related parties		*(5)*	*(284)*
Effect of equity accounting	11	401	262
TOTAL FINANCIAL AREA AND INVESTMENTS		(75,271)	(77,810)
PRE-TAX PROFIT FROM CONTINUED OPERATIONS		125,420	102,483
Tax expense	12	(53,496)	(38,960)
PROFIT FOR THE YEAR		71,924	63,523
Profit attributable to the owners of the parent		71,195	63,056
Profit attributable to non-controlling interests		729	466
Basic earnings per share	13	0.73	0.64
Diluted earnings per share		0.73	0.64

(*) It is pointed out that starting from the financial year 2011 the Group has decided to apply, in the context of IAS 31, the policy of proportionate consolidation for jointly – controlled entities; consequently this policy has also been applied for 2010 in order to make it comparable with 2011. For an examination of the effects refer to the paragraph "Change of accounting policy for measurement and identification for jointly - controlled entities starting from 1 January 2011: proportionate consolidation".

Consolidated statement of comprehensive income

(thousands of euros)

	Note	2011	2010 Restated
Profit for the year		71,924	63,523
Change in Subsidiaries'hedging reserve		(696)	(783)
Change in Associates' hedging reserve		(10,210)	(2,945)
Change in Subsidiaries's translation reserve		1,601	2,528
Change in Associates' translation reserve		(2,236)	299
Loss of the other Group components	25	(11,540)	(901)
Change in third party hedging reserve		1,021	(1,737)
Change in third party translation reserve		(590)	1,080
Profit/loss of the other third party components		431	(658)
Overall profit		60,815	61,964
of which attributable to owners of the parent		*59,655*	*62,156*
of which attributable to non-controlling interests		*1,160*	*(191)*

Consolidated statement of financial position (*)

(thousands of euros)	Note	31/12/2011	31/12/2010 Restated	01/01/2010 Restated
Non-current assets				
Property, plant and equipment	14	192,278	301,429	321,879
Investment property	15	1,141	1,178	179
Intangible assets	16	44,132	3,739	3,989
Investments	17	195,964	84,830	85,165
of which:				
Equity - accounted investees		94,188	82,866	83,156
Non-current financial assets	18	159,671	119,517	89,592
of which with related parties		*20,606*	*19,686*	*9,800*
Other non-current assets	19	28,413	21,440	19,772
Deferred tax assets	12	3,361	8,610	2,743
Total Non-current assets		624,961	540,744	523,320
Current assets				
Inventories	20	93,369	93,624	93,661
Receivables from customers	21	1,010,416	845,877	648,626
of which with related parties		*62,753*	*46,735*	
Trade receivables	22	820,963	624,362	713,896
of which with related parties		*32,325*	*27,000*	*24,616*
Current financial assets	18	6,248	28,276	28,728
Tax assets	23	116,981	101,523	81,369
Other current assets	19	308,420	308,408	277,836
of which with related parties		24,791	28,332	22,041
Cash and cash equivalents	24	456,210	415,259	468,935
Total current assets		2,812,608	2,417,330	2,313,051
Total assets		3,437,569	2,958,074	2,836,371

(*) It is pointed out that starting from the financial year 2011 the Group has decided to apply, in the context of IAS 31, the policy of proportionate consolidation for jointly - contolled entities; consequently this policy has also been applied for 2010 in order to make it comparable with 2011. The financial position at 1 January 2010, adjusted with the same principle, was likewise presented in compliance with IAS 1. For an examination of the effects refer to the paragraph "Change of accounting policy for jointly - controlled entities starting from 1 January 2011: proportionate consolidation".

(thousands of euros)

EQUITY AND LIABILITIES	Note	31/12/2011	31/12/2010 Restated	01/01/2010 Restated
Equity				
Share capital	25	196,850	196,850	196,850
Treasury shares		(3,298)	(3,244)	(3,239)
Provisions:				
Legal reserve		20,797	18,453	14,972
Extraordinary reserve		172,724	143,522	91,278
Retained earnings		40,493	27,581	40,986
Other reserves		3,611	4,380	3,083
Other comprehensive income		(37,151)	(25,611)	(24,710)
Total share capital and reserves		394,027	361,932	319,220
Profit for the year		71,195	63,056	55,902
Total equity attributable to owners of the parent		465,222	424,988	375,122
Profit attributable to non-controlling interest		729	466	1,557
Other items of comprehensive income attributable to non-controlling interest		282	(149)	509
Consolidation reserve attributable to non-controlling interest		4,046	17,924	16,199
Equity attributable to non-controlling interest		5,057	18,241	18,265
Total equity		470,278	443,229	393,387
Non-current liabilities				
Non-current financial liabilities	26	655,915	593,925	608,984
of which with related parties		*1,645*	*1,645*	*1,698*
Other non-current liabilities	27	13,716	98,223	94,951
Employee benefits	28	7,926	8,460	9,581
Deferred tax liabilities	12	1,273	1,587	444
Total non-current liabilities		678,830	702,195	713,959
Current liabilities				
Payables to customers	21	472,120	338,489	413,904
of which with related parties		*56,480*	*9,564*	-
Trade payables	29	1,118,769	922,346	769,304
of which with related parties		*116,637*	*116,767*	*83,514*
Current financial liabilities	26	469,723	354,007	389,617
Tax liabilities	30	73,142	58,942	57,351
Provisions for current risks and charges	31	29,159	21,777	25,327
Other current liabilities	27	125,547	117,089	73,522
of which with related parties		*327*	*465*	*2,696*
Total current liabilities		2,288,461	1,812,650	1,729,025
Total liabilities		2,967,291	2,514,845	2,442,984
Total equity and liabilities		3,437,569	2,958,074	2,836,371

Consolidated statement of changes in equity

Changes in equity at 31 December 2011 attributable to owners of the parent

(thousands of euros)	Share capital	Share premium reserve	Legal reserve	Extra-ordinary reserve
Balance at 01 January 2011	193,606	0	18,453	143,522
Profit from continued operations 2011	0	0	0	0
Cash flow hedge for the year	0	0	0	0
Foreign business translation for the year	0	0	0	0
COMPREHENSIVE INCOME (EXPENSES)				
Treasury shares	(54)	0	0	3
Dividends	0	0	0	0
Provision as per Art,27	0	0	0	0
Transaction with Non- controlling interests	0	0	0	0
Change in scope of Consolidation	0	0	0	0
Allocation of profit from continued operations 2010	0	0	2,344	29,198
Other changes	0	0	0	1
Stock grant allocation reserve	0	0	0	0
Balance at 31/12/2011	193,552	0	20,797	172,724

*The effect of the other items of the statement of comprehensive income produces a hedging reserve totaling Euro (31,799) and a translation reserve totaling Euro (5,352) at 31/12/2011

Changes in net equity at 31 December 2010 pertaining to shareholders of the Group

(thousands of euros)	Share capital	Legal reserve	Extraordinary reserve
Balance at 01 January 2010	193,610	14,972	91,278
Profit from continued operations 2010	0	0	0
Cash flow hedge for the year	0	0	0
Foreign business translation for the year	0	0	0
COMPREHENSIVE INCOME (EXPENSES)			
Treasury shares	(4)	0	104
Dividends	0	0	0
Provision as per Art,27	0	0	0
Change in scope of Consolidation	0	0	0
Allocation of profit from continued operations 2009	0	3,481	52,408
Other changes	0	0	(268)
Stock grant allocation reserve			
Balance at 31 December 2010	193,606	18,453	143,522

*The effect of the other items of the statement of comprehensive income produces a hedging reserve totaling Euro (18,067) and a translation reserve totaling Euro (7,543) at 31/12/2010.

Other comprehensive income	Other reserves	Retained earnings	Profit for the year	Total equity attributable to owners of the parent	Non-contolling interests	Total equity
(25,610)	4,380	27,581	63,056	424,988	18,241	443,229
0	0	0	71,195	71,195	729	71,924
(10,906)	0	0	0	(10,906)	1,021	(9,885)
(635)	0	0	0	(635)	(590)	(1,225)
(11,541)			71,195	59,654	1,160	60,814
0	(67)	0	0	(118)	0	(118)
0	0	0	(14,645)	(14,645)	(944)	(15,589)
0	0	0	(704)	(704)	0	(704)
0	0	(3,252)	0	(3,252)	0	(3,252)
0	0	0	0	0	(13,400)	(13,400)
0	0	16,164	(47,707)	0	0	0
0	(1,896)	0	0	(1,895)	0	(1,895)
0	1,194	0	0	1,194	0	1,194
(37,151)*	3,611	40,493	71,195	465,222	5,057	470,278

Other comprehensive income	Other reserves	Retained earnings	Profit for the year	Total equity attributable to owners of the parent	Non-contolling interests	Total equity
(24,710)	3,083	40,987	55,902	375,122	18,265	393,387
0	0	0	63,056	63,056	466	63,522
(3,728)	0	0	0	(3,728)	(1,737)	(5,465)
2,827	0	0	0	2,827	1,080	3,907
(901)			63,056	62,155	(191)	61,964
0	(109)	0	0	(9)	0	(9)
0	0	0	(12,687)	(12,687)	(1,650)	(14,337)
0	0	0	(1,044)	(1,044)	0	(1,044)
0	0	0	0	0	1,817	1,817
0	0	(13,718)	(42,171)	0	0	0
0	(39)	312	0	5	0	5
	1,445			1,445		1,445
(25,610)*	4,380	27,581	63,056	424,988	18,241	443,229

Consolidated statement of cash flows

(thousands of euros)	31/12/2011	31/12/2010 Reclassified
A - CASH FLOW FROM OPERATING ACTIVITIES:		
Profit for the year attributable to owners of the parent and non-controlling interests	71,924	63,523
Adjustments to reconcile profit with the cash flow from (used in) operating activities:		
Deferred tax	4,868	4,105
Amortisation, depreciation and impairment losses	51,568	56,807
Provision for risks and charges	7,960	790
Post-employment benefits and defined benefit plans	757	1,155
Costs for employee incentive plans	1,034	1,544
Losses on disposals of non-current assets	4,229	2,353
Effects of equity accounting	(401)	(262)
Gains on disposals of non-current assets	(2,527)	(2,217)
Sub-total	67,488	64,276
Changes in operating assets and liabilities (working capital):		
Trade receivables	(169,507)	89,534
of which with related parties	*(5,325)*	*(2,384)*
Inventories and Receivables from Customers	(164,284)	(197,214)
of which with related parties	*(16,018)*	*46,735*
Trade payables	196,423	153,042
of which with related parties	*(130)*	*33,253*
Provision for risk and charges	(578)	(8,257)
Payables to customers	133,631	(75,414)
of which with related parties	*46,916*	*9,564*
Other operating assets	(17,193)	(58,262)
of which with related parties	*3,540*	*(6,290)*
Other operating liabilities	17,791	40,645
of which with related parties	*(138)*	*(2,231)*
Payments of post-employment benefits and defined benefit plan	(1,291)	(2,276)
Sub-total	*(5,008)*	*(58,203)*
Cash flowe from operating activities	*134,404*	*69,595*

(thousands of euros)	31/12/2011	31/12/2010 Reclassified
B - CASH FLOW USED IN INVESTING ACTIVITIES		
- Construction		
Purchases of investment property		(1,019)
Investment in intangible assets	(8,249)	(227)
Investment in property, plant and equipment	(39,293)	(26,735)
Sale (Purchase) of other investments net of the cash acquired, coverage of losses of unconsolidated companies and other changes in the consolidation scope	18	(628)
Receipts from the sale of property, plant and equipment and intangible assets, and investment property	(1,702)	(136)
Change in subsidiary financing activity	434	(545)
of which with related parties	*434*	*(545)*
Sub-total cash flow used in construction investingt activities	*(48,792)*	*(29,290)*
- Concessions		
Net investment in property, plant and equipment		(1,257)
Investment in intangible assets	(39,402)	(671)
Sale (Purchase) of other investments net of the cash acquired, coverage of losses of unconsolidated companies and other changes in the consolidation scope	(122,292)	(1,006)
Change in subsidiary financing activities	(452)	(8,506)
of which with related parties	*(452)*	*(8,506)*
Change in receivables from activities under concession	(41,080)	(23,797)
Sub-total cash flow used in investing activities concession	*(203,225)*	*(35,238)*
Cash flows used in investing activities	(252,018)	(64,528)
C - CASH FLOW FROM (USED IN) FINANCING ACTIVITIES:		
Dividends paid out	(14,645)	(12,687)
Non-current borrowing (repayment) net of commissions	61,990	(15,059)
of which with related parties		*(52)*
Net change in current financial debt (including leases)	115,716	(35,611)
Sale (purchase) of securities/bonds and treasury shares	2,601	3,376
Other changes	(7,096)	1,237
Cash flows from (used in) financing activities	158,566	(58,743)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	40,951	(53,676)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	415,259	468,935
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	456,210	415,259
Additional information to the income statement		
Tax expense paid in the year	62,762	24,154
Net financial charges paid in the year	43,536	27,360

Notes to the consolidated financial statements

General information

The Astaldi Group has been active for over 90 years in Italy and abroad in the sector of the design and construction of major civil engineering works, and is one of the most important corporate groups operating in the construction sector on an International level; it is a leader in Italy as general contractor and a promoter of project finance initiatives.
The Group operates through the Parent Astaldi S.p.A., a public company with registered offices in Rome, Via Giulio Vincenzo Bona 65, listed on the STAR division of the Milan Stock Exchange since June 2002.
The duration of the Parent is currently set up to 31 December 2100.
On the date of the drawing up of the financial statements, Astaldi S.p.A. was not subject to the management and coordination of any of its shareholders since the Parent's Board of Directors makes, in full and complete independence and autonomy, any and the most appropriate decisions with regard to managing the Parent's activity. These consolidated financial statements were approved by the Parent's Board of Directors at its meeting of 16 March 2012.

Form, contents and segment reporting

The consolidated financial statements of the Astaldi Group at 31 December 2011 have been drawn up in compliance with the International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board (IASB), and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognised in the European Union pursuant to EC Regulation no. 1606/2002 in force at the end of the year.
Reference has likewise been made to CONSOB regulations implementing para. 3, Art. 9 of Legislative Decree no. 38/2005.
The 2011 consolidated financial statements include the following statements:

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

It should be pointed out that the Group decided to present the Statement of comprehensive income in two separate statements as allowed by IAS 1.81. Therefore, the income statement includes both a statement showing the profit (loss) items for the year (consoli-

dated income statement) and a statement which starts from the profit (loss) and algebraically adds "other components of comprehensive income" (consolidated statement of comprehensive income). In this respect, it should be pointed out that for the Astaldi Group the other items of the statement of comprehensive income include only the hedging reserve and the translation reserve. It should likewise highlighted that including these provisions in the statement of comprehensive income does not alter their nature as deferred items, and therefore not for items referring to the year, pursuant to the provisions in IAS 39 and IAS 21.
It should likewise be highlighted that the separate income statement is prepared based on a classification of each single component by nature. This classification reflects the management reporting methods used in the Group and is therefore considered more representative compared to presentation of items according to their destination, providing more relevant indications with respect to their specific segment.
As far as the statement of financial position is concerned, it was decided to enter items by separating assets and liabilities into current and non-current assets and liabilities, in accordance with the provisions of paragraph 60 and following of IAS 1.
The statement of cash flows shows cash flow for the year, broken down into operating, investing and financiing activities; cash flows from operating activities are entered using the indirect method. It should likewise be observed that investing activities are distinguished between those regarding construction and those regarding concessions.
The statement of changes in equity was prepared in compliance with IAS 1, obviously taking into account comprehensive income.
Finally, with regard to segments disclosure, the so-called management approach was applied, meaning that the elements that top management uses for taking its strategic and operational decisions are considered. The operating sectors subject to disclosure referred in particular to the various geographical areas where the Group works, and were determined on the basis of the same accounting standards used for drawing up the consolidated financial statements. Refer to note 34 for the presentation of the models of the segment reporting.

Basis of the preparation

The consolidated financial statements were prepared on the basis of the historical cost principle, except for derivatives, which are measured at fair value. In this regard, it should be pointed out that since no fair value hedging transactions were performed, there are no financial instruments having their cost adjustment in relation to changes in the fair value attributable to the hedged risk.
All the amounts are shown in thousands of Euro unless otherwise stated. Therefore, in some statements, the total amounts could slightly deviate from the sum of the single addenda that compose the amount due to round-offs.
The consolidated financial statements, moreover, were drawn up on the assumption of the groups ability to continue as a going concern.

Change of accounting policy for jointly - controlled entities starting from 1 January 2011: proportionate consolidation

The Astaldi Group, starting from 2011, has adopted, as set forth in IAS 31, the proportionate consolidation of joint controlled entities, as an alternative to the equity method. It should be recalled that this change does not produce any effect on the 2010 profit and equity as at 31 december 2010; generating a consolidation statement on an analytical basis, though proportionate, in which the assets and liabilities and the costs and revenuerevenue of the entities forming part of the Group are reflect in the consolidated financial statements of Parent according to their nature. This leads to easier reading of the accounting information and the results. In recent years the Astaldi Group has, in fact, focused on participation in tenders to obtain infrastructure works under general contracting, with the signature of joint venture agreements with other business partners, starting up operating entities specifically dedicated to the construction of the works awarded in the tender. In this regard, the partners have agreed on the sharing of the risks and benefits deriving from execution of single works according to their respective stakes; on the corporate management level, the desire has always prevailed to make unanimous choices to develop activities considered as strategic, both in the contract and industrial aspects and in all the financial and auditing aspects.

The principle of proportionate consolidation has also been adopted taking into account the changes introduced in IAS 31, published by the IASB in the new IFRS 11 "Joint Arrangements", though at present awaiting approval by the European Union.

There follow are income statement and statement of financial position figure at 31 December 2010 showing the comparative effects deriving from the application of proportionate consolidation. It should be pointed out that in accordance with IAS 1 and regarding the financial position only, the effect of proportionate consolidation at 1 January 2010 (starting date of the year presented in the financial statements for comparative purposes) has also been shown.

(thousands of euros)	31/12/2010 Restated Proportionate consolidation	31/12/2010 Published	Proportionate consolidation effect
ASSETS			
Non-current assets			
Property, plant and equipment	301,429	298,680	2,749
Investment property	1,178	1,178	
Intangible assets	3,739	3,716	23
Investments	84,830	95,874	(11,045)
of which:			
Equity - accounted investees	82,866	93,910	(11,045)
Non-current investments valued at cost	1,964	1,964	
Non-current financial assets	119,517	82,794	36,723
Other non-current assets	21,440	21,287	153
Deferred tax assets	8,610	8,609	1
Total non-current assets	540,744	512,138	28,606
Current assets			
Inventories	93,624	86,466	7,159
Receivables from customers	845,877	845,877	
Trade receivables	624,362	617,841	6,521
Current financial assets	28,276	27,908	368
Tax assets	101,523	90,430	11,094
Other current assets	308,408	297,904	10,505

(thousands of euros)	31/12/2010 Restated Proportionate consolidation	31/12/2010 Published	Proportionate consolidation effect
Cash and cash equivalents	415,259	391,527	23,732
Total current assets	2,417,330	2,357,952	59,378
Total assets	2,958,074	2,870,090	87,983
EQUITY AND LIABILITIES			
Equity			
Share capital	196,850	196,850	
Treasury shares	(3,244)	(3,244)	
Provisions:			
Legal reserve	18,453	18,453	
Extraordinary reserve	143,522	143,522	
Retained earnings	27,581	27,581	
Other reserves	4,380	4,380	
Other comprehensive income	(25,611)	(25,611)	
Total share capital and reserves	361,932	361,932	
Profit for the year	63,056	63,056	
Total equity attributable to owners of the parent	424,988	424,988	
Profit attributable to non-controlling interests	466	466	
Other items of comprehensive income attributable to non-controlling interests	(149)	(149)	
Consolidation reserve attributable to non-controlling interests	17,924	17,924	
Equity attributable to non-controlling interests	18,241	18,241	
Total equity	443,229	443,229	
Non-current liabilities			
Non-current financial liabilities	593,925	563,618	30,307
Other non-current liabilities	98,223	98,223	
Employee benefits	8,460	8,382	77
Deferred tax liabilities	1,587	742	844
Total non-current liabilities	702,195	670,966	31,229
Current liabilities			
Payables to customers	338,489	326,367	12,122
Trade payables	922,346	881,651	40,694
Current financial liabilities	354,007	343,275	10,731
Tax liabilities	58,942	54,458	4,484
Provisions for current risks and charges	21,777	20,220	1,557
Other current liabilities	117,089	129,924	(12,835)
Total current liabilities	1,812,650	1,755,895	56,755
Total liabilities	2,514,845	2,426,861	87,983
Total equity and liabilities	2,958,074	2,870,090	87,983

(thousands of euros)	01/01/2010 Reclassified	31/12/09 Published	Proportional consolidation effect
ASSETS			
Non-current assets			
Property, plant and equipment	321,879	319,780	2,100
Investment property	179	179	
Intangible assets	3,989	3,966	23
Investments	85,165	93,397	(8,232)
of which:			
Equity - accounted investees	83,156	91,389	(8,232)
Non-current financial assets	89,592	55,222	34,370
Other non-current assets	19,772	19,454	318
Deferred tax assets	2,743	2,743	
Total Non-current assets	523,320	494,741	28,579
Current assets			
Inventories	93,661	90,316	3,345
Receivables from customers	648,626	648,626	
Trade receivables	713,896	711,076	2,820
Current financial assets	28,728	26,558	2,170
Tax assets	81,369	78,391	2,978
Other current assets	277,836	268,844	8,992
Cash and cash equivalents	468,935	444,138	24,797
Total current assets	2,313,051	2,267,949	45,102
Total assets	2,836,371	2,762,690	73,681

(thousands of euros)	01/01/2010 Reclassified	31/12/09 Published	Proportional consolidation effect
EQUITY AND LIABILITIES			
Equity			
Share capital	196,850	196,850	
Treasury shares	(3,239)	(3,239)	
Provisions:			
Legal reserve	14,972	14,972	
Extraordinary reserve	91,278	91,278	
Retained earnings	40,986	40,986	
Other reserves	3,083	3,083	
Other comprehensive income	(24,710)	(24,710)	
Total share capital and reserves	319,220	319,220	
Profit for the year	55,902	55,902	
Total equity attributable to owners of the parent	375,122	375,122	
Profit attributable to non-controlling interests	1,557	1,557	
Other items of comprehensive income attributable to non-controlling interests	509	509	
Consolidation reserve attributable to non-controlling interests	16,199	16,199	
Minority equity	18,265	18,265	
Total equity	393,387	393,387	
Non-current liabilities			
Non-current financial liabilities	608,984	582,565	26,419
Other non-current liabilities	94,951	94,951	
Employee benefits	9,581	9,555	26
Deferred tax liabilities	444	1,199	325
Total non-current liabilities	713,959	687,190	26,769
Current liabilities			
Payables to customers	413,904	382,905	30,999
Trade payables	769,304	744,936	24,368
Current financial liabilities	389,617	387,359	2,258
Tax liabilities	57,351	55,103	2,247
Provisions for current risks and charges	25,327	23,809	1,518
Other current liabilities	73,522	88,001	(14,478)
Total current liabilities	1,729,025	1,682,113	46,911
Total liabilities	2,442,984	2,369,303	73,681
Total equity and liabilities	2,836,371	2,762,690	73,681

(thousands of euros)	31/12/2010 Reclassified	31/12/2010 Published	Proportional consolidation effect
INCOME STATEMENT			
RevenueRevenue	1,931,588	1,918,969	12,620
Other Operating revenuerevenue	124,220	125,799	(1,580)
Total revenuerevenue	2,055,808	2,044,768	11,040
Purchase costs	(366,906)	(336,344)	(30,562)
Service costs	(1,180,715)	(1,215,891)	35,177
Personnel expenses	(244,102)	(236,574)	(7,528)
Amortization, depreciation and impairment losses	(56,807)	(56,118)	(689)
Other operating costs	(28,227)	(27,470)	(756)
Total Costs	(1,876,756)	(1,872,398)	(4,358)
(Capitalisation of internal construction costs)	1,241	1,241	
Operating profit	180,293	173,611	6,682
Financial income	33,645	26,025	7,620
Financial charges	(111,717)	(103,746)	(7,972)
Effect of equity accounting	262	4,429	(4,167)
TOTAL FINANCIAL AREA AND INVESTMENTS	(77,810)	(73,292)	(4,519)
PRE-TAX PROFIT FROM CONTINUED OPERATIONS	102,483	100,319	2,164
Tax expenses	(38,960)	(36,796)	(2,164)
PROFIT FROM CONTINUED OPERATIONS	63,523	63,523	
PROFIT FROMTHE YEAR	63,523	63,523	
Profit attributable to owners of the parent	63,056	63,056	
Profit attributable to non-controlling interests	466	466	

It should be pointed out that the comments shown below on the changes occurring in 2011 in the single items of the consolidated financial statements take into account comparative data at 31 December 2010 restated on the basis of the information provided in this paragraph.

Accounting standards

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

Consolidation scope and consolidation standards

The consolidated financial statements of the Group comprise the financial statements of the Parent Astaldi S.p.A. and of the Italian and foreign companies in which Astaldi holds controlling interest, either directly or indirectly, including joint interest, and have been drawn up for consolidation purposes in accordance with the IFRSs adopted by the Astaldi Group. At the end of this note there is a list of the companies included in the consolidation scope with the corresponding direct or indirect interests of the Group together with other significant information. There follows a list of companies in the consolidation scope at 31 December 2011, reporting some changes compared to first half of 2011.

Fully consolidated entities

1	Astaldi Concessioni S.r.l.	100.00%
2	Astaldi Arabia Ltd.	100.00%
3	Astaldi Construction Corporation	100.00%
4	Astaldi International Inc.	100.00%
5	Astaldi International Ltd.	100.00%
6	Sartori Tecnologie Industriali S.r.l.	100.00%
7	Garbi Linea 5 S.c.a.r.l.	100.00%
8	Italstrade IS S.r.l.	100.00%
9	Messina Stadio S.c.r.l. in liquidation	100.00%
10	Groupement (G.R.S.H.)	100.00%
11	Astaldi Bulgaria LTD	100.00%
12	Astaldi-Astaldi International J.V.	100.00%
13	Astaldi Algerie - E.u.r.l.	100.00%
14	Euroast S.r.l. in liquidation	100.00%
15	Redo-Association Momentanée	100.00%
16	Seac S.p.a.r.l. in liquidation	100.00%
17	Ospedale del Mare S.C.r.l.	100.00%
18	nBI S.r.l.	100.00%
19	Inversiones Assimco Limitada	100.00%
20	Cachapoal Inversiones Limitada	100.00%
21	CO.MERI S.p.A.	99.99%
22	AR.GI S.c.p.A.	99.99%
23	Partenopea Finanza di Progetto S.c.p.A.	99.99%
24	Portovesme S.c.r.l. in liquidation	99.98%
25	Astur Construction and Trade A.S.	99.98%
26	Astaldi de Venezuela C.A.	99.80%
27	ASTALROM S.A.	99.55%
28	Romairport S.r.l.	99.26%
29	Constructora Astaldi Fe Grande Cachapoal Limitada	95.00%
30	Mondial Milas Bodrum	92.85%
31	Toledo S.c.r.l.	90.39%
32	Susa Dora Quattro S.c.r.l. in liquidation	90.00%
33	S. Filippo S.c.r.l. in liquidation	80.00%
34	Forum S.c.r.l. in liquidation	79.99%
35	Bussentina S.c.r.l. in liquidation	78.80%
36	AS. M. S.c.r.l.	75.91%
37	Mormanno S.c.r.l. in liquidation	74.99%
38	S.P.T. - Società Passante Torino S.C.r.l.	74.00%
39	CO.ME.NA. S.c.r.l. in liquidation	70.43%
40	Astaldi-Max Bogl-CCCF JV S.r.l.	66.00%
41	Scuola Carabinieri S.C.r.l.	61.40%
42	Quattro Venti S.c.r.l. in liquidation	60.00%
43	Consorcio Rio Pallca	60.00%
44	C.O.MES. in liquidation S.C.r.l.	55.00%
45	Italstrade Somet JV Rometro S.r.l.	51.00%
46	Infraflegrea Progetto S.p.A.	51.00%
47	Romstrade S.r.l.	51.00%
48	Italstrade CCCF JV Romis S.r.l.	51.00%
49	Astaldi Ozcar	51.00%

The following changes are reported compared to 31 December 2010: 1) Exits from consolidation due to definitive liquidation: I.F.C. Due S.c.r.l. , CO.NO.CO. S.c.r.l.; 2) Entry in the consolidation scope: nBI S.r.l.; Mondial Milas Bodrum; Astaldi Ozcar

Entities with proportionate consolidation:

1	M.O.MES S.c.r.l.	55.00%
2	CO.SAT Società Consortile a responsabilità limitata	50.00%
3	Metro Brescia S.r.l.	50.00%
4	Consorcio Rio Urubamba	50.00%
5	Ic Içtas - Astaldi Insaat A.S.	50.00%
6	Ica Astaldi -Ic Ictas WHSD Insaat AS	50.00%
7	Consorzio Cerro del Aguila	50.00%
8	Avrasya Metro Grubu Srl	42.00%
9	Veneta Sanitaria Finanza di Progetto S.p.A.	31.00%

Entries in the consolidation scope in 2011: Metro Brescia S.r.l., Consorcio Rio Urubamba, Ic Içtas - Astaldi Insaat A.S. , Ica Astaldi -Ic Ictas WHSD Insaat AS, Consorzio Cerro del Aguila

For the consolidation, the financial statements approved at the general shareholders' meetings or, failing this, the draft financial statements drawn up by the Boards of Directors. The reporting dates of the consolidated entities coincide with that of the Parent, except for the subsidiary Astaldi de Venezuela C.A.

which closes its financial year at 30 November 2011. In this regard, the consolidation of this company was applied taking into account of provisions of IAS 27 for these cases. The financial statements included in the consolidation have been drafted in accordance with the accounting standards adopted by the Parent, while making, when necessary, any suitable adjustments in order to adjust the measurement of specific items already determined accordance with to different principles. Specifically, the companies in which Astaldi has a controlling interest have been fully consolidated. Such controlling interest consists in the direct or indirect holding of shares with voting rights, or the powers to determine the Company's financial and management choices, obtaining the relevant benefits regardless of shareholder composition.

Investments in companies where control is exercised jointly with third parties are consolidated on a proportionate basis in accordance with the provisions of IAS 31. Subsidiaries are consolidated fully and jointly - contolled entities are consolidated on a proportionate basis starting from the date of acquisition of controlling interest, and cease to be consolidated as from the date on which the controlling interest is transferred outside the Group.

All inter-group balances and transactions, including possible unrealised profit and loss deriving from relations between Group Companies, are completely eliminated.

Shareholdings in companies where considerable influence is exercised, generally involving an investment percentage between 20% and 50%, are measured with the equity method. In the event of application of the equity method, the carrying amount of the investment is aligned with equity, adjusted where necessary to reflect the application of IFRSs, and includes goodwill (net of impairment) as identified at the moment of purchase, as well as the effects of adjustments required by standards regarding the drafting of consolidated financial statements. Specifically, any profit and loss deriving from transactions between the Group and the associate is eliminated in proportion to the investment in the associate.

With regard to investments in associate, any impairment losses exceeding the carrying amount are entered in to the provision for risks on investments solely to the extent to which the associate has undertaken legal or implicit obligations, or made payments on behalf of the Company.

It should be pointed out that in the consolidated financial statements at 31 December 2011, the equity attributable pertaining the subsidiary Inversiones Assimco Limitada, for the 40% quota pertaining to non-controlling interests (Euro 11 million net of provisions accrued up to 31 December 2011), has been entered under non-current liabilities in order to provide a better representation of the economic substance of the transaction made in 2009 by the non-controlling shareholder Simest S.p.A. in favour of the Astaldi Group. The valuation of these liabilities was made in accordance with the contract agreements and the business plan of the subsidiary. Considering that the amounts involved are not very significant in the context of the Astaldi Group consolidated financial statements, no adjustment was made for comparative purposes of the corresponding data at 31 December 2010.

Translation of items and financial statements into foreign currency

The consolidated financial statements of the Astaldi Group are drafted in Euro, which is the Parent's presentation and operating currency.

The balances included in each Group Company's financial statements have been recognised in the currency of the Company main economic environment (operating currency). The items expressed in a currency other than the operating currency, whether monetary (cash and cash equivalents, assets and liabilities payable or receivable with pre-set or determinable sums of money) or non-monetary (inventories, work in progress, advances to suppliers of goods and/or services, goodwill, intangible assets, etc.) are initially entered at the exchange rate in force on the transaction date. The items are subsequently translate into the operating currency on the basis of the exchange rate on

the reporting date and the resulting differences are recognised in the income statement. With regard to the latter it should be pointed out that the exchange rate differences are classified on the separate income statement, on the basis of the type of equity item that has generated them.
The non-monetary items are kept at the translation rate at the transaction date, except in the end of an ongoing unfavourable trend in the reference exchange rate. The exchange rate differences relating to non-monetary items are entered (income statement or equity) in the same way as changes in the amount of these items.
The rules for translating financial statements expressed in foreign currency into the presentation currency are as follows:

- The assets and liabilities entered in financial statements are translated at the exchange rate on the reporting date;
- Costs and revenuerevenue, income and charges entered in the financial statements are translated at the average exchange rate for the year, or at the exchange rate on the transaction date should this differ significantly from the average rate;
- Equity items, excluding profit for the year, are translated at historical exchange rates;
- The "translation reserve" includes both the translation rate differences generated by translation of income statement items at a different exchange rate from the year-end rate, and those generated by translation of opening equity balances at a different exchange rate from the year-end rate.

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

Property, plant and equipment

property, plant and equipment are measured at purchase or production cost, net of accrued depreciation and any impairment losses. The cost includes all expenses directly incurred in order to prepare the assets for use, as well as any charges for dismantling and removal needed to restore the site to its original conditions.
Charges incurred for routine and/or cyclical maintenance are charged directly to the income statement in the financial year when incurred. Costs related to extension, renovation or the improvement of facilities owned or used by third parties are capitalized exclusively within the limits in which they can meet the requirements for separate classification as an asset or part of an asset. Financial charges incurred are capitalised when the conditions set forth in IAS 23 are met.
The carrying amount of an asset is adjusted by systematic depreciation, calculated in relation to the residual possibility of based on its useful life. Depreciation is applied when the asset becomes available for use. The useful life estimated by the Group for the various categories of assets is as follows:

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

Land, including land pertaining to buildings, is not depreciated.
Should the asset subject to depreciation be composed of distinctly identifiable elements, whose useful life differs significantly from that of the other components forming the asset, depreciation is calculated separately for each of the components forming the asset, applying the component approach policy.
Profits and losses deriving from the sale of assets or groups of assets are calculated by comparing the fair value, net of sales costs, with the relevant carrying amount.

Leased property, plant and equipment

Property, plant and equipment owned through finance leases, which basically transfer all the risks and benefits of ownership to the Group, are recognised in the financial statements at the effective date of the lease as Group assets at their currentamount or, if lower, at the current amount of the minimum payments due for the lease, including the sum to be paid in the year for exercising the purchase option. The corresponding liabilities via-à-vis the lessor are included under financial payables.
If there is no reasonable certainty that ownership of the asset shall be acquired upon expiry of the lease , the finance leased assets are depreciated over a period equal to the duration of the lease or the useful life of such asset, whichever is shorter.
Leases in which the lessor largely maintains all the risks and benefits of ownership of the assets are classified as operating leases. The charges referring to operating leases are recognised in the income statement in the financial years of the duration of the lease.

Intangible assets

Intangible assets are non-monetary items having no physical consistency, and clearly identifiable and suited to generating future economic benefits for the company. These items are recorded in the financial statements at purchase and/or production cost, including expenses that may be directly attributed during the preparation phase to bring them into operation, net of accrued amortisation (with the exception of assets with an indefinitive useful life) and any impairment losses. Amortisation is calculated when the asset is available for use, and is divided systematically in relation to the residual possibility of its use, which is based on its useful life. A rate is applied which takes into account its actual use during the financial year the intangible asset is entered for the first time.
Industrial patent and intellectual property rights are entered at purchase cost, net of amortisation and impairment losses accrued over time.
Amortization is performed starting from the financial year in which the rights for which ownership have been acquired make the asset available for use, and takes into account the useful life.
Licenses and similar rights are entered at cost net of amortisation and impairment losses accrued over time. Amortisation is calculated starting from the year in which the purchased right is available for use and takes into account the useful life.
Goodwill, if related to business combination transactions, is allocated to each cash generating unit identified and entered under intangible assets. It represents the positive difference between the cost incurred for the acquisition of a business or a line of business and the acquired share in relation to the current amount of the assets and liabilities forming the capital of that business or line of business. Potential purchased assets and liabilities (including respective non-controlling interests) identified are entered at their current amount (fair value) at the purchase date. The negative difference, if any, is entered in the income statement at the time of purchase. After its initial identification, goodwill is not amortised but is tested for impairment. In accordance with the provisions of IAS 36 (impairment of assets), goodwill is subjected to impairment tests annually or more often if specific events or changes in circumstances occur.
Please note in this regard that no goodwill items were recognised at 31 December 2011.

Business combinations

At the time of initial application of the IFRS-EU standards, the Group decided not to apply IFRS 3 (business combinations) retroactively with respect to acquisitions dating to before 1 January 2004.
The business combinations previous to 1 January 2010 and completed within that financial year are recognized in accordance with the provisions of IFRS 3 (2004). In particular, these combinations are recognised using the purchase method, where the acquisition cost equals fair value on the transfer date of the assets, of the liabilities incurred or undertaken, plus

the costs directly attributable to the acquisition. This cost is allocated by entering the assets, liabilities and contingent liabilities identifiable for the acquisition relative to fair value. Any surplus of acquisition costs compared to fair value of the share in net assets attributable to owners of the parent is recorded as goodwill; if the difference is negative, it is taken to the profit or loss. When the fair value of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is entered by using these provisional amount. The amount of equity attributable to non-controlling interests is determined proportionally to the non-controlling share held in net assets. In business combinations undertaken in several phases, at the time of acquisition of the controlling share, the adjustments at fair value for the net assets previously owned by the purchaser are shown under equity. Any adjustments deriving of the completion of the valuation process are detected within twelve months from the acquisition date.
Business combinations after 1 January 2 in accordance with 010 are recognised to the provisions of IFRS 3 (2008). In particular, these combinations are recognised using the purchase method, where the acquisition cost equals fair value on the transfer date of the assets, of the liabilities incurred or undertaken, plus the costs directly attributable to the acquisition, plus any capital instruments issued by the purchaser. The costs directly attributable to the acquisition are recorded in the income statement. The acquisition cost is allocated by entering the assets, liabilities and contingent liabilities for the purchase at fair value on the acquisition date. Any surplus between the amount of the assets transferred, and the amount of any non-controlling interests, compared to the net amount of assets and liabilities identifiable in the acquisition, measured at fair value, is recognised as goodwill; or, if the balance is negative, in the income statement. The amount of equity attributable to non-controlling interests is determined proportionally to the non-controlling interests share held in net assets identifiable in the acquisition, or their fair value on the acquisition date. When the fair value of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognised by using these provisional amount. Any adjustments deriving from the completion of the valuation process are detected within twelve months of the acquisition date, with adjustment of corresponding figures. In business combination undertaken in several phases, at the time of acquisition of the controlling share, the net assets previously owned by the purchaser are adjusted at fair value, and any differences (positive of negative) are shown in the income statement.
With regard to the following business combination, there follows a description of the acquisition transaction of the Turkish company MONDIAL MILAS A.S., Concessionaire company of the Milas-Bodrum Airport in Turkey. In April 2011, the Astaldi Group, through the associate Astaldi Concessioni, acquired an investment totalling 92.85% of this Turkish company; in accordance with the provisions of IFRS 3, the acquisition date was identified as 1 April 2011. It should be pointed out that the amount of revenuerevenue of said company, regarding the phase for the construction of the concession, starting from the acquisition date and up to the end of the year totalled EUR 68,289 thousand, and profit amounted to EUR 2,019.
The operation is based on a specific strategic intention to guarantee an extension of the range of offers by the Group in the concessions sector; by the acquisition of a green-field concession means a boosting of leadership in the airport sector thanks the synergies produced with the construction core business. In brief, the initiative consisted for 72.85% of the interest purchased in the entry of Astaldi Concessioni in the capital paid in and subscribed by one of the Concessionaire shareholders; the remaining 20% involved the acquisition of beneficial rights of the shares. On the whole, the amount of the operation totalling EUR 16,037 thousand corresponds to the carrying amount of the equity acquired on the acquisition date; this, in turn, equals the fair value of the assets acquired and the liabilities undertaken, and therefore with no goodwill entry (positive or negative). With reference to the measurement of equity attributable to non controlling

interests, this was calculated with the same criteria used for calculating the fair value of the net assets attributable to owners of the parent .

Investment property

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

Impairment losses on intangible assets and property, plant and equipment

Assets with an indefinitive useful life are not subject to amortization or depreciation, but are subjected to an impairment test, at least once a year. Such test checks the recoverability of the amount recognised in the financial statements .
For assets subject to systematic amortisation and depreciation, the presence of any indicators leading to the possibility of impairment is assessed; consequently the realisable amount of the asset is estimated.
Such amount is defined as the greater between the fair value net of sale costs to sell and the asset's value in use, with any surplus recongised in the income statement.
Should the prerequisites for the previously performed impairment cease to exist, the carrying amount of the asset is restored within the limits of the carrying amount. Any reversal of impairment losses is recorded in the income statement. Conversely, the amount of previously amortised goodwill or an intangible asset with an indefinitiv useful life is never restored.
When the realisable amount of an individual asset cannot be estimated, the Group estimates the realisable amount of the cash generating unit to which it belongs.
It is pointed out that during 2011 there were no internal and external indicators of impairments, as defined in IAS 36. Furthermore, it is noted that, in the absence of goodwill and having ascertained that the realizable amount of individual assets may be easily calculated, the Group has not identified any impairment.

Agreements for concession activities

Agreements for concession activities, where the authority granting the concession is an entity of the public sector and the concessionaire is an entity of the private sector, falls under the application of IFRIC 12 if the following conditions occur:

- The authority granting the concession controls or regulates the services that the concessionaire must provide with the infrastructure, to whom it must supply them and at what price;
- The authority granting the concession controls any remaining interest in the infrastructure at the expiry date of the agreement through its ownership or in another way.

In accordance with to IFRIC 12, the right to use the infrastructure (asset under concession) to supply the service is recorded under property, plant and equipment but as:

- A financial asset, when there is an unconditioned right of the concessionaire to receive a payment regardless of the actual use of the infrastructure;
- An intangible asset, when there is a right to charge the users for the use of the public service;
- As both an intangible asset and a financial asset (so-called "mixed method") when the concessionaire is paid for the construction of the infrastructure with both of the above forms. In this case the intangible asset is calculated as the difference between the fair value of the investment made and the amount of the financial asset obtained by the discounting of

cash flows deriving from the minimum guaranteed amount.

For the measurement of the current amount of the minimum guaranteed amounts, it is pointed out that the discount rates applied by the Group for concession agreements incorporate both the time value component and the counterpart risk. The current amount measured in this way (fair value of minimum guaranteed amount) is then compared with the fair value of the construction service and, when higher, is entirely recorded at the current amount under financial assets and subsequently measured at amortised cost; when lower, the difference is recorded under intangible assets. The intangible asset is then amortised over the duration of the concession in accordance with the provisions of IAS 38. There follows a table summarising the concessions of the Astaldi Group in which IFRIC 12 is applied.

Concessions deriving from subsidiaries

Type of Concession: Car Parks

Group Company holding the concession	Authority granting the concession	Purpose of concession	Expiry of concession
Astaldi Concessioni S.r.L.	Municipality of Turin (Porta Palazzo Car Park)	Design, construction and management of a multi-storey car park	Year: 2076
	Municipality of Turin (Corso Stati Uniti Car Park)	Design, construction and management of a multi-storey car park	Year: 2079
	Municipality of Bologna (Piazza VIII Agosto Car Park)	Design, construction and management of a multi-storey car park.	Year: 2058
	Municipality of Bologna (ex – Manifattura Tabacchi Car Park)	Design, construction and management of a multi-storey car park.	Year: 2040
	Municipality of Verona (Cittadella Car Park)	Design, construction and management of a multi-storey car park.	Year: 2048

Type of Concession: Airports

Group Company holding the concession	Authority granting the concession	Purpose of concession	Expiry of concession
MONDIAL	DHMI	Design, construction and management of the new international terminal of Bodrum Airport (Turkey)	Year: 2016

Concessions deriving from joint controlled entities

Type of Concession: Hospitals

Associated company holding the concession	Authority granting the concession	Purpose of concession	Expiry of concession
VENETA FINANZIARIA FINANZA DI PROGETTO S.P.A.	ULSS 12 Veneziana	Design, construction and management of non-core services of the Nuovo Ospedale in Mestre	Year: 2032

Concessions deriving from associaties

Type of Concession: Hospitals

Group company holding the concession	Authority granting the concession	Purpose of concession	Expiry of concession
S.A.T. S.p.A.	ASL 1,2,3,4 Toscane	Design, construction and management of non-core services of 4 new Apuane, Lucca, Pistoia and Prato Hospitals (*)	Year: 2032

Type of Concession: Underground

Group company holding the concession	Authority granting the concession	Purpose of concession	Expiry of concession
M 5 S.P.A.	Municipality of Milan	Design, performance of civil and technological works and management of new Line 5 of the Milan Underground, in the stretch Bignami - Garibaldi. The new line will be 4.9 km long with 9 stations.	Year: 2038
M 5 LILLA S.P.A.	Municipality of Milan	Design, performance of civil and technological works and management of the Milan Underground line, in the stretch Garibaldi - San Siro with a route 7 km long with 10 stations.	Year: 2040

Type of Concession: Motorways

Group company holding the concession	Authority granting the concession	Purpose of concession	Expiry of concession
OTOYOL YATIRIM VE ISLETME ANONIM SIRKETI	KGM	Design, construction and management of the Motorway between Gebze and Izmir (Turkey). The work is the most important project in the Motorway sector ever conducted in the country, and involved the construction of 421 km of new Motorway and a suspension bridge about 3 km long over the Marmara Sea.	Year: 2034

Investments

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

Inventories

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

Construction contracts

Contract Work in progress is recognised in accordance with the percentage of completion method, calculated by applying the cost to cost criterion.
This measurement reflects the best estimate of works performed at the reporting date. Assumptions, underlying measurements, are periodically updated. Any income statement effects deriving therefrom are accounted for in the year in which such update is made

Contract revenue includes:

The contract amounts agreed, changes in works, price reviews and incentives, to the extent to which these are likely to be reliable, with application of the conditions set forth in IAS 11 "construction contracts". In this regard the mesurements are made with reference to:

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

Contract costs include:

All costs that refer directly to the contract, costs that may be attributed to contract activity in general and that may be allocated to such contract, as well as any other costs that may be specifically charged to the customer on the basis of contract clauses.
Such costs moreover include:

- Pre-operating costs, i.e. the costs incurred during the initial phase of the contract prior to the start of construction activity (tender preparation costs, design costs, organisation and production start-up costs, construction site installation costs), as well as
- post-operating costs incurred after completion of the contract (site removal, return of equipment/machin-

ery to base, insurance, etc.), and additionally
- Costs for services to be performed after the completion of works, remunerated in the contract referring to the contract activity (for example, periodic maintenance, assistance and supervision during the first phase of operation of individual works).

Finally, it is noted that contract costs include financial charges, as allowed by the amendment to IAS 11 in connection with the new IAS 23, resulting from financing specifically referred to works carried out. Indeed, during the call for tenders, specific terms of payment are defined on the basis of legal conditions that require the Group to perform structured financing transactions on the contract's invested capital with the the relative charges affecting the contract fee calculation.
Should it be forecasted that completion of a contract may generate a loss, this shall be entirely recorded in the financial year when reasonably expected.
When the outcome of a long-term contract cannot be reasonably estimated, the amount of work in progress is calculated on the basis of costs incurred, assuming it is reasonably expected that such will be recovered without recognition of the margin.
When favourable or unfavourable events attributable to present situations at the reporting date occur after such date, the amounts recognised in the financial statements are adjusted to reflect the consequent income statement and finacial statement of financial position.
Contract work in progress is presented net of any allowance for impairment and/or losses on contracts, as well as of any advances for the contract in progress.
In this regard, it is noted that invoiced amounts related to individual progress reports (Advances) reduce the gross contract amount, if the latter is higher, and any surplus is recognised under liabilities. On the other hand, invoiced advances are considered as financial transactions and are not relevant for the purpose of revenue recognition. Therefore, since advances represent simple financial events, these transactions are always recognised among liabilities insofar as received not as consideration for works carried out. However, such advances are progressively decreased, usually by virtue of contract agreements, to offset invoicing of the contract.
With reference to the allowance for losses on contracts, it is noted that if such allowance excees the contract amount recognised among assets, such excess is recorded under "Payables to customers".
Such analyses are carried out on a contract-by-contract basis: if the differential is positive (due to work in progress being greater than the amount of advances), such amount is classified among assets under "Receivables from customers"; on the other hand, in case this differential is negative, the amount is classified among liabilities, under "Payables to customers".

Receivables and financial assets

The Group classifies financial assets in the following categories:
- Assets at fair value through profit or loss;
- Receivables and loans;
- Financial assets held to maturity;
- Financial assets available for sale.

Classification depends on the reasons why the asset was acquired, the nature thereof and the valuation made by management at the purchase date.
All financial assets are initially measurement at fair value, increased by additional charges in the case of assets other than those classified at fair value through profit or loss.
The Group determines the classification of its own financial assets after initial recognition and, if appropriate and allowed, reviews such classification at the end of each financial year. In this regard, it is noted that during 2011, as in the previous year, the categories adopted were receivables and loans and assets at fair value through profit or loss; the latter includes derivatives and some securities of a minor amount.

Financial assets at fair value through profit or loss.

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

Receivables and loans.

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

Financial assets held to maturity

This category includes assets which are not derivatives, with a pre-set maturity and for which the Group has the intention and capacity to hold to maturity. Such assets are measured at the amortised cost based on the effective interest rate method. Assets with a contract maturity within the subsequent 12 months are included within under current assets. Any impairment calculated through the impairment test are recognised in the income statement.

Financial assets available for sale

This category includes financial assets which are not derivatives, have been designated as such or are not classified in any of the three previous categories. They are measured at fair value, with impairmet losses shown against a specific equity reserve ("reserve for assets available for sale"). This reserve is recognised in the income statement only when the financial asset is effectively transferred, or if there is real evidence that it has undergone a significant impairmet losses. Its classification as a current or non-current asset depends on the intentions of management and the real negotiability of the asset; items expected to be realised in the subsequent 12 months are recorded under current assets.

Impairment losses on financial assets

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

Assets measured at amortised cost

If there is actual evidence that financing or a receivable entered at amortised cost might be impaired, an impairment test is performed in order to determine the difference between the carrying amount of the asset and the current amount of estimated future cash flows (excluding losses on future bad debts not yet incurred) discounted by the initial actual rate of interest of the financial assets (i.e. the actual interest rate calculated at the date of initial recognition). The carrying amount of the asset will be reduced by application of on allowance. The amount of the loss will be recognised in the income statement.
In particular, with reference to trade receivables, amortisation for impairment loss are recorded when there is evidence, largely based on the nature of the counterpart, that there is no possibility of collecting such receivables according to the original conditions. If, subsequently, the amount of impairment losses decreases, the decreased amount may be reversed. Any subsequent reversals of impariment losses are recognised in the income statement, to the extent in which the asset's carrying amount does not exceed the amortised cost at the date of reversal.

Financial assets available for sale

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

Derivatives

Derivatives are usually considered as instruments suitable for hedging and effective in neutralising the risk of underlying assets or liabilities or Astaldi Group undertakings, except when they are classed as assets held for trading and measured at fair value through the profit or loss.
The Group uses derivatives within the context of hedging strategies aimed at neutralising the risk of fluctuations of cash flows expected with regard to contractually defined or highly probable transactions (cash flow hedge). In particular, fair value fluctuations of derivatives designated as cash flow hedges and qualified as such are recognised in a specific reserve charged to the statement of comprehensive income ("hedging reserve"), which is then recognised in the income statement when the economic effects of the hedged item arise. The difference in fair value referable to the ineffective share is immediately recognised in the income statement for the year. If the derivative instrument is transferred or no longer qualifies as an effective hedge against the risk for which the operation had been made, or the occurrence of the underlying operation is no longer considered highly probable, the relative share of the "hedging reserve" is immediately reversed to the income statement.
These derivatives are initially recognised at fair value at the stipulation date; subsequently, such amount is periodically adjusted. Derivative instruments are recognised as assets when the fair value is positive, and as liabilities when the fair value is negative. Possible gains or losses deriving from changes in the fair value of derivatives not suitable for hedge accounting are recognised directly in the income statement during the year. The effectiveness of hedging transaction is documented both at the start of the transaction and periodically (at least at every date of publication of financial statements or interim reports), and is measured by comparing the changes in the fair value of the hedging instrument with those of the hedged item, or, in the case of more complex instruments, through statistical analyses based on risk fluctuation.

It is pointed out that the Group does not stipulate derivative contracts for speculative purposes. However, not all derivative transactions carried out for risk hedging purposes are entered according to the rules of hedge accounting.

Calculation of fair value

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

Derecognition

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

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

When the Group has transferred the rights to receive cash flows from an asset and has neither transferred nor kept all the risks and benefits or has not lost the control of the asset, the asset is recognised in the Group's financial statements to the extent of the Group's residual involvement in the asset itself. The residual involvement which, by way of example, is represented by a guarantee on the transferred asset, is measured at the initial carrying amount of the asset or the maximum value of the consideration the Group may be required to pay, whichever is lower.
Financial liabilities are derecognised from the financial statements when the obligation underlying the liability expires, is cancelled, or discharged. In the cases where an existing financial liability is replaced by another liability from the same lender, under substantially different conditions, or the conditions of an existing liability are substantially changed, such replacement or change is considered as derecognition of the original liability and recognition of a new liability. Any differences between the carrying amount are consequently recognised in the income statement.

Hierarchical levels for fair value measurement of financial instruments

With regard to the instruments measured at fair value recognised in equity, under IFRS 7 "Financial instruments: disclosures" such instruments must be classified on a hierarchy of levels reflecting the significance of the inputs used in calculating fair value.
The standard distinguishes the following levels for financial instruments valued at fair value:

a) Level 1 – when the prices are recorded on an active market;
b) Level 2 – when the amounts, different from the quoted prices in the previous point, can be observed directly (prices) or indirectly (derived from prices) on the market;
c) Level 3 – when the amount are not based on observable market data.

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

Cash and cash equivalents

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

Equity

Share capital

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

Treasury shares

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

Retained earnings

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

Other reserves

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

Other comprehensive income

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

Financial liabilities

Financial liabilities are initially recognised in the financial statements at fair value net of transaction costs, and are subsequently measured at their amortised cost.
Any difference between the sum received (net of transaction costs) and the nominal value of the payable is recognised in the income statement by applying the actual interest rate method.
Financial liabilities are classified as current liabilities unless the Group has the contractual right to fulfil its obligations at least more than 12 months after the reporting date.
It is noted that the Group has not designated any financial liability at fair value through profit or loss.

Trade payables and other payables

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

Tax expense

Current taxes

Current taxes for the year and those of previous years are recognised at the amount expected to be paid to the tax authorities. Tax rates and tax laws used to calculate the amount are those substantially issued at the reporting date in the individual countries where 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 amount of assets and liabilities recognised in the financial statements and the taxable amount.
Deferred tax liabilities are recognised against all temporary taxable differences, except when:

- Deferred tax liabilities derive from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and which at the moment of the transaction does not affect the profit for the year, calculated for the purpose of the financial statements, or the profit or loss calculated for tax purposes;
- Temporary taxable differences related to interests in subsidiaries, associates and joint ventures, the reversal of the temporary differences may be checked and it is likely that it will not occur in the future.

Deferred tax assets are entered against all deductible temporary differences and for tax losses carried forward, to the extent to which sufficient future tax profits that can make its use applicable are likely, except when the deferred tax asset results from initial recognition of an asset or liability in a transaction that is not a business combination and that, at the moment of the transaction, does not affect the profit for the year, calculated for the purpose of financial statements, or the profit or loss calculated for tax purposes.
The amount of deferred tax assets to be recognised in the financial statements is reassessed at each reporting date and reduced to the extent in which sufficient future tax profits are no longer likely, in order to allow all or part of the credit to be used. Deferred tax assets that are not recognised are reassessed on an annual basis at the reporting date, and are recognised in the extent in which it is likely that the tax profit is sufficient to allow the deferred tax assets to be recovered.
Deferred tax assets and liabilities are measured on the basis of tax rates expected to be applied for the period in which such assets will be realised or such liabilities will be discharged, considering the rates in force and those already substantially issued at the closing date of the financial statements.
Deferred tax assets and liabilities are offset in the event of a legal right to offset current tax assets with current tax liabilities and when the deferred taxes refer to the same tax and the same tax authority.
Tax expense (deferred and current) directly related to equity items are recognised under equity and not in the income statement.

Employee benefits

Post-employment benefits

Post-employment benefits as per IAS 19, represent a "defined contribution plan", except for entities with less than 50 employees, for which the previous regulation for post-employment benefits still applies. In this case, a "defined benefit plan" is therefore implemented, accordance with IAS 19, and the corridor method is applied.

Cash-settled, share-based payments

The Parent has set up an incentives scheme for top management (CEO and general managers), linked to their achievement of specific financial targets and falling within the scope of IFRS 2.
Specifically, the scheme offers the CEO the free disbursement of Astaldi shares marked by a lock up period lasting three years, while the others are assigned, free of charge, Astaldi shares, meaning the disburse-

ment - again free of charge- of a package consisting of shares and cash. The scheme assignment cycle for all beneficiaries refers to the 2010-2012 three-year period. The beneficiaries will be entitled to what is specified above on every date of approval of the financial statements of the years indicated, and they must reach targets.

Provisions for risks and charges

The provisions for risks and charges are recognised when at the reporting date there is a current obligation (legal or implicit) resulting from a past event, the out flow of resources to settle the obligation are likely and a reliable estimate of the obligation can be made. The provisions are recognised at the amount representing the best estimate to settle the obligation or to transfer it to third parties at the reporting date. If the effect of discounting the cash outflow is significant, the amounts allocated are calculated by discounting the future expected financial flows at a pre-tax discount rate that reflects the current market valuation. When discounting is performed, the increase in the provision is recognised as a financial charge in the income statement.

Revenue other than contract work in progress

Revenue is measured at the fair value of the payment received, taking into account any discounts and reductions linked to quantities.
Revenue related to the sale of goods is recognised when the company has transferred the significant risks and benefits connected with ownership of the assets to the buyer, which in many cases coincides with transfering ownership or possession to the buyer, and the value of the revenue may be reliably calculated.
Revenue from the supply of services is recognised, when it can be reliably estimated, on the basis of the percentage-of-completion method.

Government grants

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

Financial charges

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

Dividends

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

Costs

Costs are recognised on an accruals basis and on the Group companies ability to continue as a basis of going concern of the activity of the Group companies.

Earnings per share

Basic profits per share are calculated by dividing the share of the Group's profit attributable to ordinary shares by the weighted average of outstanding ordinary shares, excluding treasury shares.
Diluted earnings are calculated by adjusting the denominator of the ratio with the effect of the potential ordinary shares coming from the Stock Grant schemes.

Use of estimates

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

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

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

The standards and interpretations approved with the regulations indicated have not had any special impact on the measurement and recognition of income statement and statement of financial position or on the financial statement discolures.
It is also pointed out that EU REGULATION No. 1205/2011 OF THE COMMISSION was issued on 22 November 2011, and concerns amendments to IFRS 7 "Financial instruments: disclosures — Transfers of financial assets." In this regard the Group is analysing the effects deriving from the amendments to IFRS 7 but an initial analysis shows that the impact will regard disclosure only.

Notes to the consolidated financial statements

1. Revenue: EUR 2,265,284 Thousand (EUR 1,931,588 Thousand)

Revenue from works amounted to EUR 2,265,284 thousand with an increase of approximately 17% compared to 2010. This increase, in line with the plan objectives, is due to a general increase of the strategic areas where the Group operates, including the domestic area. Details are provided in the following table:

(thousands of euros)	2011	2010	Change
Revenue from sales and services	384,061	375,216	8,845
Changes in contract work in progress	1,881,223	1,556,373	324,850
Total	2,265,284	1,931,588	333,696

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

(thousands of euros)	2011	%	2010	%	Change
Italy	1,049,791	46.3%	875,343	45.3%	174,448
Europe	696,933	30.8%	471,891	24.4%	225,042
America	318,435	14.1%	421,055	21.8%	(102,620)
Africa	163,181	7.2%	140,498	7.3%	22,682
Asia	36,944	1.6%	22,800	1.2%	14,144
Total	2,265,284	100.0%	1,931,588	100.0%	333,696

In connection with the geographical breakdown of revenue, there was a significant increase in the Central and Eastern European area due in particular to the Romanian (Arad-Orodea National Road, Medgida-Costanza Motorway, Arad – Timisoara Motorway) and the Polish area (National Road NR-8, Line 2 of the Warsaw Underground), as well as the Russian area (Pulkovo Airport in St. Petersburg); the African and Asian areas provided their respective contribution, with the SMS Railway in Algeria and the construction of a Motorway stretch in Oman. In this regard, we can also recall the domestic area, where the increase was mainly due to the Jonica state highway, Line 5 of the Milan Underground, and the hospitals in Tuscany (Lucca, Massa, Pistoia, and Prato).
Finally, but equally important, we can cite the revenue from the concessions business (construction phase and management phase), worth EUR 91,186 thousand, with particular reference to the construction of the Milas-Bodrum Airport and the management of Mestre Hospital.
For further information on this item please refer to note 34 of segment reporting pursuant to IFRS 8.

2. Other Revenue: EUR 94,975 thousand (EUR 124,220 thousand)

Other revenue, totalling EUR 94,975 thousand, comprise items not directly related to the Group's main production activity, but rather accessory to the core business and of a lasting nature. Details are provided in the following table:

(thousands of euros)	2011	2010	Change
Revenue from the sale of goods	37,984	41,261	(3,277)
Services to third parties	25,633	33,922	(8,289)
Services and activities to manage joint projects	6,933	2,618	4,314
Rent and lease receivable	4,507	2,751	1,756
Grants related to income	-	74	(74)
Net gains from disposal of property, plant ad equipment	3,183	2,217	966
Other	16,735	41,377	(24,642)
Total	94,975	124,220	(29,245)

In this regard we can observe a general decrease the significant components of this item, and in particular:

- EUR 3,277 thousand and EUR 8,289 thousand related above all to the Turkish market where in 2010 operations were undertaken with reference to agreements with subcontractors for individual contracts;
- EUR 24,642 thousand related to revenue from residual and marginal assets where the decrease, compared to the previous financial year, is mainly due to the amounts received following payment of insurance repayments and the use of surplus provisions. In particular, in relation 2011 the amount totalling EUR 16,735 thousand is mainly composed of: EUR 2,844 thousand from insurance repayments; EUR 3,222 thousand for the use of surplus provisions compared to the requirement of future resources to cover any obligations deriving from past events; EUR 5,483 thousand for prior year income and inexistant liabilitie; EUR 3,771 thousand for other revenue related to ordinary services.

3. Purchase costs: EUR 458,640 thousand (EUR 366,906 thousand)

The costs for the purchase of raw materials, supplies and consumables, together with the change in inventories, totalled EUR 458,640 thousand with a net increase of approximately 25% compared to previous year.
Details are provided in the following table:

(thousands of euros)	2011	2010	Change
Purchase costs	479,538	362,870	116,668
Change in inventories of raw materials, supplies, consumables and goods	(20,898)	4,036	(24,934)
Total	458,640	366,906	91,734

With regard to the geographical composition of this item, we can observe a significant increase, mainly due to the rise in production in the year, in the Central-Eastern Europe area, especially Romania (Arad-Orodea National Road, Medgida-Costanza Motorway, Arad – Timisoara Motorway) and the Polish area (National Road NR-8, Line 2

of the Warsaw Underground), as well as the African area (Algeria - SMS Railway); in this regard, there is also the domestic area, mainly from the increase in works on the Jonica State Highway, Line 5 of the Milan Underground, and the hospitals in Tuscany (Lucca, Massa, Pistoia, Prato).
The geographical breakdown of purchase costs is the following:

(thousands of euros)	2011	%	2010	%	Change
Italy	131,016	27.30%	112.455	31.00%	18,561
Europe	248,742	51.90%	145,380	40.00%	103,362
America	44,536	9.30%	62,761	17.30%	(18,225)
Africa	40,153	8.40%	28,931	8.00%	11,222
Asia	15,091	3.10%	13,343	3.70%	1,748
Total	479,538	100.00%	362,870	100.00%	116,668

4. Service costs: EUR 1,349,308 thousand (EUR 1,180,715 thousand)

Service costs amounted to EUR 1,349,308 thousand and recorded a general increase of EUR 168,593 thousand compared to previous year. Details are provided in the following table:

(thousands of euros)	2011	2010	Change
Consortium costs	147,451	201,676	(54,225)
Subcontracts and other services	956,498	777,153	179,345
Technical, administrative and legal consulting	89,275	74,536	14,739
Remuneration of directors and statutory auditors	3,001	4,234	(1,234)
Utilities	12,679	12,013	665
Travel and transfers	4,338	4,700	(362)
Insurance	23,955	17,328	6,628
Rentals and other costs	86,150	56,970	29,180
Rent and condominium expenses	6,657	7,806	(1,149)
Maintenance costs for leased assets	835	767	68
Other	18,469	23,531	(5,062)
Total	1,349,308	1,180,715	168,593

Increases in service costs are basically due to costs for subcontracts and especially in the two main operational areas, where there was also a greater increase in production in the financial year and especially in Romania (Arad-Orodea National Road, Medgida-Costanza Motorway, Arad – Timisoara Motorway) and in Poland (NR-8 National Road, Line 2 of the Warsaw Underground). The increase is due to the construction of the Milas-Bodrum Airport in Turkey and domestic orders, in particular the Extension of Line 5 in Milan and the Jonica State Highway.

The geographical breakdown of subcontracting costs is shown in the following table:

(thousands of euros)	2011	%	2010	%	Change
Italy	491,350	51.4%	369,756	47.6%	121,594
Europe	318,257	33.2%	218,485	28.1%	99,772
America	108,877	11.4%	149,032	19.2%	(40,155)
Africa	18,157	1.9%	29,555	3.8%	(11,398)
Asia	19,857	2.1%	10,325	1.3%	9,532
Total	956,498	100.0%	777,153	100.0%	179,345

We can also point out the increase in rental costs for the Romania, Poland and Algeria.
On the other hand, there was a decrease in consortium costs, related to the execution of works in association with other entities in the construction sector, above all due to lower revenue, compared to 2010, from some orders executed in Italy, and especially in the Rome Underground Line C.
With regard to "Other" costs, down compared to the previous year, it is pointed out that this is mainly due to custodian expenses.

5. Personnel expenses : EUR 262,492 thousand (EUR 244,102 thousand)

Personnel expenses costs totalling EUR 262,492 thousand increased compared to previous year by approximately 7.5% with a less than proportional growth compared to the change in revenue, due to the impact of this item on total revenue, showing a decline compared 2010 (2011: 11.1%, 2010:11.9%). Details are provided in the following table:

(thousands of euros)	2011	2010	Change
Wages and salaries	177,266	161,639	15,627
Social security charges	41,737	37,677	4,060
Other costs	41,697	42,084	(387)
Other post-employment benefits	759	1,158	(399)
Cost of share-based payments	1,034	1,544	(510)
Total	262,492	244,102	18,390

With regard to this an increase was recorded due to the higher levels of production achieved in the financial year in Europe, Romania, Poland and Russia (Pulkovo Airport contract) and in Italy. The "Other costs" item, down slightly compared to the previous year, includes both the cost components related to personnel management (training, canteen, meals etc.) and the cost allocation of the post-employment benefits as a defined contribution plan as per in IAS 19. The component "Other post-employment benefits" represents the revaluation of post-employment benefits allocated up to the time when the new rules came into force. Refer to note 26 for details on changes in post-employment benefits.
The item "Cost of share-based payments" includes the valuation of an incentive scheme for top management linked to their achievement of specific financial targets. The main features of the scheme are defined hereunder.

The scheme consists of assigning the Beneficiaries (CEO or General Manager) Astaldi shares free of charge, meaning disbursing – again free of charge – the corresponding value of the shares to the Beneficiaries in the manner and under the conditions specified in the regulations.
The share assignment cycle refers to the 2010-2012 three-year period. The CEO can be assigned a maximum number of 100,000 shares for each year of validity of the plan, and each General Manager can be assigned, free of charge, a maximum number of 34,000 or 38,000 shares, depending on the Beneficiary's choice with regard to the methods of delivery of the right to receive the benefit, for each year of validity of the plan.
The maximum number of shares that can be assigned as a whole to the Beneficiaries during each year will equal 252,000, and they cannot exceed the number of 756,000 during the three-year period of validity of the scheme.
As an alternative, each General Manager will be entitled to receive, at his discretion, the following for each year of validity of the scheme when the conditions set out in the regulations take place:

a. a gross amount equal to the counter-value of 17,000 shares, measured at average closing price of Astaldi's ordinary shares traded on the market during the last quarterly period prior to the date of assignment, and the physical delivery of a number of shares totalling 17,000; in any case, assignment of the "liquidity" cannot exceed 50% of the fixed and ordinary remuneration annually paid to the General Manager;
b. the physical delivery of shares equal to 34,000 multiplied by an inducement factor equal to 1.12 and therefore for a total amount of 38,000 shares.

Assignment of the shares or delivery of their counter-value every year is subordinate to the Company's achievement of the economic-financial performance targets defined each year by the Board of Directors; in accordance with the regulations, the assignment date of the shares is the date of resolution with which the Board of Directors ascertains achievement of said targets and the occurrence of the required conditions consequently provides for assigning the shares to the Beneficiaries.
The achievement of the aforesaid targets is ascertained by the Board of Directors upon approval of the draft financial statements.
In connection with what has been described up to this point, the plan has taken into account the hypothesis of the physical delivery of shares resulting in a cost of EUR 1,034 thousand with an equity reserve.
For further information in this regard please refer to the Corporate Governance and share holding structure report; actuarial assumptions with regard to the calculation for 2011 are, however, as follows:

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

The following tables show personnel expenses osts by geographical area:

(thousands of euros)	2011	%	2010	%	Change
Italy	109,408	41.7%	100,179	41.0%	9,229
Europe	58,305	22.2%	43,625	17.9%	14,680
America	59,771	22.8%	64,839	26.6%	(5,068)
Africa	22,102	8.4%	22,851	9.3%	(750)
Asia	12,906	4.9%	12,608	5.2%	298
Total	262,492	100.0%	244,102	100.0%	18,390

Composition of personnel	31/12/2011	31/12/2010	Change
Top management	173	144	29
Middle management	150	141	9
White collars	2,640	2,503	137
Workers	6,229	6,306	(78)
Total	9,192	9,094	98

6. Amortisation, depreciation and impairment losses: EUR 51,568 thousand (EUR 56,807 thousand)

Amortization, depreciation and impairment losses totalling EUR 51,568 thousand show a fall in absolute terms, compared to the previous year, of EUR 5,239 thousand. Details are provided in the following table:

(thousands of euros)	2011	2010	Change
Amortisation of intangible assets	7,259	1,147	6,112
Depreciation of property, plant and equipment and investment property	44,309	51,744	(7,435)
Impairment losses	-	3,916	(3,916)
Total	51,568	56,807	(5,239)

The item includes depreciation of investment property for a residual value; refer to note 15 for more details.
With regard to impairment losses of receivables, the amount calculated during the year takes into account their realizable value considering the nature of the counterpart.

7. Other operating costs: EUR 38,409 thousand (EUR 28,227 thousand)

Other operating costs totalling EUR 38,409 thousand show an increase attributable to all components of this item and in particular:

(thousands of euros)	2011	2010	Change
Provisions for risks and charges	7,962	791	7,171
Other operating costs	30,447	27,436	3,011
Total	38,409	28,227	10,182

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

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

(thousands of euros)	2011	2010	Change
Prior year expense and inexistant assets	1,351	2,795	(1,444)
Tax charges	10,405	7,648	2,757
Other administrative and sundry costs	18,691	16,993	1,698
Total	30,447	27,436	3,011

More specifically, the increase is mainly due to tax charges (customs duties, concession tax, etc.) above all in Venezuela and Turkey. The component "Other administrative and sundry costs" in particular regards cost for transactions with third parties and administrative expenses.

8. Capitalisation of internal construction costs: EUR 850 thousand (EUR 1,241 thousand)

Capitalisation of internal construction costs refers to activity carried out during 2011 under contracts not falling under the application of IFRIC 12.

9. Financial income: EUR 44,772 thousand (EUR 33,645 thousand)

Financial income increased compared to the previous year by EUR 11,127 thousand and consists of the following:

(thousands of euros)	2011	2010	Change
Income from associates	966	874	92
Income from other investees	-	115	(115)
Bank interest income and fee	4,370	2,201	2,169
sureties fees	2,150	558	1,592
Exchange rate gains	9,589	19,600	(10,011)
Income on derivatives	1,689	2,245	(556)
Other financial income	19,478	2,114	17,364
Interest income on financial accounts receivables from concessions	6,530	5,938	592
Total	44,772	33,645	11,127

In the analysis of the components of this item, the increase is basically due to interest on current accounts, sureties fees and to the component "Other financial income" showing an increase from interest agreed with customers and from liquidity management operations.
There was a decrease in some components, due to foreign exchange management which, despite the fall in the gains generated, recorded a significant decrease in exchange rate losses as shown below in the composition of financial charges.

10. Financial charges: EUR 120,444 thousand (EUR 111,717 thousand)

This item recorded an increase compared to 2010, especially in relation to higher interest on borrowing mainly associated with investments in concessions. Nevertheless, it should be stressed that this item rose less than proportionally with respect to the change in revenue (2011: 5.10%; 2010: 5.43%).
The financial components of this item are shown below:

(thousands of euros)	2011	2010	Change
Sureties fees	22,849	18,775	4,074
Bank interest expense and fees	39,675	30,744	8,931
Exchange rate losses	17,746	29,117	(11,371)
Losses on derivatives	16,169	15,694	475
Financial charges on lease	322	678	(356)
Other financial charges	23,101	16,272	6,829
Total	119,862	111,280	8,582
Impairment losses of investments	8	12	(4)
Impairment losses of securities and receivables	574	425	149
Total	582	437	145
Total financial charges	120,444	111,717	8,727

The change in financial charges is mainly due to:

- Increases of EUR 4,074 thousand for sureties fees deriving from the higher average amount of projects of interest to the Group, in Italy and abroad, thus increasing the commitments for operating securities;
- Increases of EUR 8,931 thousand for higher interest payable related to the domestic area in particular;
- Increases of EUR 6,829 thousand mainly regarding the forecast charges deriving from the conclusion of financial transactions on specific borrowing positions in relation to the definitive transfer, pursuant to the law and the contract, of the related risks and benefits to the respective counterparts;
- Decreases of EUR 11,371 thousand due to lower exchange rate losses, also deriving from careful currency management.

With regard to the impairment losses on financial assets, calculated under the impairment test, trends were basically similar to the previous period.

11. Effects of accounting: EUR 401 thousand (EUR 262 thousand)

The effects of the equity accounting are not very significant for the income statement because: i) most of the Group entities are consortiums; ii) the change in the accounting standards for jointly controlled entities. Refer to Annex 2 for information on entities valued with the equity method.

12. Tax expense: EUR 53,496 thousand (EUR 38,960 thousand)

The total amount of taxes for the year is EUR 53,496 thousand. The tax rate of the financial year, including IRAP, is 43% (2010: 38%). This increase, compared to the previous year, reflects the different geographical breakdown of the business and includes the taxation effect related to some countries where the Group operates. Details are provided in the following table:

Income statement (thousands of euros)	2011	2010	Change
Current income tax (*)	39,094	29,611	9,483
Deferred income tax (*)	4,362	3.636	726
Current taxes I.R.A.P.	7,976	6,949	1,027
Deferred tax I.R.A.P.	504	509	(5)
Substitute and other tax	1,560	(1,744)	3,304
Total	53,496	38,960	14,536

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

There follows a breakdown for deferred tax assets totalling EUR 3,361 thousand and for deferred tax liabilities totalling EUR 1,273 thousand.

(thousands of euros) Statement of financial position	31/12/2011 Income Tax	31/12/2011 IRAP	31/12/2010 Income Tax	31/12/2010 IRAP
a) Deferred tax assets deriving from:	26,543	2,024	26,380	2,098
- Taxed provisions for risks	10,819	562	11,307	684
- Taxed allowance for impairment – default interest	197		428	
- Exchange rate differences	5,169		5,525	
- IFRIC 12	8,359	1,462	8,618	1,413
- Other minor	1,999		502	1
b) Deferred tax liabilities deriving from:	(21,494)	(3,712)	(16,637)	(3,231)
- Buildings recognised at fair value in substitution of cost	(3,752)	(532)	(3,752)	(532)
- Default for deducted contract risks	(32)		(47)	
- Arrears interest to be collected	(2,371)		(1,330)	
- IFRIC 12	(18,180)	(3,180)	(16,456)	(2,699)
- Other + hedging reserve	2,841		4,948	
c) Net deferred tax assets a) - b)	5,049	(1,688)	9,743	(1,133)
d) Deferred tax for year recognised in profit or loss	4,362	504	3,636	509

Deferred tax liabilities (thousands of euros)	31/12/2011 Income Tax	31/12/2011 IRAP	31/12/2010 Income Tax	31/12/2010 IRAP
Statement of financial position				
a) Deferred tax assets deriving from:	1,190		581	
- cash flow hedge	1,190		581	
b) Deferred tax liabilities deriving from:	(2,463)		(2,168)	
- IFRIC 12	(1,984)		(1,425)	
- other	(479)		(743)	
c) Net deferred tax liabilities a) - b)	(1,273)		(1,587)	

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

(thousands of euros)	2011	%	2010	%
Pre-tax profit	125,420		102,483	
Theoretical income tax	34,491	27.5%	28,183	27.5%
Net effect of permanent increases (decreases)	5,850	4.7%	3,278	3.2%
Net effect of deferred and current taxation of foreign entities and other adjustments	3,115	2.5%	41	0.0%
Substitute and other tax	1,560	1.2%	0	0.0%
IRAP (current and deferred)	8,480	6.8%	7,458	7.3%
Income tax recorded in the financial statements (current and deferred)	53,496	42.7%	38,960	38.0%

13. Earnings per share: Euro 0.73 (Euro 0.64)

Earnings per share are calculated as follows:

(thousands of euros)	31/12/2011	31/12/2010
Numerator		
Earnings attributable to owners of the parent	71,195	63,056
Denominator (in units)		
Weighted average number of shares (all ordinary)	98,424,900	98,424,900
Weighted average number of treasury shares	(668,467)	(765,884)
Weighted average number of shares to be used to calculate basic earnings per share	97,756,433	97,659,016
Basic earnings per share	0.728	0.645

In this respect, it can be pointed out that the stock grant scheme for key management personnel does not produce a significant dilution effect. Considering the effect of potential shares that could be assigned to beneficiaries, the earnings obtained are Euro 0.727.

14. Property, plant and equipment: EUR 192,278 thousand (EUR 301,429 thousand)

Property, plant and equipment decreased in terms of absolute value compared to the previous financial year. This is largely explained by the decrease in the domestic area, due to the effects of new contract scenarios in the concessions business, with the entering of the net investment value resulting from the difference between the assets produced and the contribution received in previous years. The following table shows changes in property, plant and equipment in 2011.

(thousands of euros)	Land and Buildings	General and specific plant	Excavators, loaders and vehicles	Sundry equipment and machines	Assets under construction and payment on account	Total
Amount at 31/12/2010, net of depreciation(1)	44,841	81,091	36,821	31,305	107,371	301,429
Increases resulting from acquisitions	143	19,439	13,158	11,369	10,006	54,116
	44,985	100,530	49,980	42,674	117,377	355,545
Depreciation	(1,147)	(16,358)	(15,196)	(11,572)	0	(44,273)
Other disposals	(89)	(8,572)	(2,689)	(2,300)	(105,164)	(118,813)
Reclassification and transfers	(380)	359	293	462	(735)	0
Exchange rate differences	49	(160)	(10)	(28)	23	(126)
Other changes	0	(5,284)	637	(34)	4,625	(56)
Amount at 31.12.2011, net of depreciation (2)	43,418	70,516	33,016	29,203	16,126	192,278
(1) of which						
- Cost	52,072	148,995	116,658	84,077	107,371	509,172
- Accumulated depreciation	(7,231)	(67,904)	(79,837)	(52,771)	0	(207,743)
Net depreciation	44,841	81,091	36,821	31,305	107,371	301,429
(2) of which						
- Cost	51,649	139,942	119,801	86,880	16,126	414,398
- Accumulated depreciation	(8,231)	(69,426)	(86,785)	(57,677)	0	(222,120)
Net amount	43,418	70,516	33,016	29,203	16,126	192,278

The amount of property, plant and equipment included leased assets for an amount of EUR 12,682 thousand as shown below:

(thousands of euros)	General and specific plant	Excavators, loaders and vehicles	Sundry equipment and machines	Total
Amount at 31.12.2011, net of depreciation				
of which				
- Cost	7,789	6,010	4,247	18,047
- Accumulated depreciation	(2,230)	(2,281)	(854)	(5,365)
Net amount	5,559	3,730	3,393	12,682

15. Investment property: EUR 1,141 thousand (EUR 1,178 thousand)

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

Amount at 31/12/2010, net of depreciation (1)	1,178
Amortisation	(37)
Amount at 31/12/2011, net of depreciation (2)	1,141
(1) of which	
- Cost	1.222
- Accumulated depreciation	(44)
Net amount	1,178
(2) of which	
- Cost	1,222
- Accumulated depreciation	(81)
Net amount	1,141

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

16. Intangible assets: EUR 44,132 thousand (EUR 3,739 thousand)

Intangible assets rose in connection with investment in the concessions business where investment recovery takes place through the rights of use of the concession facility, classified under intangible assets. This increase is especially due to the concession for the Milas-Bodrum Airport in Turkey where the investment will also be recovered through rights to receivables guaranteed by the authority granting the concession and included in financial assets. The following table shows changes in this item; it is pointed out that there are no leases involved.

(thousands of euros)	Intellectual property rights	Concessions, licenses, and trademarks	Other Intangible assets	Total
Amount at 31/12/2010, net of amortisation(1)	594	659	2,486	3,739
Increases				
deriving from acquisitions	524	0	7,725	8,249
Agreements for services under concession- construction phase	0	39,402	0	39,402
	1,118	40,061	10,211	51,391
Amortisation	(439)	(64)	(6,755)	(7,259)
Reclassification	8	(8)	0	0
Amount at 31.12.2011, net of amortisation (2)	686	39,989	3,456	44,132
(1) of which				
- Cost	2,085	695	4,022	6,802
- Accumulated amortisation	(1,491)	(36)	(1,535)	(3,063)
Net amount	594	659	2,486	3,739
(2) of which				
- Cost	2,219	40,073	11,720	54,013
- Accumulated amortisation	(1,533)	(84)	(8,264)	(9,881)
Net amount	686	39,989	3,456	44,132

17. Investments: EUR 195,964 thousand (EUR 84,830 thousand)

This increase recorded for this item totalling EUR 195,964 thousand is basically due to investments made during the year in the concessions sector.
The details are shown in the following table:

(thousands of euros)	31/12/2011	31/12/2010	Change
Equity-accountes investees	94,188	82,866	11,322
Investments measureed at cost	101,776	1,964	99,812
Total	195,964	84,830	111,134

The amount of equity-accounted investees at EUR 94,188 thousand (31 december 2010: EUR 82,866 thousand) refers to investments in associates, and the increase is basically due to investments in concessions and in particular in Metro 5 S.p.A. and in the company registered under Turkish law Otoyol Yatirim Ve Isletme A.S, set up for the construction and management of the Gebze-Orhangazi-Izmir Motorway in Turkey. It should likewise be pointed out that the amount of the investments also takes into account interest rate hedges; in any case, for a summary of the main financial statement data of these investments including total assets, liabilities, revenue and the profit or loss for the year, refer to the corresponding annex.
The amount of investments measured at cost, totals EUR 101,776 thousand and is shown net of the allowance for impairment of EUR 7 thousand. The increase of EUR 99,812 thousand is due to the acquisition in 2011 by the Group, through Astaldi Concessioni S.r.l., of a 9.12% stake in the company A4 Holding S.p.A. (formerly Autostrada Brescia-Verona-Vicenza-Padova S.p.A.), Concessionaire of the Serenissima Motorway in Northeastern Italy. It should likewise be pointed out that the investment in this company has a particular strategic role in the wider business development plans of the Astaldi Group, with entry into the sector of motorway infrastructures which is likely to guarantee a considerable degree of synergy between the construction sector and the concessions sector. At the reporting date of the financial statements, the impairment test was conducted with the estimate of the fair value of the investment, confirming the likelihood that the impairment losses can be reversed. The test for reversed was conducted on the basis of publicly available information as well as recent valuations made by A4 Holding on the associates. In particular, for the calculation of the realisable value of A4 Holding, the equity method was applied, in which the actuarial aspects correspond to the empirical approach used in net asset value, where it is assumed that the company is a divisible entity and the estimate of the company situation can be made equivalent to the sum of the estimates of the single items, each considered as if they were fully available. In the absence of an updated economic plan for 2011, the method using multiples of the company EBITDA was used. On the basis of the aforesaid, a pro-quota equity value of company was made in alignment with the carrying amount of the investment recognised in the consolidated financial statements.
Finally, it should be pointed out that this item, as in the previous year, is recorded net of payments yet to be made for quotas and/or shares subscribed.

18. Financial assets

Non-current financial assets: EUR 159,671 thousand (EUR 119,517 thousand)

This item includes approximately EUR 138,084 thousand (31 december 2010: EUR 97,948 thousand) in financial assets deriving from the concessions; the increase is due to the amount of EUR 37,681 thousand in relation to the Milas-Bodrum Airport concession in Turkey.
The residual part of this item totalling EUR 21,587 thousand (31 december 2010: EUR 21,569 thousand), of which EUR 15,030 thousand included in the net financial position in relation to the nature of this financial asset, basically refers to receivables due from third parties and associates. The receivables basically derive from financial allocations made by the Parent and its subsidiaries for the investment strategy in the concessions business. For detailed information on the operations with investees and jointly - contolled entities see the annex on related parties.

Current financial assets: EUR 6,248 thousand (EUR 28,276 thousand)

This item, showing a decrease mainly due to the changes in rights to receivables arising from to concessions, and refers to:

- Financial assets deriving from concessions equal to EUR 2,867 thousand;
- Securities in the portfolio, amounting to approximately EUR 1,889 thousand and connected with cash flow management;
- Derivatives related to hedging transaction of EUR 1,492 thousand.

19. Other assets

Other non-current assets: EUR 28,413 thousand (EUR 21,440 thousand)

This item increased compared to the previous year as shown below:

(thousands of euros)	31/12/11	31/12/10	Change
Tax assets	3,550	4,507	(957)
Other assets	24,863	16,933	7,930
Total other non-current assets	28,413	21,440	6,973

In relation to the tax assets, this item includes EUR 2,156 thousand (31 december 2010: EUR 3,103 thousand) for indirect tax credits for which refunds have been requested from the Tax Authorities, and EUR 1,393 thousand (31 december 2010: EUR 1,404 thousand) for direct taxes. With reference to the component "Other assets", this item includes:

- Receivables for advances to suppliers and subcontractors of EUR 925 thousand;
- Caution deposits of EUR 3,798 thousand;
- Prepayments on insurance premiums of EUR 11,245 thousand;
- Prepayments for sureties fees of EUR 2,254 thousand;
- Other prepayments of EUR 6,524 thousand.

Other Current assets: EUR 308,420 thousand (EUR 308,408 thousand)

Details are provided in the following table:

(thousands of euros)	31/12/11	31/12/2010	Change
Receivables from associates	24,921	27,985	(3,064)
Receivables from other companies	369	147	222
Other assets	283,130	280,276	2,854
Grand total	308,420	308,408	12

The item "Other current assets" includes:

- Receivables from related parties totalling EUR 24,921 thousand and for the residue receivables from other investees. For detailed information on transaction with related parties refer to the annexe on related parties;
- Other assets totalling EUR 283,130 thousand mainly consisting of: receivables for advances to subcontractors totalling approximately EUR 103,505 thousand and up by EUR 7,784 thousand in the European area (Russia and Turkey); other receivables from third parties for sales of goods and services of approximately EUR 122,318 thousand and up by approximately EUR 16,990 thousand above all in the Romanian area; prepayments for insurance policies of approximately EUR 4,075 thousand; prepayments for sureties of approximately EUR 1,770 thousand; the difference between the nominal value of receivables factored before 31 December 2003 and the amounts collected. It should be pointed out that the realisable value of receivables from third parties has been adjusted as shown below:

(thousands of euros)	31/12/2010	Provisions	Uses		Other	31/12/2011
			Income	Equity		
Other current assets						
Allowance for impairment	(4,179)	(10)	0	318	(1)	(3,872)
Total	(4,179)	(10)	0	318	(1)	(3,872)

With reference to items coming to maturity refer to note 32 of these notes.

20. Inventories: EUR 93,369 thousand (EUR 93,624 thousand)

Inventories fell slightly compared to the previous year, mostly in the American area, and in particular in Venezuela. This item is as follows:

(thousands of euros)	31/12/11	31/12/10	Change
Raw materials, supplies and consumables	89,322	90,292	(970)
Finished products and goods	1,839	1,567	272
Goods and materials in transit	2,208	1,765	443
Total	93,369	93,624	(255)

The following table shows the geographical breakdown of this item:

(thousands of euros)	31/12/11	%	31/12/2010	%	Change
Italy	8,118	8.7%	7,523	8.0%	595
Europe	46,303	49.6%	35,685	38.1%	10,618
America	27,385	29.3%	42,661	45.6%	(15,276)
Africa	9,033	9.7%	5,760	6.2%	3,273
Asia	2,530	2.7%	1,995	2.1%	535
Total	93,369	100.0%	93,624	100.0%	(255)

21. Receivables from customers: EUR 1,010,416 thousand (EUR 845,877 thousand) Payables due to customers: EUR 472,120 thousand (EUR 338,489 thousand)

These items are as follows:

(thousands of euros)	31/12/11	31/12/10	Change
CURRENT ASSETS			
Contract work in progress	6,449,734	4,933,795	1,515,939
Allowance for impairment losses on contract	(12,348)	(16,494)	4,146
Total contract work in progress	6,437,386	4,917,301	1,520,085
Payments on account from customers	(5,426,970)	(4,071,424)	(1,355,546)
Total receivables from customers	1,010,416	845,877	164,539
CURRENT LIABILITIES			
Contract work in progress	815,475	440,107	375,368
Payments on account from customers	(960,147)	(500,999)	(459,148)
Contract advances	(317,813)	(268,086)	(49,727)
Allowance for impairment losses on contract	(9,635)	(9,511)	(124)
Total payables to customers	(472,120)	(338,489)	(133,631)

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

22. Trade receivables: EUR 820,963 thousand (EUR 624,362 thousand)

Trade receivables increased compared to the previous financial year by approximately EUR 196,601 thousand and consist of the following:

(thousands of euros)	31/12/11	31/12/10	Change
Receivables from costumers	803,860	610,904	192,956
Receivables from associates	31,832	29,509	2,323
Receivables from parent	5	13	(8)
Receivables from other investees	1,059	940	119
Allowance for impairment	(15,793)	(17,004)	1,211
Total	820,963	624,362	196,601

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

(thousands of euros)	31/12/11	%	31/12/2010	%	Change
Italy	388,419	47.3%	216,504	34.7%	171,915
Europe	116,379	14.2%	94,931	15.2%	21,448
America	224,896	27.4%	256,180	41.0%	(31,284)
Africa	86,173	10.5%	53,239	8.5%	32,934
Asia	5,096	0.6%	3,508	0.6%	1,588
Total	820,963	100.0%	624,362	100.0%	196,601

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

(thousands of euros)	31/12/2010	Provisions	Income	Use Equity	Other	31/12/2011
Allowance for impairment	(11,065)	0	0	12	18	(11,035)
Allowance for impairment-default interest	(5,939)	(271)	1,451		0	(4,759)
Total	(17,004)	(271)	1,451	12	18	(15,794)

23. Tax assets: EUR 116,981 thousand (EUR 101,523 thousand)

Tax assets, net of an allowance for impairment-default interest, totalling EUR 198 thousand, increased compared to the previous financial year by approximately EUR 15,458 thousand and are as follows, inclusive of the allowance:
- EUR 88,013 thousand (2010: EUR 81,528 thousand) for receivables for indirect taxes abroad foreign area, especially Algeria and Turkey.
- EUR 29,166 thousand (2010: EUR 20,193 thousand) referring to direct taxes, recognised pursuant to of the provisions in force in the countries where the Group operates, especially in Italy, Turkey and Poland.

24. Cash and cash equivalents: EUR 456,210 thousand (EUR 415,259 thousand)

Cash and cash equivalents increased compared to 31 december 2010 and consist of the following:

(thousands of euros)	31/12/11	31/12/10	Change
Bank and post office deposits	454,843	414,553	40,290
Cash and cash equivalents	1,367	706	661
Total	456,210	415,259	40,951

In terms of geographical breakdown this item is as follows:

(thousands of euros)	31/12/2011	31/12/2010	Change
Italy	274,998	270,913	4,085
Europe	138,221	89,503	48,718
Asia	695	4,123	(3,428)
America	19,661	30,506	(10,845)
Africa	22,635	20,214	2,421
Total	456,210	415,259	40,951

25. Equity: EUR 470,278 thousand (EUR 443,229 thousand)

The share capital, subscribed and fully paid in, comprises 98,424,900 ordinary shares with a nominal value of Euro 2, and amounts to EUR196,850 thousand. Treasury shares held at the end of the year totalled 610,908 (821,979 shares in 2010), with the nominal value of EUR 1,222 thousand being recognised directly to reduce share capital. The share capital was reduced by a total of 1,038,300 treasury shares (799,800 shares in 2010) used for the stock grant scheme for a total of EUR 2,076 thousand. It should also be pointed out that there are no shares subject to encumbrances or capital increases under way subject to pre-emption option.
At 31 December 2011, according to the Shareholders' Register and other information in this respect obligatory by law (pursuant to Art. 120 of Legislative Decree 58/98), the shareholders of Astaldi S.p.A. holding a share in excess of 2% are shown below:

DIRECT SHAREHOLDERS (thousands of euros)	Number of shares	% Shareholding
Fin.Ast S.r.l.	39,290,495	39.919%
Finetupar International S.A.	12,327,967	12.525%
TOTAL Fin.Ast. S.r.l.	51,618,462	52.445%
Odin Forvaltning AS	4,841,885	4.919%
Pictet Asset Management Ltd	2,024,396	2.057%
TOTAL	58,484,743	59.421%
Market	39,940,157	40.579%
Total	98,424,900	100%

Equity reserves are shown in the following table:

(thousands of euros)	31/12/2011	31/12/2010	Change
Legal reserve	20,797	18,453	2,344
Extraordinary reserve	172,724	143,522	29,202
Retained earnings	40,493	27,581	12,912
Other reserves	3,611	4,380	(769)
Other comprehensive income	(37,151)	(25,611)	(11,540)
Total	200,474	168,326	32,148

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

- The legal reserve increased by EUR 2,344 thousand in relation to the provision of Art. 2430 of the Italian Civil Code.
- The extraordinary reserve increased over the previous financial year by EUR 29,202 thousand. This results from EUR 29,198 thousand as the remaining amount of the allocation of profit of the 2010 financial statements of the Parent; EUR 3 thousand as a result of buy back operations, and finally other changes totalling EUR 1 thousand. With regard to buy back transaction, it should be pointed out that the total of the provision for treasury shares held in the portfolio reducing the extraordinary reserve totalled EUR 5,027 thousand.
- Retained earnings amounting to EUR 40,493 thousand reflect the economic effects deriving from the consolidation of the shareholdings in the subsidiaries and jointly - contolled entities, and from the application of equity accounting plus other changes. With regard to the allocation of the 2010 profit, it should be pointed out that the dividend (EUR 14,645 thousand) approved at the Shareholders' Meeting of 18 April 2011 was Euro 0.15 per share (Euro 0.13 in 2010) and was paid on 5 May 2011 with coupon detachment on 2 May 2011; part of the profit for 2010, EUR 703 thousand, was allocated to the provision pursuant to Art. 27 of the Company's by-laws.
- There were changes in other reserves following the change in the stock grant reserve of EUR 1,194 thousand and for the effects of the buy back for EUR 67 thousand. This item mainly represented by:
  - The effects resulting from the first time adoption of International financial reporting Standards, which showed a positive value of EUR 1,093 thousand;
  - The effects resulting from the application of' IFRIC 12 "Service concession Agreements", which showed a positive value of EUR 10,396 thousand;
  - The effects resulting from the transaction of the financial statements of companies abroad, as well as other in-

vestees, with reference to the transition date to the IFRS, which showed negative value of EUR 23,770 thousand;
- The consolidation reserve which showed a positive value of EUR 9,303 thousand;
- The effects of recognition of stock grants, which showed a positive value of EUR 6,894 thousand;
- The effects of negotiation of treasury shares, which showed a positive value of EUR 1,590 thousand;
- Other reserves with a negative value of EUR 1,896 thousand

- Other comprehensive income summarise the effects of the hedging reserve and the translation reserves of foreign companies. Changes are shown hereunder.

(thousands of euros)	The opining hedging reserve	Translation reserve	Reconciliation of equity changes
Opening balance 01/01/2010	(17,167)	(7,543)	(24,710)
Changes of previous year	(3,728)	2,827	(901)
Balance 01/01/2011	(20,894)	(4,716)	(25,610)
Changes for the year	(10,906)	(636)	(11,542)
Balance 31/12/2011	(31,799)	(5,352)	(37,151)

The hedging reserve is described below:

(thousands of euros)	31/12/2011	31/12/2010	Change
hedging reserve Parent /Subsidiaries	21,969	21,634	335
Tax effect	(5,718)	(5,529)	(189)
Amount net of the tax effect	16,251	16,105	146
Hedging reserve Associates	15,610	5,871	9,739
Total	31,861	21,976	9,885
Attributable to owners of the parent	31,799	20,893	10,906
Attributable to non-controlling interest	62	1,083	(1,021)

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

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

Finally, the Group's main goal, as far as capital management is concerned, is to obtain an appropriate level of own funds in relation to debts, in order to preserve equity consistency and, where financial conditions allow it, to achieve an effective debt/equity ratio for the purpose of suitable management of financial leverage. Refer to the Management Report for further details regarding financial management.

26. Financial liabilities

Non-current financial liabilities: EUR 655,915 thousand (EUR 593,925 thousand)

Non-current financial liabilities show an increase and consist of the following:

(thousands of euros)	31/12/11	31/12/10	Change
Bank loans and borrowing (*)	645,438	584,486	60,952
Non-current share of loans (*)	4,033	4,308	(275)
Finance lease payables (*)	4,728	3,447	1,281
Financial payables to associates	1,716	1,683	32
Total	655,915	593,925	61,990

(*) Included in the NFP for an amount of 654,199 (31 december 2010: 592,242)

Non-current financial liabilities showed an increase compared to 31 december 2010, basically due to significant investments, especially in the concessions sector. With regard to the latter, it should be pointed out, however, that the liability connected with concessions is by nature self-liquidating, also taking into account rights to receivables guaranteed by the authority granting the concession. It should also be highlighted that the existing financial structure is ensured in terms of maturity by a recent transaction undertaken by the Group for refinancing the medium term instruments, thus ensuring financial resources to sustain the investments planned for the next 5-year period.

Current financial liabilities: EUR 469,723 thousand (EUR 354,007 thousand)

Current financial liabilities increased, and consist of the following:

(thousands of euros)	31/12/11	31/12/10	Change
Bank loans and borrowing	341,411	249,235	92,176
Current share of loans	114,659	93,516	21,143
Loans and borrowing from other financial backers	9,560	7,772	1,788
Finance lease payables	4,093	3,484	609
Total	469,723	354,007	115,716

It should be pointed out that the increase in current payables above all regards foreign areas (Romania and America). This item also includes EUR 26,263 thousand (31 december 2010: 23,087 thousand) for hedging derivatives; in this regard refer to note 32.

Finance lease payables: EUR 8,821 thousand (EUR 6,931 thousand)

Finance lease payables, having an average duration of 30-60 months, rose by EUR 1,890 thousand compared to the previous financial year.

Details of this item are shown below:

(thousands of euros)	31/12/11 Instalments	31/12/11 Current amount	31/12/10 Instalments	31/12/10 Current amount
Within 1 year	4,397	4,093	3,705	3,484
Over 1 year and within five years	4,945	4,728	3,578	3,447
Total lease instalments	9,342		7,283	
Financial charges	521		352	
Current amount	8,821	8,821	6,931	6,931

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

Covenants and negative pledges

The levels of financial covenants operating on all the committed loans the Group has taken out with banks are listed below:

- Ratio between net financial position and attributable to owners of the parent equity: less than or equal to 1.60x at year end and 1.75x at half year end;
- Ratio between net financial position and EBITDA: less than or equal to 3.50x at year end and 3.75x at half year end;

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

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

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

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

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

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

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

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

In 2011 the following loans expired and were fully repaid:

- Stand-by credit line of Euro 40 million organised by BNL - BNP Paribas Group and a pool of banks for the subsidiary Co.meri SpA, guaranteed by Astaldi S.p.A.
- Bilateral committed revolving credit facility for the sum of EUR 15 million, recognised into with Dexia

Among the main transactions conducted in 2011 we can mention:

- Committed loan for Euro 35 million to sustain investment in the motorway concessions sector, entered into with Centrobanca and ING Bank in June, with a duration of 5 years and with two renewal options for one year each. Current expiry June 2016;
- Loan for Euro 80 million agreed in August 2011, between the special purpose vehicle Mondial AS, a subsidiary of Astaldi Concessioni, and the pool of banks consisting of HSBC and Turkiye Is Bankasi, to sustain investment in the concession in Turkey for the Bodrum Airport. Expiry July 2015; the loan is covered by a corporate guarantee of Astaldi S.p.A.
- Stand-by credit line agreed in August 2011, entered into in favour of the subsidiary Co.meri SpA, a special purpose vehicle, granted by a pool of banks led by BNL - BNP Paribas Group, guaranteed by Astaldi SpA, for an amount totalling Euro 32 million with expiry in August 2012.
- Forward Start Facility for Euro 325 mln, agreed on 2 December 2011: the loan, usable from April 2013 upon the expiry of the loan for the same amount granted on 18 July 2006, has a duration of 5 years from stipulation, and was organised by Unicredit S.p.A., BNP Paribas, Intesa Sanpaolo and The Royal Bank of Scotland and subscribed by a pool of Italian and international banks.

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

- Bilateral committed revolving credit facility originally for Euro 30 million, remainder to be repaid Euro 20 million, recognised into with West LB on 7 August 2008: new final expiry in August 2015;
- Bilateral committed revolving credit facility for Euro 50 million, entered into with Efibanca on 14 July 2008: new final expiry in July 2016.

As regards negative pledge clauses, it must be noted that the Group, upon negotiation of loans, tends to align the commitments to those defined in its main corporate loan (the multi-tranche facility for the sum of EUR 325 million arranged by Mediocredito Centrale and the Royal Bank of Scotland).

The agreement stipulates that the Group may not establish any real guarantees (mortgages, pledges, etc.) on its own assets, with the exception of some specific cases. Specifically, the undertaking does not apply:

- To guarantees already existing upon entering into a new loan;
- To guarantees given within the framework of individual contracts to be performed under a traditional tender, project finance or general contracting scheme.

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

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

(thousands of euros)			31/12/2011	31/12/2010
A	Cash and cash equivalents		456,210	415,259
B	Securities held for trading		1,889	5,003
C	Available funds	(A+B)	458,099	420,262
-	Short term financial receivables		879	20,371
-	Current share part of receivables arising from in concessions business		2,867	1,924
D	Current financial receivables		3,746	22,295
E	Current bank loans and borrowings		(315,148)	(226,148)
F	Current share of non-current debt		(114,659)	(93,516)
G	Other current financial payables		(13,654)	(11,256)
H	Current financial debt	(E+F+G)	(443,460)	(330,920)
I	Net current financial debt	(H+D+C)	18,385	111,638
J	Non-current bank loans and borrowings		(649,471)	(588,794)
K	Other non-current payables		(4,728)	(3,447)
L	Non-current financial debt	(K+J)	(654,199)	(592,242)
M	Net financial debt	(L+I)	(635,814)	(480,604)
-	Non-current financial receivables		15,030	16,100
	of which related parties		*14,868*	*14,416*
-	Non-current share of receivables arising from concessions		138,084	97,948
N	Non-current financial receivables		153,114	114,047
O	Total financial debt	(M+N)	(482,701)	(366,557)

Total financial debt takes into account not only the net financial debt (letter M in the table) calculated in accordance with the CESR Recommendation of 10/02/2005, but also non-current financial receivables from associates set up for project financing activities and rights to receivables arising from concessions.
It should also be recalled that the Parent holds treasury shares in the portfolio totalling EUR 3,005 thousand included in the net financial debt set forth in the Management Report for the sum of EUR (479,696) thousand. Moreover it should be pointed out that the net financial position, also in comparative terms, does not include derivatives used for hedging purposes which by their very nature do not represent financial amount.

27. Other liabilities

Other non-current liabilities: EUR 13,716 thousand (EUR 98,223 thousand)

Other non-current liabilities, totalling EUR 13,716 thousand, show a decrease of EUR 84,507 thousand compared to the previous year due to the effect already mentioned in note 14.

Other Current liabilities: EUR 125,547 thousand (EUR 117,089 thousand)

Other current liabilities amount to EUR 125,547 thousand and consist of the following:

(thousands of euros)	31/12/11	31/12/10	Change
Payables to associates	362	113	249
Payables to other companies	33	33	(0)
Payables to personnel	28,552	24,561	3,991
Other liabilities	96,600	92,382	4,218
Total other current liabilities	125,547	117,089	8,458

The remaining component, other liabilities, is mainly composed as follows: sundry payables of EUR 96,108 thousand including payables to associates companies of EUR 22,845 thousand; memorandum accounts of EUR 2,582 thousand. With regard to relationships with the + Companies, please refer to the annex on related parties. We can also observe that payables to associates companies, for capital quotas to be paid and not yet cited by the single Boards of Directors, have been reclassified, as in the previous year, as a direct reduction of the respective carrying amounts of the investments.

28. Employee benefits: EUR 7,926 thousand (EUR 8,460 thousand)

This item concerns post-employment benefits pay and the changes were as follows:

(thousands of euros)	Amount at 31/12/2010	Increases of the financial year	Decreases of the financial year	Amount at 31/12/2011
Post-employment benefits	8,460	759	(1,293)	7,926

The liabilities recognised in the financial statements are as follows:

(thousands of euros)	31/12/11	31/12/10
Current amount of the obligation	7,650	7,949
Non-recognized actuarial Loss/(Gain)	276	511
Liabilities recorded in the financial statements	7,926	8,460

(thousands of euros)	Actuarial amount of the obligation
Opening balance	8,460
Costs for suplly of services rendered	300
Interest	458
Benefits paid	(1,293)
Actuarial Loss/Gain	1
Closing balance	7,926

The cost for liabilities is as follows:

(thousands of euros)	31/12/11	31/12/10
Social security costs for current employment	300	639
Net interest payable (receivable)	458	516
Net actuarial Loss (Gain)	1	2
Total	759	1,157

For further clarification of such amount, the main actuarial assumptions are as follows:
- Annual discounting rate: 4.05%
- Annual inflation rate: 2%
- Annual rate of wage increase:
  - Top management 2.50%;
  - Middle management/White collars/Workers: 1%.

29. Trade payables: EUR 1,118,769 thousand (EUR 922,346 thousand)

This item is as follows:

(thousands of euros)	31/12/11	31/12/10	Change
Payables to suppliers	1,001,328	791,395	209,933
Payables to associates	116,208	121,141	(4,933)
Payables to parents	2	0	2
Payables to other investees	1,231	9,810	(8,579)
Total	1,118,769	922,346	196,423

The item showed an increase compared to the previous year of EURO/000 196,423 and is closely related to the process of development and consolidation of Group business in the areas where it operates.
The change is due above all to the areas of Romania, Poland, Turkey, Algeria, Russia with regard to the foreign sector, and in the domestic sector to work on the extension of Line 5 in Milan, and to the construction of the High Speed Railway Station in Bologna.

30. Tax liabilities: EUR 73,142 thousand (EUR 58,942 thousand)

Tax liabilities rose by EUR 14,200 thousand and consist of the following:
- EUR 34,161 thousand (31 december 2010: EUR 23,937 thousand): indirect tax payables;
- EUR 33,446 (31 december 2010: EUR 30,881 thousand): direct tax payables;
- EUR 5,535 (31 december 2010: EUR 4,124 thousand): payables to Tax Authorities for employee withholding tax.

31 Provisions for risks and charges: EUR 29,159 thousand (EUR 21,777 thousand)

Provisions for risks and charges consist of the following:

(thousands of euros)	Provisions for contract obligations	Provisions for investment risks	Provision for legal commit-ments	Provision as per Art. 27 of Company by-laws	Total
Balance at 31/12/2010	15,639	2,580	2,500	1,058	21,777
Provisions	9,281	0	0	0	9,281
Use	(807)	0	(1,400)	(370)	(2,577)
Charges to accounts	0	0	0	0	0
Reclassification	0	0	0	0	0
Allocation of 2010 profit	0	0	0	703	703
Other	0	(25)	0	0	(25)
Balance at 31/12/2011	24,113	2,555	1,100	1,391	29,159

- Provisions for contract obligations mainly include the prudent provision for charges relating to works that have already been performed, but for which the final phase of the respective contracts has not yet been defined, as well as activities related to work in progress;
- Provisions for investment risks reflect the deficit, attributable to the owners of the parent, compared to the carrying amount of investments;
- The provision for legal commitments includes the allocation of charges measured through a punctual analysis of each single case, carried out with the help of external consultants and based on both objective and evaluation elements.
- The provision as per Art. 27 of the company's bylaws was used for donation purposes and increased through the allocation of profits in accordance with specific resolutions.

The Group is a party to civil and tax legal proceedings and lawsuits connected with the regular company activities. Based on information currently available, and taking account of existing provisions for risk, it is deemed that these proceedings and legal actions will not have any negative impact on the consolidated financial statements.
On 17 October 2011, Major Taxpayers' Office of the Lazio Regional Directorate sent a Notice of Assessment for items pertaining to 2006 in the Preliminary assessment report Assessment Notification served on 3 June 2010, following the general VAT, Ires and IRAP audit, started with access on 23 December 2009, concerning 2007, with the extension to 2006 as regards certain cases.
On the whole, the office found and challenged Astaldi S.p.A. with a few relevant observations, including: application of Art. 165 of the Consolidated Tax Act on the subject of tax credit for taxes paid abroad (years from 2006 to 2007); the claimed tax relevance of the higher value of the amounts liquidated through the progress reports on long-term contracts compared to the assessment of the works in progress carried out according to the cost to cost methodology, as required by IAS 11 (2007); in addition to other observations of lower relevance.
The total amount of the higher taxes (IRES and IRAP) notified is approximately EUR 20 million, in addition to penalties and interest.
For 2006, the Office, confirming the Company's correct behaviour for the calculation of credit for tax paid abroad, previously certified for 2004 and 2005, only reported minor violations in the afore-mentioned Notice. In this respect, it should be pointed out that the assessment was concluded in February 2012 with the agreement to pay EUR 683 thousand including higher tax, penalties and interest.
With regard to matters not yet defined (claims for 2007), it is pointed out that the one concerning the claim for tax liability on the higher value of amounts paid out with respect to the valuation of long term works in progress with the cost to cost method commented on by the Tax Authorities in their recent Circular 7/E of 28 February 2011, in which they explicitly stated the tax relevance of IFRS compliance measurement of long term orders compared to the measurement based, in accordance with Art. 93 of the Consolidate Tax Act, on amounts paid out in the progress reports. In the light of this, as well as on the basis of specific opinions and prestigious external consultants, we believe the risk of tax assessment on these items for 2007 to be remote.
Moreover, on 3 November 2010, the Group Company COMERI S.p.A. received a preliminary assesment report from the Italian Tax Police of Rome following a general audit carried out on direct and indirect taxes.
The above-mentioned preliminary assesment report contained an observation concerning the tax treatment of the transaction deed signed by the undersigned company and ANAS S.p.A. on 3 May 2010 pertaining to definition of the technical reserves recorded in construction site accounts up to 31 December 2008, some of which were erroneously considered higher payments rather than penalties from compensation for damage, hence fully subject to 20% VAT, by the Tax Police.

In connection with the observation made, the company COMERI S.p.A. had previously registered the amicable settlement with the tax authorities on 15 June 2010, which at that time had requested and accepted the payment of the proportionate registration fee on the reserves referred to above, confirming their tax treatment for indirect tax purposes as being conclusive after having considered their compensatory nature and therefore not subject to VAT taxation.
Precisely because of the above and by clarifying precise observations on the cases in question, the company COMERI S.p.A. petitioned the tax authorities on 30 December 2010 to not issue notice of assessment regarding the observation in the Italian Tax Police's preliminary assesment report which was considered, on the other hand, as giving rise to double taxation of the same revenue. Up to now, there has been no reply to this application, and the Office has not issued any notification of assessment. Therefore, also with the support of the consultants, the risk of assessment is considered remote.
To complete the information provided regarding provisions for risks and charges, there follows a summary of the provisions recognised in the financial statements with indication of their nature and specific category.

(thousands of euros)		31/12/2011	31/12/2010	note
Allowances to directly decrease assets		32,220	37,883	
Allowance for impairment losses on investments	Investments	8	8	17
Allowance for impairment losses on contract	Receivables from Customers	12,348	16,494	21
Allowance for impairment	Trade receivables	11,035	11,065	22
Allowance for impairment default interest	Trade receivables	4,759	5,939	22
Allowance for impairment of other assets	Other current assets	3,872	4,179	19
Allowance for impairment–default interest to tax authorities	Tax assets	198	198	23
Provisions recognised under liabilities		38,794	31,288	
of which:				
For investment risks	Provisions for risks and charges	2,555	2,580	31
For contract losses	Provisions for risks and charges	24,113	15,639	31
For contract losses	Payables to Customers	9,635	9,511	21
Other funds for risks and charges	Provisions for risks and charges	2,491	3,558	31
Total provisions / allowances		71,014	69,171	

32. Information on risk management, financial instruments and guarantees

Financial risk management

The Astaldi Group operates in an international context where transactions are performed in various currencies. Moreover, in order to support and develop its own business activities, it funds itself with external sources of financing in Euro and foreign currencies.

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

The various types of risk are monitored in such a way as to evaluate in advance their potential negative effects, and take suitable mitigating actions. The optimisation and reduction of risk levels is pursued by an adequate organisational structure, the adopting of rules and procedures, the implementation of targeted commercial and purchasing policies, and the use of insurance policies and hedging derivatives.
In order to maintain corporate value, the Astaldi Group has drawn up guidelines for controlling its exposure to market risks and entrusted the definition of policies and strategies to be adopted to manage the same through derivatives and monitoring of hedged positions, to a Financial Risks Committee.
With respect to these policies, the Group mainly uses cash flow hedging to cover exposure to fluctuations in cash flows especially due to risks identified and associated with assets or liabilities, or for a planned operation highly likely to have an effect on the income statement.
There follows the hedging derivatives transaction at 31 December 2011, with a distinction between hedge accounting, representing most of the Astaldi Group's operations, and non-hedge accounting transaction shown for each type of financial instrument reserves with fair value, notional value and the changes in the respective provisions and the income statement. For transaction in currencies other than the Euro, the corresponding amount are calculated at the exchange rate at the end of the year. The measurement of these instruments is conducted on the basis of specific pricing models and market data recorded at the end of the year. All the transaction in derivatives as at 31 December 2011 are in compliance with level 2 fair value. In this respect, it should be pointed out that compared to the previous year, there have not been any changes in the measurement model.

Interest rate risk

Exposure to the risk of changes in interest rates for the Group is mainly associated with floating rate borrowing. The Group, also taking into account contract obligations, duly assesses exposure to the risk of changes in interest rates and manages these risks by the use of non-speculative derivatives.
The Group's hedging policy, governed by a specific interest rate risk management policy, involved the definition of an ideal mix between fixed rate and and floating rate borrowing in the borrowing structure in order to reduce borrowing costs and their volatility; the Group therefore undertakes hedging transaction through simple derivatives

("plain vanilla"), on a cash flow hedge basis, in order to convert the floating rate into a fixed rate (Interest Rate Swap), or to allow a limited interest rate fluctuation within a predefined range (Collar), and in any event guaranteeing a maximum risk exposure level (Cap). These instruments are generally at zero cost.
At 31 December 2011 the notional value of derivatives hedging on the interest rate risk totalled Euro 591 million of which 35 million on a *forward basis* (April 2013). The hedging percentage of gross borrowing totalling EUR 1,109 thousand as specified in the paragraph on "liquidity risk" is approximately 50%.

The following tables show the aforementioned transactions, all designed to hedge financial flows, split into cash flow hedges and transactions for which the Group decided not to apply hedge accounting as a result of the charges and problems linked to the application of hedge accounting to the characteristics of the hedged items.

(thousands of euros)

Type of instrument	Hedged item	Notional 2011	Fair Value 2011	Notional 2010	Fair value 2010
	Financial assets	-	-	20,000	(323)
IRS	Medium/long term debt	538,979	(21,811)	371,153	(740)
	Medium/long term debt	10,000	(518)	15,000	(15,016)
Total IRS		548,979	(22,329)	406,153	(16,079)
Options	Medium/long term debt	42,500	(1,007)	52,500	(1,680)
Total options		42,500	(1,007)	52,500	(1,680)
Grand total		591,479	(23,335)	458,653	(17,759)

With reference to the aforesaid hedge accounting, the change in amounts above all affected equity attributable to owners of the parent, generating a final amount of the hedging reserve of Euro 23 million, together with the related effect for deferred tax of Euro 6 million.
There follows the changes in the hedging reserve during 2011:

(thousands of euros)

Hedging reserve - interest rate	31/12/11	31/12/10
Initial reserve	(21,634)	(20,292)
Impact on hedging reserve net of transfer to income statement	(1,464)	(1,342)
Final reserve	(23,098)	(21,634)
Ineffectiveness	(378)	(412)

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

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

(thousands of euros) Type of instrument	Hedged item	Notional 2011	Fair Value 2011	Notional 2010	Fair value 2010
IRS	Financial assets			55,904	(1,787)
	Medium/long term debt	6,717	(565)	8,766	(495)
Total IRS		6,717	(565)	64,670	(2,282)
Options	Financial assets			20,000	(324)
	Medium/long term debt	10,000	(6)	15,000	(104)
Total options		10,000	(6)	35,000	(429)
Grand total		16,717	(571)	99,670	(2,711)

Sensitivity analysis

The potential effects of a hypothetical increase or decrease in interest rates on the Group's Income Statement and statement of financial position are shown hereunder in terms of higher or lower interest expense payable over the entire remaining duration of floating rate financial payables.
The analysis was carried out based on market curves at 31 December 2011 and considers a parallel rate shock by 1% upwards (shock up) and 0.50% downwards (shock down) on interest rates.

(thousands of euros)	Income statement				Equity			
Interest rate risk - sensitivity analysis	Shock up		Shock down		Shock up		Shock down	
	31/12/11	31/12/10	31/12/11	31/12/10	31/12/11	31/12/10	31/12/11	31/12/10
Financial liabilities								
- cash flow	(11,092)	(8,592)	5,546	2,148				
Derivative hedging instruments								
- cash flow	3,756	4,835	(1,734)	(1,214)				
Total	(7,336)	(3,757)	3,812	934	0	0	0	0
- fair value	565	949	(189)	(127)	14,540	11,793	(8,022)	(3,073)

With reference to 31/12/2011, the analysis shows how, considering a hypothetical 1% increase in interest rates, as a consequence of hedging through derivatives, financial charges would increase by Euro 7.3 million. In this hypothetical scenario the fair value of hedging recognised in the income statement, compared to the effective amount recorded at 31/12/2011, would have a positive effect worth Euro 0.6 million, while there would be positive effect of Euro 14.5 million on the equity reserve. Similarly, as shown in the table, a 0.50% shock down of interest rates would produce a Euro 3.7 million decrease in financial charges, while the equity reserve would show a negative effect of Euro 8 million.

Currency risk

With reference to the currency risk, the Astaldi Group performs cash flow hedges for specific foreign orders, in order to mitigate the effect of currency fluctuations on the related costs or revenue in terms of foreign currency.
The Group policy is aimed at hedging a percentage of exposure to exchange risk, depending on the characteristics of the business and the particular volatility of certain currencies, for the entire duration of the works regarding specific contracts, and when this is not possible, for a period of 12 months. Also in this case hedging is performed by the use of plain vanilla derivates, forwards, zero-cost cylinders and cross currency interest rate swaps.
In those cases where, in connection with specific foreign currencies especially those of emerging countries, financial markets do not allow for mitigation of the currency through derivatives, the Group tends to protect the imbalance between trade receivables and payables in local currency through financial debt in the same currency (the so-called "natural hedge").
At 31 December 2011 the notional value of existing currency risk hedges amounted to a total of Euro 69 million.

(thousands of euros) Type of instrument	Notional	Fair Value	Income statement	hedging reserve
Forward				
Purchase EUR/PLN	10,350	1,005	(95)	1,100
Sale EUR/USD	10,690	9	21	30
Purchase EUR/USD	38,643	(827)	(827)	-
Total	59,683	187	(901)	1,130
CCS EUR/CLP	10,000	(476)	(476)	(476)
Grand total	69,683	(289)	(1,377)	653

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

(thousands of euros) Hedging reserve - currency	31/12/11	31/12/10
Initial reserve	-	-
Impact on hedging reserve net of release to income statement	1,130	
Final reserve	1,130	-
Ineffectiveness	(116)	-

Liquidity risk

The main factors determining the Group's liquidity risk are, on one hand, the financial resources generated by Group operating and investmenting activities, and on the other, the characteristics of debt maturity and use of cash, as well as contingent cash terms of financial markets.
The Group aims to maintain a sufficient cash margin to allow for coverage of financial requirements with the availability of committed and uncommitted credit lines.
Cash flows, the need for financing and the liquidity held by Group companies are monitored in an ongoing manner and managed by the Group with the aim of guaranteeing effective and efficient management of financial resources.
The following table shows the timeframe of the Group's financial liabilities that are exposed to interest rate risk:

(thousands of euros) Analysis of maturities as at 31.12.2011	Use	On sight	2012	2013	2014	2015	2016	Later
Short-term loans	(303,835)	238,546	65,289					
Medium/long-term loans	(805,399)	-	124,795	142,063	57,912	57,946	349,127	73,555
Total	(1,109,234)	238,546	190,084	142,063	57,912	57,946	349,127	73,555
Derivatives								
- Interest rate risk derivates			8,331	7,440	4,127	2,225	1,292	2,682
- Currency risk derivatives			1,822					
Total			10,153	7,440	4,127	2,225	1,292	2,682
EXPOSURE AT 31.12.2011		238,546	200,237	149,503	62,040	60,171	350,419	76,237

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

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

- Orientation toward centralised management of collection and payment flows (cash management systems) where deemed advantageous in compliance with the various civil, currency and tax laws of the countries where the Group operates and in keeping with the rules for managing the financial flows of individual contracts;
- Maintenance of a suitable level of available liquidity;
- Existence of an investment portfolio with a corresponding liquid market and whose securities are available for trading in order to cope with liquidity needs;
- Diversification of instruments for obtaining financial resources and ongoing focus on financial markets;
- Obtainment of appropriate bank credit facilities (committed and uncommitted);
- Monitoring of future liquidity conditions in relation to corporate planning.

Credit risk

The Group's customers are mainly public authorities and government bodies which, by their very nature, are solvent.
Therefore, the credit risk represented by the Group's exposure to potential loss deriving from the customer's failure to fulfil their obligations may be considered as insignificant, also in consideration of insurance cover implemented through specific insurance policies taken out with specific insurance institutes.
Moreover, it is noted that, in some countries, the period needed to collect payment may extend beyond usual terms. At 31 December 2011 the percentage of overdue trade receivables amounted to 27% of which 16% for over 12 months. However, the analysis of exposure to credit risk on the basis of overdue receivables is not very significant insofar as receivables have to be measured with the other working capital items and, specifically, with payables to subcontractors and suppliers, which are typical of this sector, and the due dates of which are generally aligned to receipt of payments by customers in relation to management of operating leverage.

Guarantees and Sureties

Personal guarantees

The total amount of the guarantees granted and stated in thousands of Euro is Eur 2,262,714 thousand and refers to the following cases:

- Sureties for opening credit facilities, to be used to ensure regular cash flow in relation to individual contracts, issued in favour of associates and other investees, set up for this purpose pursuant to current tax laws for the amount of EUR 61,812 thousand
- Sureties for works, issued in the Group's interest by banks and insurance companies, in favour of customers and in the interest of subsidiaries, associates and other investees, for the total amount of EUR 2,156,877 thousand;
- Other sureties issued for various purposes for a total of EUR 44,025 thousand.

Third party sureties in the group's favour

These refer to guarantees of EUR 267,895 thousand issued by Banks and Insurance Companies in the interests of Italian and foreign suppliers and subcontractors, in relation to contract obligations vis à vis the Group.

33. Information on transactions with related parties and fees payable to Directors, Statutory Auditors, General Managers and other key management personnel

In accordance with IAS 24 as well as CONSOB communication no. 6064293 of 28 July 2006, Annex 1 to these Notes shows the totals of existing transactions and balances resulting from financial and commercial relations with related parties. In this regard, it is noted that the relevant transactions were carried out at market conditions.
Moreover, it is specified that relations with consortia and consortium companies (special purpose vehicles), taking into account the specific sector the Group operates in, are to be related to receivables due from third parties – recognised among Trade Receivables (note 22) – not summarised in the annex regarding transactions with related parties.
Information regarding fees due to Directors, Statutory Auditors, General Managers and key management personnel of the Parent is shown below in accordance with the provisions of the remuneration report as per Art. 123-ter of the Consolidated Finance Act.

(thousands of euros)

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

34. Segment reporting

The operating segments subject to segment disclosure were determined according to reporting used by the top management as an information set for their decisions. This reporting is specifically based on the various geographical areas in which the Group operates, and it is determined by using the same accounting standards used to draw up the consolidated financial statements.
The following tables show the segment reporting set out in information as per IFRS 8.

Segment reporting 2011

(thousands of euros)	Italy	Europe	America	Africa	Asia	Other assets	Adjustments and cancellations	Consolidated total
Revenue								
Revenue	1,486,936	769,640	315,277	162,161	36,944	(38)	(505,636)	2,265,284
Operatig profit (loss)	147,278	6,293	47,886	38,245	(31,003)	(10,451)	2,443	200,691
Net financial charges								(75,672)
Shares of profit (loss) of equity-accounted investees								401
Profit/(loss) before tax and non-controlling interests								125,420
Tax expense								(53,496)
Profit for the year								71,195
Assets or liabilities								
Segment assets	1,895,821	1,028,932	1,037,773	362,739	84,161	1,229,180	(2,201,037)	3,437,569
of which Investements						582,020	(386,055)	195,964
Segment liabilities	(1,594,894)	(1,025,664)	(918,626)	(347,550)	(149,529)	(923,751)	1,992,723	(2,967,291)
Other segment reporting								
Property, plant and equipment	8,605	43,122	44,603	15,182	19,547	61,690	(470)	192,278
Intangible assets	7,598	36,060	8	-	69	397	-	44,132
Depreciation of property, plant and equipment	2,936	9,165	12,214	6,715	4,071	9,536	(364)	44,273
Provisions		-	-	-	-	7,960	-	7,960

Segment reporting 2010

(thousands of euros)	Italy	Europe	America	Africa	Asia	Other assets	Adjustments and cancellations	Consolidated total
Revenue								
Revenue	1,258,139	478,288	423,505	139,301	22,800	(96)	(390,349)	1,931,588
Operating profit (loss)	86,987	37,049	65,395	21,952	(24,338)	(15,222)	8,471	180,293
Net financial charges								(78,072)
Share of profit (loss) of equity-accounted investees								262
Profit/(loss) before tax and non controlling interests								102,483
Tax expense								(38,960)
Profit for the year								63,056
Assets or liabilities								
Segment assets	1,597,708	592,964	1,000,102	352,076	63,912	1,052,677	(1,701,365)	2,958,074
of which investments						379,789	(294,959)	84,830
Segment liabilities	(1,363,469)	(578,039)	(852,058)	(333,607)	(93,501)	(839,910)	1,545,739	(2,514,845)
Other segment reporting								
Property, plant and equipment	114,926	31,814	54,071	21,623	16,936	62,555	(495)	301,429
Intangible assets	3,133	102	0	(0)	6	498	-	3,739
Depreciation of property, plant and equipment	3,196	8,820	17,297	7,871	5,309	9,667	(437)	51,722
Provisions		-	-	-	-	790	-	790

35. Other information

Non-recurring significant events and transaction

The Astaldi Group's financial position and results of operations were not affected in 2011 by non-recurring significant events and transaction as defined in CONSOB Communication no. DEM/6064293.

Positions or transactions deriving from atypical or unusual transaction

In 2011 the Astaldi Group did not undertake any atypical or unusual transaction as defined in CONSOB Communication n. DEM/6064293.

Subsequent events

The publication of the financial statements was authorised by the Parent's Company's Board of Directors on 16 March 2012. There follows a summary of subsequent events.
With reference to the order for the general contracting construction of Mega-Lot 3 of Jonica State Highway (SS-106) in Italy, it is pointed out that the formal procedure for the awarding of the contract ended in January 2012, after the provisional awarding in the early part of the previous year; shares pertaining to Astaldi have therefore been included in the valuation of the order backlog at 31 December 2011.
With reference to the order for the construction, under general contracting, of Line C of the Rome Underground, it is pointed out that the CIPE (Inter-Ministerial Committee for Economic Planning), on 20 January 2012, provided the definitive go-ahead for start-up of the works for the T3 stretch (San Giovanni-Colosseo). The delivery of the areas and the start-up of works for this new stretch are planned for the early months of 2012.
With reference to the order for the construction and management of Line 4 of the Milan Underground in Italy, it is pointed out that in January, the Lombardy TAR (Regional Administrative Court) agreed to the grouping of Astaldi associates, rejecting the claim advanced by the second ranking company in the tender procedure for concession of the construction and management of the works. Also taking into account the resolution of the Council of State on this claim, favourable to the group of Astaldi associates, initial activities started at the end of February for these works. The insertion of shares pertaining to Astaldi in the order backlog will be recorded in the coming months.
From the operational point of view, the activities were started for the Chuquicamata Project (constructions) and the Relaves Project (concession), previously inserted in the corporate portfolio at 31 December 2011. For the Relaves Project, the Special Purpose Vehicle Valle Aconcagua S.A. was set up. For more details on these initiatives, refer to the paragraph on the operating performance by sector and geographical area.
It is furthermore pointed out that Astaldi-Turkeler J.V. and Ankara Etlik Hastante A.S. were set up, both with a 51% stake of the Astaldi Group and respectively joint ventures for the execution of the EPC Construction Contract and SPV (Special Purpose Vehicle) for the execution of the concession contract for the design, construction and subsequent management of the Etlik Hospital Complex in Ankara, Turkey. Confirming the importance of that country for the Group activities in the concessions sector, the Turkish branch of Astaldi Concessioni (the Group Company dedicated to the concession business and 100% owned by Astaldi S.p.A.) was opened in January. The aim of the new branch is to guarantee more direct control over the major initiatives taking place in Turkey.
In March, Astaldi Canada Inc. was set up. This company is 100% owned by Astaldi S.p.A. and its purpose is the development and monitoring of initiatives and opportunities emerging on the Canadian market.

Finally, in March, the Astaldi Group exercised its option for the purchase of shares held in the company A4 Holding S.p.A. (formerly "Autostrada Brescia-Verona-Vicenza-Padova S.p.A."), which among other things is the 100% owner of the capital of the concessionaire of the Serenissima Motorway in north-eastern Italy, with stakes held by the Municipality of Vicenza and the Municipality of Padua. The formal transfer of shares will take place after the procedure for awarding and options set forth in that company's by-laws, due to take place in the coming months, and will bring the stake of the Astaldi Group from 9.12% to 9.8%. For further information, refer to the paragraph below on outlook.

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

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

(thousands of euros)	KPMG
Type	Amount
Auditing services of which:	397
- For the Parent Astaldi S.p.A. (*)	96
- For subsidiaries	301
Other services (**)	8
Total fees	405
(*) Amount related to Parent Astaldi S.p.A. mainly for review of the condensed interim consolidated financial statements at 30 June 2011.	96
(**) Of which to Parent Astaldi S.p.A.	8

On behalf of the Board of Directors
The Chairman
(Paolo Astaldi)

Annexes to the consolidated financial statements

Exchange rates applied to translate financial statements (annex 3)

Countries	Currency		December 11	2011 Average	December 10	2010 Average
Albania	Albanian Lek	ALL	139.036	140.317	138.860	137.738
Algeria	Algerian Dinar	DZD	97.466	101.503	99.261	98.138
Angola	Angolan Kwanza	AOA	122.618	130.420	123.790	121.937
Saudi Arabia	Saudi Arabian Riyal	SAR	4.852	5.219	5.011	4.976
Bolivia	Bolivian Boliviano	BOB	8.964	9.742	9.367	9.314
Bulgaria	Bulgarian Lev	BGN	1.956	1.956	1.956	1.956
Burundi	Burundian Franc	BIF	1,732.820	1,746.570	1,641.430	1,632.734
Caribbean	East Caribbean Dollar	XCD	3.494	3.758	3.608	3.582
Central African Republic C.F.A	West African CFA	XOF	655.957	655.957	655.957	655.957
Chile	Chilean Peso	CLP	671.997	672.468	625.275	676.255
Colombia	Colombian Peso	COP	2,510.570	2,569.795	2,571.380	2,519.228
Democratic Republic of Congo	Congolese Franc	CDF	1,182.470	1,280.769	1,222.800	1,202.893
Costa Rica	Costa Rica Colon	CRC	650.974	699.944	678.448	693.257
Croatia	Croatian Kuna	HRK	7.537	7.438	7.383	7.289
Denmark	Danish Krone	DKK	7.434	7.451	7.454	7.447
El Salvador	El Salvador Colon	SVC	11.322	12.177	11.692	11.610
United Arab Emirates	UAE Dirham	AED	4.752	5.112	4.908	4.873
Japan	Japanese Yen	JPY	100.200	111.021	108.650	116.455
Djibouti	Djiboutian Franc	DJF	229.953	247.336	237.471	235.800
Guatemala	Guatemalan Quetzal	GTQ	10.111	10.834	10.695	10.702
Guinea	Guinean Franc	GNF	9,072.600	9,227.220	8,129.370	7,575.409
Honduras	Honduran Lempira	HNL	24.567	26.296	25.248	25.070
Libya	Libyan Dinar	LYD	1.628	1.713	1.676	1.679
Malawi	Malawian Kwacha	MWK	212.023	218.236	202.955	199.877
Morocco	Moroccan Dirham	MAD	11.113	11.261	11.180	11.158
Mozambique	New Mozambican Metical	MZN	35.097	40.500	43.948	43.620
Nicaragua	Nicaraguan Cordoba	NIO	29.726	31.204	29.239	28.332
Norway	Norwegian Krone	NOK	7.754	7.793	7.800	8.006
Oman	Omani Rial	OMR	0.498	0.536	0.514	0.510
Pakistan	Pakistan Rupee	PKR	116.382	120.132	114.475	113.003
Panama	Panamanian Balboa	PAB	1.294	1.392	1.336	1.327
Peru	Peruvian Nuevo Sol	PEN	3.487	3.834	3.751	3.749
Poland	Polish Zloty	PLN	4.458	4.119	3.975	3.995
Qatar	Qatari Riyal	QAR	4.712	5.068	4.864	4.830
United Kingdom	UK Pound	GBP	0.835	0.868	0.861	0.858
Dominican Republic	Dominican Peso	DOP	50.022	52.893	50.004	48.727
Romania	Romanian Leu	RON	4.323	4.239	4.262	4.211
Russia	Russian Ruble	RUB	41.765	40.880	40.820	40.278
Rwanda	Rwandan Franc	RWF	780.559	835.189	793.703	773.609
Singapore	Singapore Dollar	SGD	1.682	1.749	1.714	1.808
United States	US Dollar	USD	1.294	1.392	1.336	1.327
South Africa	South African Rand	ZAR	10.483	10.093	8.863	9.714
Switzerland	Swiss Franc	CHF	1.216	1.234	1.250	1.382
Taiwan	New Taiwan Dollar	TWD	39.184	40.885	39.044	41.776
Tanzania	Tanzanian Shilling	TZS	2,052.380	2,204.958	1,991.010	1,911.159
Tunisia	Tunisian Dinar	TND	1.936	1.956	1.921	1.896
Turkey	Turkish Lira	TRY	2.443	2.335	2.069	1.997
European Monetary Union	Euro	EUR	1.000	1.000	1.000	1.000
Venezuela	Venezuelan Bolivar Fuerte	VEF	5.557	5.977	5.739	5.621
Zambia	Zambian Kwacha	ZMK	6,616.980	6,760.063	6,400.260	6,354.306

It must be noted that the exchange rate expresses the quantity of foreign currency needed to purchase 1 Euro. Source: Banca d'Italia

Related parties (annex 1)

(thousands of euros)

Company name	Other non-current financial assets	Receivables from customers	Trade receivables	Other current assets	Non-current financial liabilities
Adduttore Ponte Barca S.c.r.l. in liquidation	0	0	6	0	0
Astaldi - UTI - Romairport Joint Venture	416	0	1,512	533	0
Astaldi Bayindir J.V.	0	0	350	5,984	0
Autostrada Nogara Mare Adriatico S.c.p.a.	0	0	0	0	0
Avola S.c.r.l. in liquidation	84	0	769	41	0
Blufi 1 S.c.r.l. in liquidation	0	0	0	48	0
C.F.M. S.c.r.l. in liquidation	0	0	71	113	0
Colli Albani S.c.r.l. in liquidation	5	0	815	5	0
Consorcio Astaldi-ICE	0	0	416	0	0
Consorcio Contuy Medio	0	0	440	575	0
Consorcio Grupo Contuy - Proyectos y Obras de Ferrocarriles	0	0	973	5,783	0
Consorzio A.F.T. in liquidation	354	0	562	801	0
Consorzio A.F.T. Kramis	560	0	2,572	417	0
Consorzio C.I.R.C. in liquidation	0	0	22	0	0
Consorzio Consarno	127	0	70	0	0
Consorzio Consavia S.c.n.c. in liquidation	0	0	5	1	0
Consorzio Dipenta S.p.A. - Ugo Vitolo in liquidation	0	0	0	0	0
Consorzio Europeo Armamento Alta Velocità - C.E.A.A.V.	90	0	0	0	0
Consorzio Ferrofir in liquidation	0	0	0	0	0
Consorzio Gi.It. in liquidation	0	0	0	0	0
Consorzio Iricav Due	0	0	25	0	0
Consorzio Iricav Uno	0	0	370	109	0
Consorzio Ital.Co.Cer.	0	0	0	0	0
Consorzio Italvenezia	0	0	0	0	0
Consorzio Novocen in liquidation	0	0	0	0	0
Consorzio Pedelombarda 2	0	0	0	0	0
Consorzio Ponte Stretto di Messina in liquidation	220	0	0	1	0
Consorzio Qalat	0	0	0	0	0
Diga di Blufi S.c.r.l. in liquidation	0	0	6,198	637	0

Payables to customers	Trade payables	Other current liabilities	Revenue	Other operating revenue	Service costs	Other operating costs	Financial income	Interest and other financial charges
0	0	0	0	(1)	12	(1)	0	0
0	76	0	0	0	0	0	0	0
0	1,272	0	0	0	0	0	0	0
0	39	0	0	0	39	0	0	0
0	162	0	0	90	0	0	0	0
0	0	0	0	0	0	0	0	0
0	124	0	0	0	0	0	5	0
0	343	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	1,223	24	0	0	160	0	0	0
0	2,983	0	0	252	1,226	0	46	0
0	446	226	0	0	0	0	5	0
0	0	0	0	0	96	0	19	0
0	107	0	0	0	10	0	0	0
0	70	0	0	0	70	0	0	0
0	0	0	0	0	0	0	0	0
0	2	0	0	0	0	0	0	0
0	41	0	0	0	5	0	0	0
0	268	0	0	0	269	0	0	0
0	220	0	0	0	0	0	0	0
0	362	0	0	65	424	0	0	1
0	2,954	0	0	399	2,596	7	0	0
0	1,560	0	0	0	235	1,224	0	0
0	131	0	0	0	6	0	0	0
0	57	0	0	0	0	0	0	0
0	7	0	0	0	67	0	0	0
0	0	0	0	0	0	0	0	0
0	91	0	0	0	0	0	0	0
0	5,470	0	0	0	1	0	0	0

Company name (thousands of euros)	Other non-current financial assets	Receivables from customers	Trade receivables	Other current assets	Non-current financial liabilities
Ecosarno S.c.r.l.	0	0	0	0	0
FIN.AST S.r.l.	0	0	5	0	0
Fosso Canna S.c.r.l. in liquidation	205	0	247	6	0
FSC S.c.r.l. in liquidation	0	0	0	27	0
G.T.J Etude et Rèalisation d'un Tunnel	0	0	0	26	0
GEI - Grupo Empresas Italianas	0	0	1,574	7,104	0
Groupement Eurolep	0	0	0	0	0
Groupement Italgisas	838	0	124	183	0
Infraflegrea S.c.r.l. in liquidation	0	0	523	85	0
Italsagi Sp. Zo. O.	340	0	14	28	0
M.N. Metropolitana di Napoli S.p.A.	0	0	29	0	0
Metro 5 Lilla S.r.l.	0	0	79	0	0
Metro 5 S.p.A.	1,565	35,877	65	53	0
METRO C S.c.p.a.	0	0	618	5	0
Metrogenova S.c.r.l.	0	0	151	89	0
Monte Vesuvio S.c.r.l. in liquidation	250	0	255	0	0
Mose-Treporti S.c.r.l.	0	0	744	0	0
N.P.F. - Nuovo Polo Fieristico S.c.r.l. in liquidation	0	0	6	679	0
Nova Metro S.c.r.l. in liquidation	0	0	0	0	0
Otoyol Yatirim Ve Isletme A.S	0	0	21	0	0
Pacific Hydro Chacayes	13,303	19,824	101	0	0
Pedelombarda S.c.p.A.	0	0	4,859	9	0
Pegaso S.c.r.l.	0	0	435	724	0
Piana di Licata S.c.r.l. in liquidation	307	0	257	2	0
Pont Ventoux S.c.r.l. in liquidation	0	0	3,286	583	0
Principe Amedeo S.c.r.l. in liquidation	0	0	339	114	0
S. Leonardo S.c.r.l. in liquidation	5	0	2,628	2	0
S.A.C.E.S. S.r.l. in liquidation	0	0	0	0	1,645
S.E.I.S. S.p.A.	1,937	0	0	0	0
SA.T. S.p.A.	0	7,052	420	0	0
Tangenziale Seconda S.c.r.l. in liquidation	0	0	69	4	0
Viadotti di Courmayeur S.c.r.l. in liquidation	0	0	301	22	0
General Total	20,606	62,753	32,325	24,791	1,645
Percentage of incidence on transactions	12.91%	6.21%	3.94%	8.04%	0.25%

Payables to customers	Trade payables	Other current liabilities	Revenue	Other operating revenue	Service costs	Other operating costs	Financial income	Interest and other financial charges
0	198	0	0	0	612	0	0	0
0	0	0	0	13	0	0	0	0
0	83	0	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	9,004	17	0	0	1,646	0	0	0
0	0	26	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	541	0	0	0	21	0	0	0
0	0	0	0	0	0	0	0	0
0	9	0	0	4	0	0	0	4
54,989	4	0	58,950	139	1,968	0	0	0
0	700	1	47,567	603	1,886	4	92	0
0	59,603	0	2,755	470	104,605	0	0	0
0	1,334	32	0	140	2,628	0	0	0
0	60	0	0	0	0	0	0	0
0	11,322	0	0	270	13,013	0	0	0
0	0	0	0	11	134	0	0	0
0	33	0	0	0	3	0	0	0
0	6	0	0	0	3	0	546	0
274	46	0	47,714	115	85	0	562	0
0	8,345	0	0	268	17,059	0	0	0
0	498	0	0	159	741	0	0	0
0	139	0	0	78	0	0	0	0
0	5,622	0	0	11	(13)	198	26	0
0	232	0	0	0	0	0	0	0
0	698	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
1,217	0	0	53,878	241	0	1	0	0
0	20	0	0	0	1	0	1	0
0	132	0	0	0	2	0	0	0
56,480	116,637	327	210,863	3,326	149,612	1,432	1,301	5
11.96%	10.43%	0.26%	9.31%	3.50%	11.09%	3.73%	2.91%	0.00%

Information on equity-accounted investees and proportionally consolidated entities (annex 2)

Amounts refer to income statement and statement of financial position figures shown at 100%

Equity-accounted investees

(thousands of euros)

Company name	Carrying amount of the investment	Effects of equity accounting
Adduttore Ponte Barca S.C.R.L. In liquidation	11	0
Autostrada Nogara Mare Adriatico S.C.P.A.	28	0
Avola S.C.R.L. In liquidation	0	(46)
Blufi 1 S.C.Rl. In liquidation	0	0
C.F.M. S.C.R.L. In liquidation	21	0
Colli Albani S.C.R.L. In liquidation	0	(1)
Consorcio Contuy Medio	0	0
Consorzio A.F.T. In liquidation	15	0
Consorzio A.F.T. Kramis	0	0
Consorzio C.I.R.C. In liquidation	13	0
Consorzio Consarno	5	0
Consorzio Consavia S.C.N.C. In liquidation	5	0
Consorzio Europeo Armamento Alta Velocità - C.E.A.A.V.	52	0
Consorzio Ferrofir In liquidation	357	0
Consorzio Gi.It. In liquidation	1	0
Consorzio Iricav Due	171	0
Consorzio Iricav Uno	124	0
Consorzio Ital.Co.Cer.	15	0
Consorzio Italvenezia	19	0
Consorzio Metrofer In liquidation	9	0
Consorzio Novocen In liquidation	0	0
Consorzio Pedelombarda 2	2	0
Consorzio Ponte Stretto Di Messina In liquidation	52	0
Consorzio Qalat	(0)	0
Copenhagen Metro Construction Group J.V. (Comet)	0	(933)
Diga Di Blufi S.C.R.L. In liquidation	23	0
Ecosarno S.C.R.L.	17	0
Fosso Canna S.C.R.L. In liquidation	0	(1)
Gei - Grupo Empresas Italianas	360	0
Groupement Italgisas	0	0
Infraflegrea S.C.R.L. In liquidation	23	0
M.N. Metropolitana Di Napoli S.P.A.	6,379	472
Metro 5 S.P.A.	5,091	1
Metro C S.C.P.A.	12,771	0

Total Equity	Total Liabilities in statement of financial position	Total Assets in statement of financial position	Total Revenue	Total Production costs	Profit/loss for the year
14	570	570	0	0	0
120	1,191	1,191	170	163	0
(192)	1,023	1,023	0	81	(92)
(71)	0	0	0	0	0
41	927	927	0	0	0
(7)	820	820	0	1	(1)
1	4,726	4,726	478	413	0
46	3,363	3,363	7	2	0
(30)	0	0	0	0	0
52	656	656	41	41	0
21	11,007	11,007	7,762	7,612	0
19	92	92	0	1	(1)
207	587	587	38	18	0
535	2,049	2,049	986	287	0
3	444	444	0	0	0
455	50,991	50,991	1,264	1,219	0
444	3,483,428	3,483,428	41,018	39,057	0
52	2,218	2,218	0	0	0
77	432	432	23	13	0
26	104	104	0	0	0
(140)	2,544	2,544	318	111	0
10	10	10	0	0	0
76	817	817	4	4	0
6	6	6	0	0	0
(131,475)	706	706	0	6,055	(6,221)
30	11,012	11,012	3	1	0
51	990	990	1,194	554	0
(70)	507	507	0	1	(2)
1,080	14,228	14,228	4,673	4,123	0
(2,861)	0	0	0	0	0
30	1,620	1,620	47	0	0
28,202	1,383,584	1,383,584	176,014	165,430	2,089
16,421	315,322	315,322	578	369	2
37,018	341,542	341,542	308,525	269,391	0

(thousands of euros)

Company name	Carrying amount of the investment	Effects of equity accounting
Metrogenova S.C.R.L.	6	(0)
Monte Vesuvio S.C.R.L. In liquidation	0	(4)
Mose-Treporti S.C.R.L.	4	0
N.P.F. - Nuovo Polo Fieristico S.C.R.L. In liquidation	20	0
Nomayg Gebze Izmir Otoyol Insaati Adi Ortakligi	0	0
Nova Metro S.C.R.L. In liquidation	10	0
Otoyol Yatirim Ve Isletme A.S	11,468	0
Pacific Hydro Chacayes	35,766	1,375
Pedelombarda S.C.P.A.	4,800	0
Pegaso S.C.R.L.	114	0
Piana Di Licata S.C.R.L. In liquidation	0	(39)
Pont Ventoux S.C.R.L. In liquidation	29	0
Principe Amedeo S.C.R.L. In liquidation	0	1
S. Leonardo S.C.R.L. In liquidation	0	(1)
S.A.C.E.S. S.R.L. In liquidation	0	(12)
S.E.I.S. S.P.A.	15,414	(393)
Sa.T. S.P.A.	907	(8)
Sharaf - Astaldi Llc	52	0
Tangenziale Seconda S.C.R.L. In liquidation	23	0
Viadotti Di Courmayeur S.C.R.L. In liquidation	3	0
Yellow River Contractors	289	(10)
	94,468	401

Proportionally consolidated equities

(thousands of euros)

Company name	Stake (%)	Total Non-current liabilities	Total Current liabilities
Avrasya Metro Grubu Srl	42	0	16,849
CO.SAT Società Consortile a responsabilità limitata	50	775	59,035
"Consorcio Rio Urubamba	50	0	7,814
"Consorzio Cerro del Aguila	50	435	10,324
Ic Içtas - Astaldi Insaat A.S.	50	0	160,587
Ica Astaldi -Ic Ictas WHSD Insaat AS	50	0	2,381
M.O.MES S.c.r.l.	55	0	1,310
Metro Brescia S.r.l.	50	0	33
Veneta Sanitaria Finanza di Progetto S.p.A. - V.S.F.P. S.p.A.	31	106,423	37,141
		107,633	295,475

Total Equity	Total Liabilities in statement of financial position	Total Assets in statement of financial position	Total Revenue	Total Production costs	Profit/loss for the year
26	10,155	10,155	12,231	9,498	0
(517)	401	401	0	7	(8)
10	57,229	57,229	72,044	72,014	0
40	1,438	1,438	350	302	0
0	55,385	55,385	26,461	23,283	(0)
41	480	480	0	0	0
61,395	77,812	77,812	24,802	31,207	0
129,879	355,773	355,773	10,306	1,036	5,036
20,000	49,013	49,013	22,436	16,421	0
260	8,510	8,510	3,421	2,708	0
(347)	360	360	0	6	(88)
52	9,971	9,971	212	191	0
0	911	911	0	1	3
(79)	2,898	2,898	0	1	(1)
(280)	3,073	3,073	0	3	(33)
31,893	31,893	31,893	0	0	(813)
2,592	72,990	72,990	746	811	(24)
631	631	631	0	0	0
45	119	119	3	2	0
10	496	496	4	4	0
2,062	2,062	2,062	1	0	(74)
197,478	6,379,114	6,379,114	716,159	652,441	(230)

Total Equity	Total Non-current assets	Total Current assets	Total Revenue	Total Production costs	Profit/loss for the year
1,924	3	18,770	36,868	33,842	1,912
10	1,392	58,427	96,765	89,543	0
5	25	7,794	628	247	5
(276)	2,560	7,924	1,172	959	(256)
7,280	47,786	120,082	42,010	29,485	6,989
(1)	0	2,381	622	381	34
10	0	1,320	1,520	1,524	0
456	1	490	0	0	(44)
27,996	126,102	45,458	50,646	41,485	4,662
37,405	177,867	262,646	230,231	197,466	13,302

Management certification

Certification of the Consolidated Financial Statements pursuant to Article 154-bis of Legislative Decree No. 58/98 and Article 81-ter of CONSOB Regulation No. 11971 of 14 May 1999 and any subsequent amendments and additions

1. Taking into account the provisions contained in Article 154-bis, subsections 3 and 4 of Legislative Decree No. 58 of 24 February 1998, the undersigned Stefano Cerri, in the capacity of Chief Executive Officer, and Paolo Citterio, in the capacity of Executive appointed to draft corporate accounts of Astaldi S.p.A., hereby certify:
   • the appropriateness in relation to the company's characteristics and
   • the actual application
   of administrative and accounting procedures used to formulate the 2011 consolidated financial statements.

2. The administrative and accounting procedures used to formulate the consolidated financial statements at 31 December 2011 were formulated and their appropriateness assessed on the basis of provisions and methodologies defined by Astaldi S.p.A. in compliance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission (so-called CO.S.O. Report) which represents a reference framework for internal audit systems generally accepted at an international level.
   There are no significant observations to be made in this regard.

3. This is also to certify that:
   3.1 The consolidated financial statements:
   a) were drafted in compliance with the applicable international accounting standards acknowledged within the European Community pursuant to (EC) Reg. No. 1606/2002 of the European Parliament and Council of 19 July 2002;
   b) tally with ledgers and account entries;
   c) are suitable for providing a truthful and accurate representation of the equity, economic and financial situation of the issuer and of all the companies included in the consolidation area.

   3.2 The management report contains a reliable analysis of the operating performance and result, as well as of the situation of Astaldi S.p.A. and of all the companies included in the consolidation area, together with a description of the main risks and uncertainties they are exposed to.

Rome, 16 March 2012
Signed by:

Stefano Cerri	**Paolo Citterio**
Chief Executive Officer	***Executive appointed to draft corporate accounts***

Independent auditors' report

KPMG

KPMG S.p.A.
Revisione e organizzazione contabile
Via Ettore Petrolini, 2
00197 ROMA RM

Telefono +39 06 809611
Telefax +39 06 8077475
e-mail it-fmauditaly@kpmg.it

(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Astaldi S.p.A.

1 We have audited the consolidated financial statements of the Astaldi Group as at and for the year ended 31 December 2011, comprising the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards issued by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

The consolidated financial statements present the prior year corresponding figures and the statement of financial position as at 1 January 2010 for comparative purposes. As disclosed in the note "Change in accounting policy for jointly-controlled entities starting from 1 January 2011: proportionate consolidation", the parent's directors restated some of the corresponding figures included in the prior year consolidated financial statements and statement of financial position as at 1 January 2010, which derives from the consolidated financial statements at 31 December 2009. Other auditors audited the 2010 and 2009 consolidated financial statements and issued their reports thereon on 25 March 2011 and 7 April 2010, respectively. We have examined the methods used to restate the prior year corresponding figures and related disclosures for the purposes of expressing an opinion on the consolidated financial statements at 31 December 2011.

3 In our opinion, the consolidated financial statements of the Astaldi Group as at and for the year ended 31 December 2011 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of the Astaldi Group as at 31 December 2011, the results of its operations and its cash flows for the year then ended.

4 The directors of Astaldi S.p.A. are responsible for the preparation of a management report on the financial statements and a corporate governance and shareholding structure report in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the management report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the corporate governance and shareholding structure report with the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the management report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the corporate governance and shareholding structure report are consistent with the consolidated financial statements of the Astaldi Group as at and for the year ended 31 December 2011.

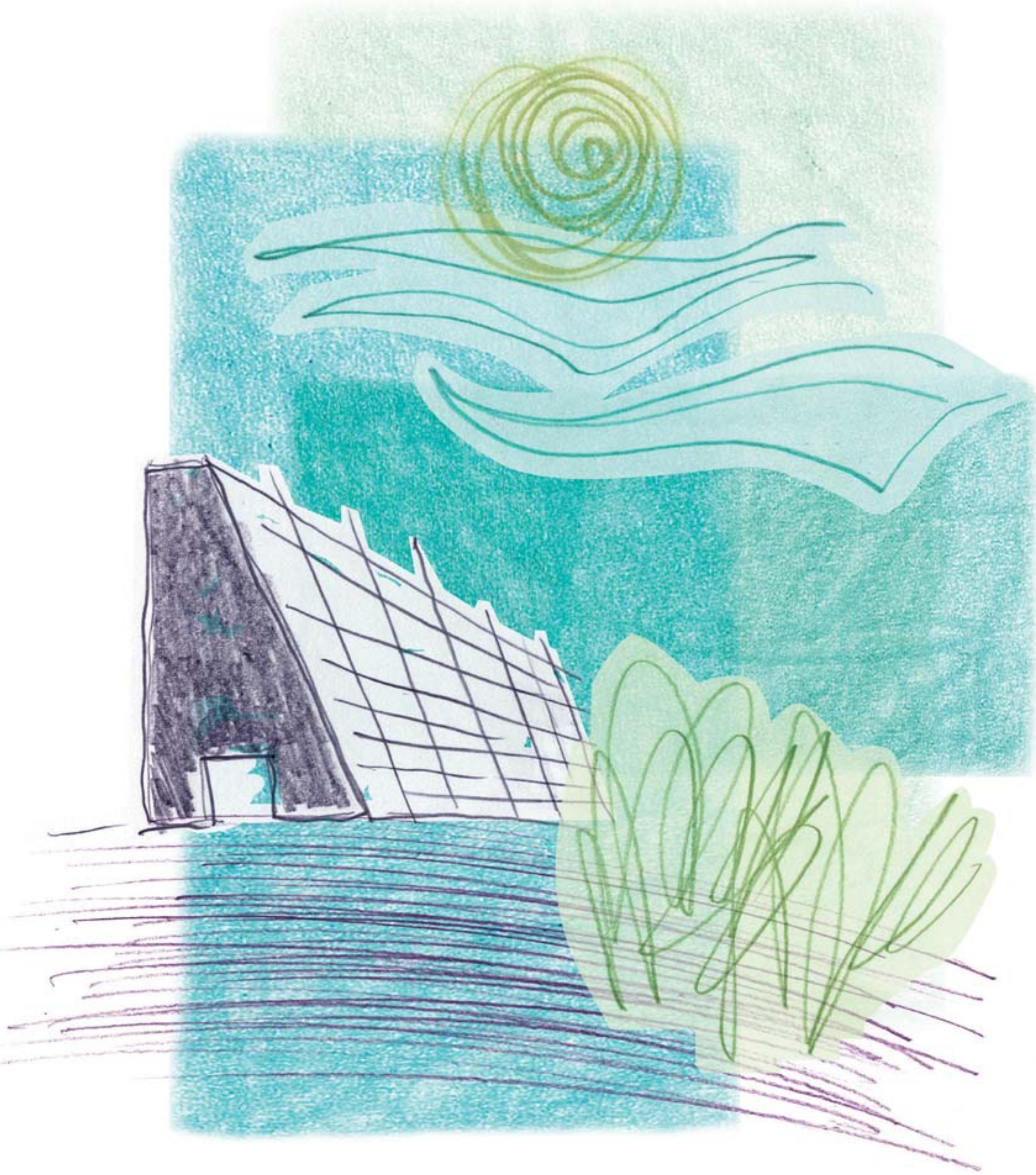
Rome, 3 April 2012

KPMG S.p.A.

(signed on the original)

Benedetto Gamucci
Director of Audit

[This page is intentionally left blank]



Corporate Governance Report

Corporate Governance Report

Italy,
New Hospital in Mestre.

Corporate governance and shareholding structure report

(pursuant to Art. 123-bis of the Consolidated Finance Act)

Introduction

It is underlined that this Report was drawn up in compliance with the provisions of art. 123-bis of the Consolidated finance Act. taking into account the recommendations of the Code of Conduct in force in 2011, and in accordance with to the guidelines provided by Borsa Italiana S.p.A. in february 2012.

While, with reference to the changes in the Code od conduct approved in December 2011, it is underlined that, because of the temporary regime as per said Code, the Company will implement the related implementation to its corporate governance from the current year and will give the market proper disclosure through the "Corporate Governance and Shareholding Structure Report" to be drawn up next year.

Now, therefore, it is underlined that the articles hereof are numbered according to the version of the Code in force prior to said amendments made in December 2011.

1. Issuer's profile

Also this year, the corporate governance model adopted by Astaldi S.p.A. is in line with the principles contained in the "Code od conduct for listed companies" – drawn up by Borsa Italiana S.p.A. in October 1999 and subsequently amended and supplemented –, with the relevant recommendations of Consob, and more generally, with the international best practice.
Taking into account the above, the corporate governance model of Astaldi S.p.A., setting forth the main events after the reporting period, is described herebelow.

2. Information on shareholding structure (as per art. 123-bis of the Consolidated Finance Act.)

a) Share capital structure (as per art. 123-bis, paragraph 1(a) of the Consolidated Finance Act)
Subscribed and paid-up share capital amount in Euro: **196,849,800.00 Euro.**
The share capital is divided into 98,424,900 ordinary shares of a nominal value of Euro 2 each.

Classes of shares constituting the share capital: ordinary shares with voting rights.

No other financial instrument entitling the holder to subscribe newly issued shares has been issued.

No share-based benefit plan was adopted entailing any increase, also on a free-of-charge basis, in the company's share capital.

b) Restrictions on the transfer of shares (as per art. 123-bis, paragraph 1(b) of the Consolidated Finance Act)

There are no restrictions on the transfer of shares.

c) Significant shareholdings (as per art. 123-bis, paragraph 1(c) of the Consolidated Finance Act)

The shareholders owning a number of shares representing more than 2% of the share capital, as appearing from the shareholders' register, from the notices received pursuant to art. 120 of the Consolidated Finance Act and from other information available are, as at 1 March, 2012, the following:

Declarant	Direct shareholder	Number of shares	Shareholding %
FIN.AST. S.r.l.	FIN.AST. S.r.l.	39,290,495	39.919%
	Finetupar International S.A.	12,327,967	12.525%
		51,618,462	52.445%
Odin Forvaltning AS	Odin Forvaltning AS	4,841,885	4.919%
Total		56,460,347	57.364%

d) Shares with special rights (as per art. 123-bis, paragraph 1(d) of the Consolidated Finance Act)

No share with special controlling interests has been issued.

e) Employees' shareholding: exercise of voting rights (as per art. 123-bis, paragraph 1(e) of the Consolidated Finance Act)

No employees' shareholding scheme has been adopted.

f) Restrictions on voting rights (as per art. 123-bis, paragraph 1(f) of the Consolidated Finance Act)

There are no restrictions on voting rights.

g) Shareholders' agreements (as per art. 123-bis, paragraph 1(g) of the Consolidated Finance Act)

No shareholders' agreement appears to have been entered into, has been reported or is known, to which the provisions of art. 122 of the Consolidated Finance Act are applicable.

h) Clauses of change of control (as per art. 123-bis, paragraph 1(h) of the Consolidated Finance Act) and By-laws provisions related to Public Take-over Bids (as per art. 104, paragraph 1-ter, and 104-bis, paragraph 1)

Astaldi S.p.A. and its subsidiaries have not entered into any significant agreement which becomes effective or is terminated in the event of change in the holder of the controlling interest in the contracting party.
In relation to of Public Take-over Bids the By-laws of Astaldi S.p.A. do not contain any provision which is applicable notwithstanding the passivity rule under art. 104, paragraphs 1 and 2, of the Consolidated Finance Act nor provide for the application of breakthrough rules in accordance with art. 104-bis, paragraphs 2 and 3, of the Consolidated Finance Act.

i) Powers to increase the Company's share capital and authorisation to purchase Company's treasury shares (as per art. 123-bis, paragraph 1(m) of the Consolidated Finance Act)

The Board of Directors of Astaldi S.p.A. has not been vested with any power to increase the Company's share capital, and is not authorised to issue participating financial instruments.

It is underlined at their Meeting held on 18 April, 2011 the shareholders of Astaldi S.p.a. approved a **plan of purchase and sale of the Company's own shares**, pursuant to sections 2357 et seq. of the Italian Civil Code and art. 132 of Legislative decree No. 58 of 24

February, 1998, having a validity of twelve months (effective from 27 May, 2011), authorising to:

- **purchase** the Company's treasury shares up to a maximum rolling number of 9,842,490 shares of a nominal value of eur 2.00 each, at a unit price not lower than 2.00 euro and not higher than the average price of the last 10 stock market working days immediately preceding the date of purchase, increased by 10%, with the additional obligation that the amount of shares shall never exceed Euro 24,600,000.00 (without detriment to the limit of distributable profits and reserves available pursuant to article 2357, first paragraph, of the Italian Civil Code);
- **sell** the shares so purchased, with no time limit, at a unit price not lower than the average price of the last 10 stock market working days preceding the date of sale, decreased by 10%.

The Plan further provides that the Board of Directors be authorised, without any time limit, to dispose of treasury shares also by securities exchange transactions carried out within the framework of possible strategic transactions in the Company's interest, among which, in particular, securities exchange and/or contribution transactions, provided that the value attributed to the shares within the framework of such transactions is not lower than the average carrying amount of the Company's treasury shares held. Company's treasury shares may also be used, without any time limit, in connection with possible future stock grant and/or stock option plans, notwithstanding, in this case, the above-mentioned criteria of determination of the price of sale, which shall not in any case be lower than the so-called "normal value" as provided for by tax laws.

The Board of Directors is further authorised to carry out securities lending operations – in which Astaldi S.p.A. acts as lender – on the Company's treasuy shares.

As implementation of said resolution, the Company held **610,908 treasury shares** as at 31 December, 2011.

l) Management and coordination (as per section 2497 et seq. of the Italian Civil Code)

Astaldi S.p.A. **is not subjected to the *"management and coordination"*** of any of its shareholders, since the Company's Board of Directors takes any and all of its decisions on the management of Company activities in full autonomy and independence.

However, it is specified that:

- the information to be disclosed under art. 123-bis, first paragraph, letter i) *("the agreements between the company and its directors ... providing for any indemnity in the event of resignation or dismissal without just cause, or in the event of termination following a public take-over bid")* is set forth in the Report's section focusing on directors' remuneration (Section 9);
- the information to be disclosed under art. 123-bis, first paragraph, letter l) *("the provisions applicable to the replacement of directors ... as well as to the amendment of the By-laws, if different from the provisions of laws and regulations applicable if not otherwise provided for")* is set forth in the Report's section relating to the Board of Directors (Section 4.1)

3. Compliance (as per art. 123-bis, paragraph 2(a) of the Consolidated Finance Act)

Astaldi S.p.A., as a company listed in the STAR Segment, complies with the "**Code od conduct for listed companies"**, established by Borsa Italiana S.p.A.

It is reminded that such Code is made publicly available at the website of Borsa Italiana S.p.A. (www.borsaitaliana.it).

Astaldi S.p.A. and its strategic subsidiaries do not appear to be subjected to any provision of foreign laws affecting the Company's corporate governance structure.

4. Board of directors

4.1 Appointment and Replacement (as per art. 123-bis, paragraph 1(l) of the Consolidated Finance Act)

Pursuant to the provisions of related legislation, the By-laws of Astaldi S.p.A. provides for the "**list vote**" for the appointment of the Board of Directors.

In particular, in accordance with the provisions of the By-laws, the shareholders globally holding, individually or jointly with the other shareholders with whom they **file** the same list, a number of shares representing at least **2.5%** (or the minimum percentage provided for by the provisions of applicable laws and regulations) of the company's share capital with voting rights in Shareholders' Ordinary Meetings, are entitled to file lists.

Still in accordance with to the By-laws, the lists, signed by the filing parties and complying with the provisione of the law provisions, must be **filed** at the Company's registered office, in accordance with the terms and manner provided for by applicable laws and regulations.

The members of the Board of Directors are **elected** as follows:

1) a number of directors equivalent to the total number of the members of the Board of Directors fixed at the shareholders' meeting less one are drawn, in the progressive number in which they are listed in the list, from the list that has obtained the highest number of votes cast by the shareholders. In the event no list has obtained a number of votes higher than the others, the Shareholders' Meeting shall be called again for a new voting session to be held in accordance with the By-laws;
2) one Director, that is the candidate ranking first in the list, is drawn from the list which ranked second in number of votes and which is not connected, in accordance with the criteria provided for by the laws governing the appointment of minority statutory auditors, with the shareholders having submitted or voted the list which ranked first in number of votes. In the event two or more lists filed by non-controlling shareholders have obtained the same number of votes, the candidate senior in age among those ranking first in the lists having obtained an equal number of votes is appointed as Director.

In the event **one sole list** or no list is submitted, the Shareholders shall resolve according to the majorities provided for by the law, without following the above procedure.

For the purpose of **allotment** of the directors to be appointed, the lists which have not obtained a percentage of votes of at least one half of the minimum percentage required for submitting the lists themselves, shall not be taken into account.

The By-laws provide that the lists shall be accompanied, inter alia, with the candidates' statements by which the same attest, under their own responsibility, their fulfilment or not of the **requirements of independence** provided for by the law.
Moreover, in order to ensure the appointment of the **minimum number of independent Directors** in accordance with the provisions of art. 147-ter, paragraph 4, of TUF, the By-laws expressly provide that *"each list shall include the candidature of individuals meeting the requirements of independence provided for by the law and their number shall be at least equal to the number of independent directors who, in accordance with the law, shall be members of the board of directors"*.

As far as the **termination of office of Directors** is concerned, in accordance with the By-laws, in the event, during the year, of one or more directors appointed from the **list having obtained the higher number of votes** leaving office and provided that the majority is still constituted of directors appointed by the shareholders, any such vacancy shall be filled in accordance with the provi-

sions of Section 2386 of the Italian Civil Code.
While, in the event, during the year, of the director appointed from the **list which ranked second in number of votes**, the By-laws provide for his replacement pursuant to the following:

a) the Board of Directors appoints the new director from the candidates within the same list to which the director leaving office belonged, provided that the shareholders who submitted such list still hold the interest required for submitting the list, and at their meeting to be held thereafter the shareholders shall resolve, in accordance with the majorities provided for by the law, in compliance with the same principle;
b) in the event the new director can't be appointed from the list which ranked second in number of votes, the Board of Directors appoints the new director from the candidates within the lists which ranked lower than second in number of votes, in progressive order, provided that the shareholders who submitted the list from which the new director is appointed still hold the interest required for submitting the list, and their meeting to be held thereafter the shareholders shall resolve, in accordance to the majorities provided for by the law, in compliance with the same principle;
c) in the event there is no candidate who has not been appointed yet, or in any case when the provisions of paragraphs a) and b) can't be complied with for any reason whatsoever, the Board of Directors shall appoint the new director, as the same shall be appointed by the shareholders at their meeting to be held thereafter, in accordance with the majorities provided for by the law and without the list vote, but still in compliance with the provisions of laws and regulations in matter of minimum number of independent directors.

Moreover, in accordance with the By-laws, should for any reason the majority of the board members leave office, the entire Board of Directors shall fall from office, and the directors still holding office shall urgently call the Shareholders' Meeting for the appointment of the new Board of Directors. The Board of Directors shall also hold office until the Shareholders have resolved upon the renewal of such body and until the appointment is accepted by more than half of the new Directors. Until then, the Board of Directors may perform exclusively ordinary administration tasks.

The Company is not subjected to any additional sector regulations related to composition of the Board of Directors.

Succession plans
The Company did not deem it advisable to adopt any plan fort he succession of executive directors.

4.2 Composition (as per art. 123-bis, paragraph 2(d) of the Consolidated Finance Act)

The Board of Directors of Astaldi S.p.A. was appointed on 23 April, 2010 for the three-year period 2010/2012 and its term of office **expires upon approval of the financial statements as at and for the year ending 31 December, 2012**.
Such appointment was made in compliance with the provisions of the Company's By-laws and of art. 147-ter of the Consolidated Finance Act, on the basis of one sole list filed by the shareholder Fin.Ast. S.r.l.. The candidates of said list were appointed by the favourable vote of 95.408% of the share capital held by those attending the meeting. While, instead, no minority list was filed, under the provisions of art. 147-ter, paragraph 3 of the Consolidated Finance Act and the Company's By-laws.

In relation to candidates' personal and professional characteristics, please refer to the information published on the Company's website (www.astaldi.com), Governance/Board of Directors tab.

As to the composition and the characteristics of the Board of Directors in office, please refer to Tables 2, 2-bis and 3 attached hereto, further reminding that Mr. Piero Gnudi, who was appointed as member of the

Board of Directors of Astaldi S.p.A. during the Shareholders' meeting held on 18 April, 2011, resigned from such office by notice given to the Company on 29 November, 2011, following his appointment as Minister of the Republic of Italy.
During the next Shareholders' Meeting, to be held on 24 April 2012, proper resolutions to such respect will be taken.

Maximum cumulative number of positions held in other companies
To this respect, it is underlined that the Company's Board of Directors established the general criteria adopted by the Company relating to the maximum cumulative number of positions as director or statutory auditor which may be held by the Company's Directors in other companies listed on regulated markets (including foreign markets), in financial, bank, insurance or any large-size companies, as provided for by art. 1.C.3 of the Code of Conduct.
In particular, on such occasion, the Board of Directors resolved to set:

- the (cumulative) number of positions as director or statutory auditor which may be held by *"non-executive"* and "independent" directors, up to a maximum of **6**;
- the (cumulative) number of positions as director or statutory auditor which may be held by *"executive"* directors, up to a maximum of **4**;

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

4.3 Board of Directors' Role (as per art. 123-bis, paragraph 2(d) of the Consolidated Finance Act)

The Board of Directors plays a key role within the Company's organization. Indeed, it is responsible for setting the Company's strategic and organisational policies, as well as for ensuring the implementation of the necessary controls aimed at monitoring the Company's and the Group's performance. Pursuant to art. 22 of the Company's By-laws, the Board of Directors is vested with full powers for the management of the Company.

In agreement with the Company's By-Laws, **7 meetings** of the Board of Directors, of an **average duration** of 2 hours each, were held in 2011, with a limited number of absences of Directors and Statutory Auditors, all of which were duly justified.

Pursuant to stock exchange regulations on this matter, the Board of Directors approved and subsequently forwarded to Borsa Italiana S.p.A. and to the market, with reference to 2012, the **calendar** setting forth the dates of future Board meetings to be held for the approval of the draft financial statements, interim report and quarterly reports (the so-called *"2012 Corporate Calendar"*), as set forth below and made available in the company's website (*"Governance/Financial Calendar"* tab).

Date	Company event	Topic
9 February 2012 (already held)	Board of Directors' meeting	Approval of 2011 Fourth Quarterly Report
16 March 2012	Board of Directors' meeting	Approval of the 2011 Draft Separate and Consolidated Financial Statements
24 April 2012	Shareholders' Meeting	Approval of 2011 annual financial report
11 May 2012	Board of Directors' meeting	Approval of 2012 First Quarterly Report
1 August 2011	Board of Directors' meeting	Approval of Interim Report as June 30, 2012
13 November 2012	Board of Directors' meeting	Approval of 2012 Third Quarterly Report

During 2012, in addition to the meeting held on 9 February 2012, a Board meeting was held also on 22 February 2012. Such meeting was not included in the Financial Calendar since the topics discussed thereat did not concern the Company's accounting documents and/or periodical financial reports.

It is underlined that **pre-meeting documents** are distributed by the Board of Directors' Secretary, upon mandate given by the Board of Directors' Chairman, to the Directors (in electronic format) prior to the Board meeting, in order to ensure a complete and correct evaluation of the topics brought to the Board of Directors' attention.

Moreover, Board of Directors' meetings may be attended, upon **invitation**, by Company's managers so as to provide proper details on the topics of the agenda.

In particular, in compliance with **Application Criterion 1.C.1 of the Code od conduct for listed companies, the Board of Directors:**

a) examines and approves the Company's and the Group's strategic, business and financial plans, the Company's corporate governance system and the Group's corporate structure;
b) evaluates the adequacy of the organisational, administrative and general accounting structure of the Company and of its strategically important subsidiaries, as prepared by the Chief Executive Officer, with particular reference to the internal control system and the management of conflicts of interests;
c) determines, after examining the proposals made by the related Committee and hearing the Board of Statutoy Auditors, the remuneration of the Chief Executive Officer and other Key Management personnel;
d) evaluates the operating performance;
e) confers and revokes the powers of the Chief executive Officer, determining relevant limits and manner of exercise; defines the frequency, which shall never exceed a period of three months, with which company bodies, upon whom powers have been conferred, shall report to the board in connection with the activities carried out while exercising the relevant powers;
f) Examines and approves the transactions carried out by the Company and its subsidiaries nn advance, whenever such transactions are of a significant strategic or financial importance for the Company itself.

In relation to **Application Criterion 1.C.1 (d) of the Code of Conduct**, it is specified that:

(i) At their Meeting held on 23 April 2010 the Shareholders, determined, in accordance with article 2389, first paragraph, of the Italian civil code, the annual gross remuneration due to each member of the Company's Board of Directors as amounting to eur 50,000;
(ii) the Directors Maurizio Poloni and Luigi Guidobono Cavalchini, by virtue of the mandate conferred upon the same during the Board of Directors' meeting held on 23 April 2010, on the basis of the proposal made by the Remuneration Committee and further hearing the Board of Auditors, determined the remuneration as per article 2389, third paragraph, of the Italian Civil Code, for 2010/2012.

The Board of Directors, pursuant to **Application Criterion 1.C.1.(e) of the Code of Conduct** , on the occasion of the meetings held during 2011, regularly evaluated the general operating performance, also on the basis of the information collected from company bodies, thus periodically comparing actual results with planned results.

Pursuant to **Application Criterion 1.C.1(f) of the Code of Conduct**, the Board of Directors was entrusted with the exclusive task of examining and approving the Company's transactions and its subsidiaries', whenever such transactions are of a significant strategic or financial importance, or when one or more directors

have interests therein on their own behalf or on the behalf of third parties.
As far as **transactions with related parties** are concerned, please refer to paragraph 12 herebelow.

The Board of Directors, in compliance with Application Criterion 1.C.1(g) of the Code of Conduct, properly considered the dimension, composition and manner of operation of the Board itself and of its Committees by means of an appropriate self-evaluation system (the co-called Board Performance Review) in which all the Company's Directors were involved.
In particular, during the Board of Directors' meeting held on 11 May 2011, a specific questionnaire, prepared by the Legal Affairs and Corporate Governance Department and discussed with the Board of Statutory Auditors, was distributed to the Directors, by which each Director could express his/her own considerations on the following aspects of the Company's governance:

- Board of Directors' role and influence on the Company's strategic decisions and in defining management's organisational structure, as well as on the verification of the Company's strategic framework and main risks;
- Directors' relationship with the Company's Top Management, with particular reference to Independent Directors, and existence of initiatives aimed at enhancing the Directors' knowledge of the Company's business;
- recurrence and duration of Board of Directors' meetings, timeliness and completeness of the documents provided to the Directors and closer investigation of the relevant issues;
- composition of internal Committees, with particular reference to the Internal control Committee and the Remuneration Committee, and reporting of the activities carried out by the Committees themselves to the Board of Directors;
- Board of Directors' role in determining management's remuneration and incentive plan.

Board Performance Review results, illustrated to the Board of Directors during its meeting held on July 14 2011, confirmed that the Company's Directors consider themselves as fully satisfied in connection with some specific aspects, such as, more in detail:

- the quality of documents made available to the Directors;
- the reporting, during Board of Directors' meetings, of the activities carried out by the Internal Control Committee and the Remuneration Committee, considered as regular and detailed;
- the atmosphere in which Board of Directors' meetings are held, which allows the Directors' active participation;
- Board of Directors' leadership and management, which is considered as aligned with the best standards;
- the relationship between independent Directors and Company's Top Management, which is considered as positive and profitable.

With reference to **Application Criterion 1.C.4 of the Code of Conduct**, it is underlined that the Shareholders of Astaldi S.p.A. did not authorise, either from a general point of view or as a precautionary measure, any act which may be in disregard of the non-competition clause of article 2390 of the Italian civil code.

4.4. Company Bodies

Chief Executive Officer

The Company's Board of Directors, during its meeting held on 23 April 2010, appointed Stefano Cerri as **Chief Executive Officer**, entrusting the same with the task of defining, in agreement with the Company's Chairman and the Deputy Chairman Giuseppe Cafiero, the Company's development strategies to be submitted to the Board of Directors and of taking care of their Application in compliance with the directive given and the resolutions taken by the Board of Directors itself.

Chairman

The activities of the Board are coordinated by the **Chairman**. The Chairman calls the Board meetings and directs their operation, ensuring that members are given reasonably well in advance – except in cases of necessity or urgency – all the documents and information necessary to the Board so that the latter may knowledgeably decide on the relevant topics.
No lead independent director has been designated, because the Chairman of the Board of Directors has not been vested with any exclusive power on the basis of which the same is liable for the management of the Company nor controls the same.

Reporting to the Board

The Chief Executive Officer reports to the Board of Directors and the Board of Statutory Auditors, on a regular and at **least quarterly** basis in accordance with the provisions of the By-laws, on the main activities carried out in performing his duties.

4.5 Other Executive Directors

The Board of Directors, as set forth in Table 2 attached hereto, is presently constituted of **3 Executive Directors** holding executive tasks within the Company.

4.6. Independent Directors

The Board of Directors, following its appointment at the Shareholders' Meeting held on 23 April 2010, pursuant to the **Application Criterion 3.C.4 of the Code of Conduct**, deemed that **independence requirements** are met by the Directors Giorgio Cirla, Paolo Cuccia, Mario Lupo, Eugenio Pinto and Maurizio Poloni. Such evaluation was made by taking into account independence parameters set forth in the Code od conduct itself, as well as significance criteria as defined in the Instructions given by Borsa Italiana S.p.A., considering substance over form..
The Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to assess the independent of its own members.
Notice of the outcome of such verification activities, which were carried out following the appointment, at the Shareholders' Assembly, of the Board of Directors presently in office, was given to the market on 23 April 2010 (please refer to the proper press release made available on the Company's website "Media Center/ Press Release" tab).

Still pursuant to **Application Criterion 3.C.4 of the Code of Conduct**, during today's meeting, the Board of Directors carried out the annual assessment of the fulfilment of independence requirements on the part of the above-mentioned Directors, the outcome of which showed no change with respect to the previous situation.

During 2011, independent directors deemed that it was not advisable to hold meetings in the absence of the other directors.

The Company organised, during the last few years, visits to construction sites, presentations and other initiatives aimed at enhancing the directors', and especially independent and non-executive directors' knowledge, of Company's activities and dynamics

4.7. Lead Independent Director

It is underlined that, since the preconditions of the Code od conduct (Application Criterion 2.C.3) are not met, further taking into account the statements of paragraphs 4.4 of this Report, the Board of Directors deemed not to designate any ***lead independent director***.

5. Processing of corporate information

Pursuant to **Application Criterion 4.C.1. of the Code of Conduct**, the Company, in order to ensure correct internal management and timely external communication of any significant event taking place within the

sphere of activity of the Company and its subsidiaries and which, at least potentially, is capable of significantly affecting the price of the Company's shares (the so-called "price sensitive information"), avails itself of the "**Continuous Disclosure**" procedure (the most recent revision of which by the Board of Directors was made in February 2011).
In short, the above procedure identifies within the Company the times and methods for transmitting and diffusing such information and the involvement of the divisions concerned from time to time, providing that the resources closer to the source of the aforementioned information act as a link between their respective area of responsibility and the Company's top management, so as to allow proper assessment of such facts or information.
Moreover, the involvement of an Assessment Committee specifically set up to this purpose is provided for (formed of the Legal Affairs and Corporate Governance Department, the Investor Relations and the Directorate concerned), in order to provide on one side, on the basis of an attentive examination of the fact, proper assistance in the correct interpretation of the sector's regulations and, on the other side, to possibly draft and circulate such communications.

6. Committees within the board of directors (as per art. 123-bis, paragraph 2(d) of the Consolidated Finance Act)

The Company set up a Remuneration Committee and an Internal Control Committee.

7. Appointments committee

The Board of Directors presently in office deemed not to set up any Committee for the appointment of Directors since, at this time, there are not difficulties in identifying candidacies for the appointment of company officers.

8. Remuneration committee

The Company set up, effective from 5 February 2002, a Remuneration Committee, also responsible for stock options and stock grant plans, if any.

Composition and operation of the Remuneration Committee (as per art. 123-bis, paragraph 2(d) of the Consolidated Finance Act)

Therefore, the Remuneration Committee is presently formed of three non-executive Directors, the majority of whom are independent directors, as follows:

Ernesto Monti (Chairman)	Non-executive
Eugenio Pinto	Non-executive/Independent
Maurizio Poloni	Non-executive/Independent

As recommended by the Code of Conduct, the Committee's members have appropriate knowledge and skills in accounting and financial matters.

During 2011, the Remuneration Committee held 3 meetings, of an average duration of 30 minutes, attended by all the members of the Committee.
The Committee, depending on the topics discussed, invited non-members of the Committee, among which, in particular, the Chairman, the Chief Executive Office and Giuseppe Cafiero, Deputy Chairman, to attend its meetings. It is understood that no director attended the Committee's meetings during which proposals were made in connection with any such director's remuneration.

In relation to the composition and characteristics of the Remuneration Committee in office, please refer to Table 2 attached hereto.

Remuneration Committee's functions

In particular, in compliance with **Application Criteria 7.C.5 of the Code of Conduct,** the Remuneration Committee is essentially entrusted with the following tasks:

- submitting proposals to the Board of Directors to define the general policy on the remuneration of executive directors, of key management personnel;
- periodically assessing the adequacy, the global consistency and the actual application of the general policy adopted in matter of remuneration of executive directors and key management personnel, by availing itself, with respect to such latter aspects, of the information provided by the Chief Executive Officer;
- submitting to the Board of Directors proposals on such matter;
- submitting to the Board of Directors proposals on the remuneration of executive directors and of other directors performing specific functions, as well as on the determination of performance objectives linked to the variable components of such remuneration;
- monitoring the application of the decisions adopted by the Board itself by checking, in particular, the actual achievement of performance objectives;
- providing the Board of Directors with opinions on the issues submitted by the latter to the Committee itself relation to remuneration and on any other issue relating thereto or connected therewith.

During the 3 meetings held in 2011, all evidenced by valid minutes, the Committee provided opinions and made proposals, particularly in connection with the following:
- validating the fulfilment of the parameters required for the attribution of 2010 stock grant;
- defining the Top Management's incentive system;
- defining the parameters upon the fulfilment of which 2011 stock grant is attributed.

In order to fulfil its functions, as set forth above, the Committee was granted access to the necessary information, by means of the respective company offices, with the Legal Affairs & Corporate Governance Dept. Manager's assistance.

9. Remuneration of directors

General Remuneration Policy

During today's meeting, the Board of Directors approved, pursuant to art. 123-ter of the Consolidated Finance Act, the Remuneration Report to be submitted to the next Shareholders' Meeting held to approve the financial statements and setting forth 2012 general remuneration policy.
Therefore, more detailed information is set forth in said Remuneration Report published on the Company's website in accordance with the laws and regulations governing the matter.

Share-based Remuneration Plans

At their Meeting of 5 November 2010, the shareholders approved the guidelines of the **Company's "Stock Grant Plan" for the three-year period 2010/2012**, as previously defined the Board of Directors during its meeting held on 3 August 2010, upon the Remuneration Committee's proposal of 2 August 2010. Subsequently, the Board of Directors, during its meeting held on 10 November 2010, by virtue of the powers conferred upon the same during said shareholders' meeting, approved the relevant Regulation for the Application of the Plan.

More in detail, the Plan is based on a incentive system mainly providing for the **attribution, on a free-of-charge basis, of Astaldi S.p.A.** shares to four top managers (i.e. the Chief Executive Officer and three of the four General Managers), such attribution to be made annually, during the three-year period, upon achievement of performance objectives annually defined by the Board of Directors, upon the Remuneration Committee's proposal.
More detailed information on the Stock Grant Plan is set forth in the "Information document pursuant to art. 84-bis, paragraph 1, of the Regulation adopted by Consob by Resolution No. 11971 of May 14, 1999, as subsequently amended and supplemented relating to

the Astaldi S.p.A. 2010/2012 Stock Grant Plan", published in the corporate website ("Governance/Documents" tab).

It is underlined that the Stock Grant Plan provides for specific lock-up periods on the shares annually attributed to the respective beneficiaries. More detailed information are set forth in the "Remuneration Report" and in the "Information Document pursuant to art. 84-bis, paragraph 1, of the Regulation adopted by Consob by Resolution No. 11971 of 14 May 1999, as subsequently amended and supplemented relating to the Astaldi S.p.A. 2010/2012 Stock Grant Plan.

Remuneration of Executive Directors

The sole executive director to whom an incentive plan applies is the Chief Executive Office who, as set forth above, is one of the beneficiaries of the 2010/2012 Stock Grant Plan.

Remuneration of Key management personnel

As to the remuneration of "key mangament personnel" of Astaldi S.p.A., please refer to the above-mentioned Remuneration Report published on the Company's website in accordance with the laws and regulations governing the matter.

Bonus schemes applicable to the Internal Control Officer and to the Manager in charge of financial reporting.

With reference to 2011, no specific bonus scheme has been provided for the "internal control officer" and the "manager in charge of financial reporting".

Remuneration of non-executive directors

It is specified that the remuneration of non-executive Directors is not linked to the Company's economic performance, and the same are not beneficiaries of the share-based benefit plan.

Entitlement due to the Directors in the event of resignation, dismissal or termination of office following to a public take-over bid (as per art. 123-bis, paragraph 1(i) of the Consolidated Finance Act)

There is no presently valid agreement entered into with the Company's Directors providing for any Entitlement in the event of resignation, dismissal, revocation without a just cause or termination of office following to a public take-over bid.

10. Internal control committee

The Company set up an Internal Control Committee effective from 5 February 2002.

Composition and operation of the Internal Control Committee (as per art. 123-bis, paragraph 2(d) of the Consolidated Finance Act)

The Internal Control Committee is presently formed of three non-executive directors, the majority of whom are independent directors, as follows:

Mario Lupo (Chairman)	Non-executive/Independent
Luigi Guidobono Cavalchini	Non-executive Non-independent
Eugenio Pinto	Non-executive/Independent accounting and financial expert

During 2011, the Internal Audit Committee held five meetings, of an average duration of 2 hours, attended by all the members of the subject-matter Committee. Internal Audit Committee's meetings are held on a quarterly basis.

In relation to the composition and characteristics of the Internal Audit Committee in office, please refer to Table 2 attached hereto.

Functions attributed to the Internal Audit Committee

The Internal Audit Committee makes proposals to and provides the Board of Directors with advice in relation to the supervision of the Company's operating performance.
The Internal Control Committee operates in compliance with the provisions of Articles 8.C.1 and 8.C.3 of the Code od conduct for listed companies.
More particularly, it fulfils the following tasks:

a) providing the Board of Directors with the assistance necessary to assess the adequacy, effectiveness and actual operation of the internal control system;
b) assessing, jointly with both the Manager in charge of financial reporting and the independent auditors, the suitability of the accounting standards adopted and their homogeneity for the purposes of drafting the consolidated financial statements;
c) upon request made by the executive director duly entrusted to this purpose, expressing opinions on specific aspects concerning the identification of main comapany risks and the structure, implementation and management of the internal control system;
d) examining the work plans prepared by the Internal Control Officer and the periodical reports drawn up by the same;
e) reporting to the Board, at least on a six-monthly basis, on the occasion of approval of the financial statements and of the interim report, on the activities carried out and the suitability of the internal control system.
f) carrying out additional tasks which may be entrusted to the same by the Board of Directors.

On the basis of the evolution of interpretation of legislative decree no. 39/2010 in relation to the audit of separate and consolidated financial statements, in relation to the provisions of art. 19 and the Communication No. 18916 by Borsa Italiana S.p.A., the Board of Statutory Auditors is entrusted with the fulfilment of the following activities as per art. 8.C.3(d) and (e) of the Code of Conduct.

- assessing the proposals put forward by the independent auditors to obtain the engagement for the relevant audit, as well as the work plan drawn up for the audit and the findings detailed in the report and the management letter if any;
- supervising the effectiveness of the audit process.

During its 5 meetings held in 2011, the Internal Control Committee performed audit activities and tackled a number of issues including the following which were of greatest interest:

- it examined and shared the work plan drawn up by the Internal Control Officer and was regularly kept informed by the latter on the internal control activities planned and carried out during the year in connection with the management of the Company's main risks;
- by following the same operative methods adopted in the previous years, it disussed the results of the 2010 audit which focused on the main corporate processes involving a sample of selected projects in Italy and abroad and on company activities. As a consequense the Company's control audit system was considered adequate, effective and efficient as a whole;
- it was informed about the findings of the 2009 for audit (follow-up) with reference to the corrective measures recommended by the Management to the concerned project and corporate offices.
- it was informed, by the Manager entrusted with such task, of the results of testing activities as Law no. 262/05 involving a sample of selected projects in Italy and abroad for 2010, which led to consider – jointly with the Board of Statutory Auditors – the Company's internal control system as adequate, effective and efficient, with particular reference to financial disclosure;
- it assessed - jointly with the Manager entrusted with such specific task, and after hearing the independent auditors and the Board of Statutory Auditors - the suitability of the accounting standards adopted and their homogeneity for the purposes of drafting the consolidated financial statements;
- it was constantly informed about ongoing company activities and on the control activities carried out to

ensure safety and an effective environmental management at construction sites, expressing a positive opinion on the actions taken by the Company to confirm the substantial effectiveness and efficiency of the business model adopted in relation to the SHSE component;
- on 12 July 2011, it met – jointly with the Board of Statutory Auditors – the Manager of the Corporate Risk Management Dept., who informed the Control Bodies about the development of Corporate Risk Management activities and on the purposes of the Enterprise Risk Management project, started in 2011;
- it was informed about the progress of activities relating to the internal control system analysis project – carried out in 2011 – aimed at globally assessing the internal control system design;
- on 22 November 2011, it met, jointly with the Board of Statutory Auditors, the Human Resources Manager and the Group's Quality Safety and Environment Dept. Manager, to be informed about the new company organisational structure;
- It was constantly updated about the company activities carried out as per Legislative decree no. 231/01. In such respect:
  - It met with the Supervisory Body and the Board of Statutory Auditors to be informed about the activities connected with the Organisation, Management and Control Model adopted as per Legislative decree no. D.Lgs. 231/01;
  - it disussed – following the new legal provisions recently introduced by D.Lgs. 231/01 in relation to environmental offences – the revision of the Company's Organisational, Management and Control Model approved by the Board of Directors during the meeting held on 11 November 2011, after it was examined by the Supervisory Body which considered the same as suitable to prevent the commission of the offences such law provisions refer to.

The Committee, during its meetings held on 4 August 2011 and on today's date, informed the Board of Directors about the activities carried out during the first and the second half, respectively, of 2011.

A meeting was held on 18 January 2012, jointly with the Board of Statutory Auditors, and attended by the Company's Chief Executive Officer, during which:

- it discussed the consequences of the revision of the Code od conduct for listed companies (December 2011) on the corporate internal control system, with specific reference to internal audit activities;
- it presented the results of the internal control system analysis which, while confirming the substantial adequacy of the system itself, have underlined an action plan aimed at achieving Company compliance with the recent changes in laws and regulations.

Moreover, during another meeting held on 6 March 2012, the Internal Control Committee, jointly with the Board of Statutory Auditors:

- examined the internal control activities carried out in 2011, which led to consider the Company's internal control system as adequate, effective and efficient as a whole,
- examined the results of audit activities carried out during 2009/2010 (follow-up) with reference to the corrective measures recommended by the Management to project and head-office functions involved,
- were informed, by the Manager entrusted with such task, about the outcome of testing activities carried out as per Legislative decree no. 262/05, on a sample of projects selected in Italy and abroad for 2011, which led to consider the internalcontrol system as adequate, effective and efficient, with specific reference to financial reporting.

Some meetings of the Internal Control Committee have been held jointly with the Board of Statutory Auditors, one of which was further attended by the Supervisory Body, and all attended by the Chairmain of the Board of Statutory Auditors. The meetings were further attended, in relation to specific topics, by individuals who are non-members of the Committee, upon invitation by the Committee itself. The Internal

Control Officer acted as Secretary of the Committee's meeting, drawing up the minutes of such meetings and providing the Committee with the necessary assistance to fulfil its duties.

In order to fulfil its functions, as set forth above, the Committee was granted access to the necessary information, by means of the respective company offices, with the Internal Audit Officer's assistance.

11. Internal control system

Since the Company has been operating for years in a sector characterised by an ever growing competition with large national and international companies and groups, it has worked out and implemented an internal control system in order to respond to the requests made throughout the years by the shareholders and management and control bodies in connection with internal and external aspects, as well as to comply with the provisions of related laws and regulations.

The admittance of the shares to quotation on the Italian regulated stock market, organised and managed by Borsa Italiana S.p.A., more particularly in the STAR segment, and the consequent plurality of internal and external entities fulfilling assurance functions, gave the opportunity of rationalising internal control activities in accordance to a reference framework in compliance with "Corporate Governance for Listed Companies".

The main methodological reference used by the Company is the CO.S.O. Report which, specifically adjusted in accordance to the Company's characteristics, represents an effective analytical instrument for assessing the various components of the Company's Internal control System and providing Top Management with a clear outlook of how the Internal control System may be improved in terms of effectiveness and efficiency.

The **Internal Control System of Astaldi S.p.A.** is made up of all the directives, internal regulations, procedures and processes supporting the identification, prevention and management of company risks, aimed at providing Top Management with a reasonable certainty about the achievement of the objectives included in the following categories:

a) the compliance of each of the Company's activities with the business object and Top Management's directives, pursuant to internal procedures and regulations and legislation;
b) the effectiveness and efficiency of the operating activities;
c) the reliability of financial information and reporting;
d) the safeguard of the company assets by identifying behaviours which may be detrimental to company's interests and/or fraud.

The Board of Directors – consistently with the internal control system guidelines defined by the same and constantly availing of the assistance provided by the Internal Control Committee in terms of advice and proposals – ascertains that the main risks affecting Astaldi S.p.A. are correctly identified, assessed, managed and monitored, for the purpose of a sound and correct management of the Company.

The Board of Directors, during its meeting held on today's date, also on the basis of the results of the activity carried out by the Internal Control Committee, expressed its positive opinion on the adequacy, effectiveness and efficiency of the Company's internal control system.

As far as concerns the specific considerations on the adequacy, effectiveness and efficiency of the internal control system, please refer to the contents of paragraphs 11.1 and 11.2 hereof.

Main Characteristics of existing Internal Audit and Risk Management Systems in relation to the Financial Reporting

As to **financial reporting** – which is an integral part of the internal control system, the activities are man-

aged by a company body specifically devoted thereto, operating as a unit providing support to the Manager in charge of financial reporting.
The financial reporting risk management system is an integral part of the internal control system implemented by the Company because it is a fundamental part of the company processes aimed at ensuring the reliability, accuracy, trustworthiness and timeliness of financial reporting.
The Company's approach, based on the reference best practice and, in particular, on the Co.S.O. Framework, is the result of a company control environment placing particular attention to the definition of the main company governance instruments. Indeed, the risk management system and, more in general, the internal control system, provides for the official adoption of appropriate administrative-accounting procedures, the definition of roles and relevant responsibilities, through an organisation chart and the relevant attribution of powers, as well as the definition of internal regulations and codes of conduct and segregation of duties.
In particular, the definition of processes and of the relevant controls results from the constant identification and analysis of those inbound and outbound factors which may be detrimental to the achievement of company objectives, in order to determine how such risks may be managed (identification, assessment, monitoring), and to ensure that financial information is correctly prepared.
To such purpose, operational/line controls (i.e. first level controls), hierarchical-functional controls, controls over the management of risks and on compliance with internal procedures and regulations and law provisions (i.e. second-level controls) and internal audit (third-level controls) have been defined. The effectiveness of the control system over the risks which may significantly affect financial information is assessed – in particular – through a testing activity, on the occasion of both annual and interim closing of accounts, and such assessment is characterised by a top-down approach in which the involved entities, processes and relevant accounting items are identified. To such respect, a sampling of the entities is carried out on the basis of the significance of items set forth in the income statement and in the statement of financial position of the relevant separate and consolidated financial statements. Such specific testing activity is carried out by a unit specifically devoted thereto, depending upon the Manager in charge of financial reporting, and the assessment results, as well as the corrective actions recommended, if any, are submitted by said Manager to the Board of Directors for consideration.
For the sake of a comprehensive listing of the main characteristics, it should be noted that, since the enactment of Law No. 262/05, the Parent gave directions that annual and interim accounts of its branch-offices and subsidiaries be accompanied by an attestation to be drawn up and duly signed by their legal representative and administrative managers. The attestation form replicates the form provided by Consob regulation implementing Law no. 262/05.
The system adopted as above is monitored and continually updated.

11.1 Executive Director supervising the Internal Audit System

Taking into account the provisions of **Art. 8.C.1 of the Code of Conduct**, the Company's Board of Directors, during its meeting held on 23 April 2010, designated the **Chief Executive Officer**, **Stefano Cerri**, as "**the executive director supervising the effectiveness and efficiency of the internal control system**", who shall thus fulfil the duties provided for by art. 8.C.5 of the Code in accordance with the Company's Control Model.

More in detail, the Chief Executive Officer:
- takes care of identifying the main company risks, by taking into account the activities carried out by the issuers and by its subsidiaries, and periodically submits the same to the Board of Directors for examination;
- causes the Board of Directors' guidelines to be implemented, thus designing, implementing and managing the internal control system, and constantly checking

its global adequacy, effectiveness and efficiency; the same further takes care of adjusting such system in accordance to the operational conditions and to the provisions of applicable laws and regulations;

- proposes to the Board of Directors the appointment and remuneration of one or more internal control officers.

11.2 Internal Control Officer

In accordance with the provisions of Article 8.C.1 of the Code of Conduct, the Company's Board of Directors appointed the Internal Control Officer.
Such appointment was made upon th proposal of the Chief Executive Officer, after hearing the Internal Control Committee's opinion.

Effective from 13 May 2009, the Company's **Internal Control Officer** is Fabio Accardi, who is the Internal Control Department Manager and reports, from a hierarchical point of view, to the Board of Directors and, from a functional point of view, to the Chief Executive Officer.

The Internal Control Officer:

a) is entrusted with the task of verifying that the internal control system is always appropriate, as well as fully effective and efficient;
b) has direct access to any information necessary to fulfil his duties, further relying on the availability of means appropriate to carry out his activity;
c) reports his activity to the Internal Control Committee and to the Board of Statutory Auditors, as well as to the Chief Executive Officer. In particular, the reports the methods in accordance to which risks are managed, as well as on the compliance with the plans conceived to mitigate the same, and expresses his opinion on the internal control system's suitability for achieving an acceptable level of global risk;
d) collaborates with the Supervisory Board of the Parent Astaldi S.p.A. to update the Organisational, Management and Control Model as per Legislative decree no. 231/01 and provides support to monitoring and inspection activities aimed at checking compliance with the Model itself (see, to this regard, paragraph 11.3 hereof).

The Internal Control Officer is not responsible for any operating sector and does not report to any manager of operating sectors.

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

Internal control activities are carried out through the Internal Integrated Control System conceived as an operational method for the rationalisation, integration and coordination of audit and monitoring activities performed by various company bodies fulfilling assurance activities - on the basis of an annual control schedule, which is discussed with the Internal Control Committee and the Company's Top management.

Internal control activities carried out during the year are carried out in accordance to the schedule approved by the Internal Control Committee. To such respect, please refer to paragraphs 10 and 11.3 of this report.

The findings of said controls are periodically reported by the Internal Control Officer to the Top management, to the Internal Control Committee, to the Board of Statutory Auditors and to the Supervisory Body, as per Legilative decree no. 231/01.

11.3 Organisational model as per Legislative decree no. 231/2001

With reference to further actions carried out to improve the corporate governance system, it is worth reminding that the Board of Directors of Astaldi S.p.A., and the Board of Directors of each strategically important subsidiary have already adopted a "**Corporate**

Code of Ethics" setting forth general principles and governing, through Code of Conduct, the activities of the employees and collaborators, also in connection with relationships with the shareholders, Public Authorities, suppliers, contractors and subcontractors.

In particular, such Code sets forth:
- the general principles and reference values which Astaldi S.p.A. and the Group companies must comply with when carrying out their activities;
- the Code of Conduct that the Company's representatives, executives and personnel must observe when holding relations with a series of business, entrepreneurial and financial parties;
- the manner of implementation of the Code itself within the corporate structure.

Moreover, the Board of Directors of Astaldi S.p.A., as well as the Board of Directors of each strategically important subsidiary, within the framework of the activities governed by Legislative decree no. 231/2001, approved the adoption of the **Organizational Management and Control Model as per Legislative decree no. 231/01** which, by identifying the areas and company activities exposed to potential risks in connection with the various offences provided for by said Decree, is aimed at protecting the Company in the event that directors, employees and collaborators were to commit any such offence set forth in said Legislative Decree.

The main categories of offences that the Organization Model of Astaldi S.p.A. purports to prevent are the following:
- offences against State public authorities or any other public authority, handling of stolen goods and money laundering;
- offences against company law, namely abuse of privileged information and market abuse;
- offences against the person;
- cybercrime offences;
- offences of organised crime and obstruction of justice;
- environment offences.

More specifically, the Model defines:
- the ethical principles relating to the conducts connected with the specific crimes provided for by the Decree;
- the company risk-related activities, that is to say those activities within which, because of their nature, may be committed the offences as per Legislative decree No. 231/01 and, therefore, to be analysed and monitored;
- the manner in which the financial resources devoted to the prevention of offences are managed;
- the rules for the formation of the Supervisory Body and the attribution of specific tasks of supervision over the correct implementation of the Model;
- the information flows to the Supervisory Body;
- the activities of information, training, sensitisation and communication at all corporate levels, on behavioural rules and procedures established;
- the responsibilities concerning the approval, supplementation, amendment and implementation of the Model, as well as the verification of its effectiveness and efficiency and of company practices, with the relevant periodical updates.

To this respect, it is underlined that the Company's "Code of Ethics" and " Organizational Management and Control Model as per Legislative decree No. 231/01" are constantly updated in order to adapt the same with the laws and rules in force and with the changes occurred within the company organisation.

In order to avoid the risks of committing any of the offences provided for by Legislative decree No. 231/01, Astaldi S.p.A. and each of its strategically important subsidiaries, has appointed a **Supervisory Body**, whose members meet the requirements of autonomy, independence and professionalism in accordance with the above laws and regulations.
As to Astaldi S.p.A., the members of the Supervisory Bodies are: Mr. Maurizio Poloni, Lawyer, Non-executive / Independent member of the Board of Directors and Mr. Marco Annoni, Mr. Giorgio Luceri, Ms. Nicoletta Mincato and Mr. Vittorio Mele – the latter acting as

Chairman of the Supervisory Body – as the Company's external experts.
The Supervisory Body has adopted a set of rules and is classed as a top staff unit reporting directly to the Chief Executive Officer the outcomes of the internal control, possible criticalities which may be found, and possible remedies and improvements which, if having a particular significance, may be submitted to the Board of Directors for consideration.

The Supervisory Body avails itself of the **Internal Control Officer** in order to perform its activities and to ensure that its resolutions relating to the company departments involved are implemented.

The Supervisory Body's activities, aimed at monitoring the effectiveness and efficiency of and compliance with the "Organisation, Management and Control Model as per Legislative decree No. 231/01", continued in 2011.

Nine meetings of the Supervisory Body were held, and the following activities have been carried out:

a) verification of the actual implementation of the Model by the company departments – following approval of a specific plan - by means of specific audits over a sample of duly selected domestic and foreign projects and company processes, and by examining the results of audits carried out, for Internal Control System purposes, considered as relevant in order to assess the compliance with the provisions of Legislative decree no. 231/01;
b) examination of the outcomes of the audits carried out, definition of corrective measures implemented in order to solve the criticalities found (follow-up);
c) training of personnel in relation to Legislative decree no. 231/01, carried out: directly by the Supervisory Body or entrusted to the Internal Control Officer and to peripheral Italian and foreign units according to the guidelines set by the Supervisory Body itself;
d) carrying out, by means of the Internal control Officer, inquiries as per art. 13 of the Code of Ethics in connection with alleged infringements of the Organization, Management and Control Model;
e) revision of the Code of Ethics and of the Organisation, Management and Control Model as per Legislative decree No. 231/01 for the purpose of adapting the same to the new provisions of the Consolidated Finance Act, with CONSOB regulations connected therewith and, in relation to " environmental offences " following to extension of the scope of application of said Decree, also with the new provisions governing such specific cases of offences (art. 25-undecies);
f) information on the progress of the Internal control system analysis project, as far as supplementary controls are concerned, for compliance with Legislative decree 231/01;
g) meetings held jointly by the Internal control Committee and the Board of Statutory Auditors, for mutual exchange of information on control activities carried out;
h) closer examination of issues concerning company groups, aimed at updating protocols and guidelines taking into account the Group's investments;
i) monitoring of the activities carried out by the Group relating to the compliance with the provisions of Legislative decree no. 231/01.

11.4 Auditing firm

The audit engagement entrusted to the company **Reconta Ernst & Young S.p.A.** expired with the audit of the separate and the consolidated financial statements for 2010. Therefore, during the Shareholders' Meeting held on 18 April 2011, it was resolved, upon the proposal of the Board of Statutory Auditors, to entrust the legally-required audit of accounts for the period 2011-2019 to KPMG S.p.A..

11.5 Manager in charge of Financial Reporting

The office of "**Manager in charge of financial reporting**" has been being held by Paolo Citterio, Administration and Finance General Manager since 31 July 2007.

It is reminded that, pursuant to the Company's By-laws, the Manager in charge of financial reporting was appointed as such by the Board of Directors after hearing the Board of Statory Auditors' opinion. Moreover, it is hereby reminded that, still in accordance with the provisions of the Company's By-laws, anyone meeting the honour requirements provided for by the laws in connection with directors, and having accrued an adequate professional experience on the basis of a three-year period activity as manager of the administrative, accounting, financial or audit sector of a company listed in a regulated market or of a company carrying out the financial, insurance or banking activity or in a company whose share capital amounts to no less than Eur 2 million or having carried out a three-year activity as auditor in any of the auditing companies registered with the special register kept by Consob, may be appointed as Manager in charge of financial reporting.
The Company further adopted an Internal Regulation setting forth in detail the functions, means and powers of the Manager in charge of financial reporting, as well as his relationships with other Company's offices and bodies.

12. Directors' interests and transactions with related parties

It is underlined that the Board of Directors, during its meeting held on 10 November 2010, in agreement with the provisions of Consob Regulation in matter of procedures governing "**transactions with related parties**", approved by Consob resolution no. 17221 of 12 March 2010, and subsequently amended by resolution dated 23 June 2010, approved, by the favourable vote expressed by the committee of independent directors set up for this purpose, the new internal procedures for the identification, approval and implementation of transactions with related parties carried out by Astaldi S.p.A. on a direct basis or through its subsidiaries.

On that occasion, the Related Parties Committee was further set up, pursuant to the above, formed of the following independent directors:

Eugenio Pinto (Chairman)	independent director
Maurizio Poloni	independent director
Giorgio Cirla	independent director

In short, such procedures:

1) designate transactions of "lesser" and "greater" importance.
   As to transactions of lesser importance, such procedures provide that:
   (i) the competence to resolve thereupon falls within the sphere of competence of the Board of Directors or the Chief Executive Officer within the powers conferred upon the latter, on an alternative basis;
   (ii) a justified non-binding opinion, to be expressed by the Related Parties Committee mentioned above, is required;
   (iii) said Committee may avail itself of independent experts to be selected by the same;
   (iv) *ex ante* disclosure be promptly given to the company body having competence to resolve thereon and to said Committee, so that the latter may express its own opinion.

   While, as far as concerns the transactions of greater importance, such procedures provide that:
   (i) a reservation of competence to resolve thereon be attributed to the Board of Directors;
   (ii) said Committee's binding opinion is required.

2) set forth the methods for examination and approval of transactions with related parties, as well as the formation and rules of operation of the "Related Parties Committee" which, consistently with Consob's recent recommendations, is formed exclusively of independent directors both in the event of transactions of "lesser" and "greater" importance.
3) establish the methods and timing in accordance to which said Committee, as well as the management and control bodies, are provided with the information on transactions before the relevant resolution, and during and after Application of such transactions;

4) set the rules governing the cases in which the Company examines and approves transactions with Italian or foreign subsidiaries;
5) designate the cases of "default exemption" from the rules and the cases of "optional exemption".

It is understood that the Company shall describe in detail all said transactions in the Management Report. Closer details on this matter are set forth in the "Procedures governing transactions with related parties" published on the Company's website ("Governance/ Documents" tab).

In relation to the specific case provided for by Application Criterion 9.C.2 of the Code of Conduct, in which a **Director has interests** on his/her own behalf or on the account of third parties, it is specified that the Company's Board of Directors shall adopt, from time to time, the operational solutions it may consider as more appropriate (such as, by way of example, such director shall be prevented from voting or asked to temporarily leave the meeting at the time when resolution is taken)

13. Appoint of auditors

The Company By-Laws provide for the list vote mechanism in order to guarantee the presence of representatives of minority shareholders in the Board of Statutory Auditors.
As expressly set forth by the By-laws, the **lists** must be filed at the Company's registered office, in accordance to the terms and manner provided for by applicable laws and regulations, jointly with the documents required by the laws and the Company's By-laws.
Only shareholders globally holding, individually or jointly with the other shareholders, a number of shares representing at least **1% of the company's share capital** with voting rights in shareholders' ordinary meetings (or the lowest percentage provided for by the provisions of applicable laws and regulations), are entitled to file lists.

The members of the Board of Statutory Auditors are elected as follows.
- two standing and two alternate auditors are drawn, in the progressive number in which they are listed in the corresponding sections of the list, from the list that has obtained the highest number of votes cast by the shareholders attending the meeting.
- the remaining standing member, who shall also be appointed as Chairman of the Board of Statutory Auditors, and the other alternate member are drawn from the list that ranked second in number of votes, among the lists submitted and voted by the shareholders holding no relationship with the reference shareholders in compliance with the laws and regulations in force, on the basis of the progressive number with which they were listed in the corresponding sections of the list.

In the event two or more lists filed by non-controlling shareholders have obtained the same number of votes, the candidates senior in age among those appearing under number one in the corresponding sections of the lists obtaining an equal number of votes are appointed as Standing Auditor and Alternate Auditor.
In the event only one list is submitted, all the standing and alternate auditors are drawn therefrom, to be elected in accordance to the order in which they are listed. Also in this case, the title of Chairman of the Board of Statutory Auditors is attributed to the person registered as first in the list.
In the event a Statutory Auditor leaves office, for any reason whatsoever, the same is replaced by the first alternate auditor elected in the same list, by previously verifying fulfilment of the above requirements.
In the event the Standing auditor drawn from the list which ranked second in number of vote leaves office and can't be replaced, for any reason whatsoever, by the alternate auditor appointed from that same list, the same shall be replaced – by previously verifying fulfilment of the above requirements – by the candidate registered immediately thereafter within that same list or, in default, by the candidate registered as first in the list which ranked second in number of votes among the lists filed by non-controlling shareholders.

For closer details on other aspects connected with the appointment of the Board of Statutory Auditors please refer to art. 26 of the By-laws of Astaldi S.p.A. published on the Company's website ("Governance/Documents" tab).

14. Statutory auditors

The Board of Statutory Auditors presently holding office **for the three-year period 2009/2001**, the composition of which is described in closer detail in Table 4 attached hereto, was appointed during the Shareholders' Meeting held on 24 April 2009.
It is underlined that, on such occasion, **2 lists** were filed, in accordance with the provisions of the By-laws and of art. 148 of the Consolidated Finance Act.
The first one was filed by the shareholder FIN.AST. S.r.l., proposing Pierpaolo Singer and Antonio Sisca as candidates for Standing Auditors, and Massimo tabellini and Falvio Pizzini as candidates for Alternate Auditors;
The second one was filed by Fideuram Investimenti – Società di Gestione del Risparmio S.p.A., ARCA Società di Gestione del Risparmio S.p.A., Ersel Asset Management SGR S.p.A., Fideuram Gestions S.A., Pioneer Investment Management SGRpA, Pioneer Asset Management S.A., Monte Paschi Asset Management SGR S.p.A., Interfund Sicav Società d'Investissement, which proposed Pierumberto Spanò as candidate for Standing Auditor and Marco Rigotti as candidate for Alternate Auditor.

The first list obtained the favourable vote of 85.08% of the Company's share capital held by those attending the Meeting and the second list obtained the favourable vote of 1,900,545 shares, equivalent to 3.13% of the Company's share capital held by those attending the Meeting.

Moreover, during the next Shareholders' Meeting to be held on 24 April 2012, resolutions will be taken on the appointment of the Board of Statutory Auditors for the three-year period 2012/2014.

During its meeting held on 25 February 2011, the Board of Directors, pursuant to the Application Criterion 10.C.2 of the Code of Conduct, deemed that independence requirements are still met by its members, such assessment having been carried out by application of all the criteria provided for by the subject-matter Code in matter of independence of Directors.

Moreover, the Company complies with the principles of the Code of conductin accordance to which the Statutory auditor who, on his/her own behalf or on the behalf of third parties, has an interest in any of the transactions carried out by the Company, shall promptly give comprehensive notice thereof to the other Statutory Auditors and to the Chairman of the Board of Directors, setting forth in detail the nature, origin and scope of his/her interest (Application Criterion 10.C.4).

Moreover, the Board of Statutory Auditors supervised the independence of the auditing firm, thus verifying both compliance with the related laws and regulations, and the nature and the scope of services, other than the audit, rendered to the Company and its subsidiaries by said auditing firm and the entities belonging to its group (Application Criterion 10.C.5).

The Board of Statutory Auditors, in order to carry out its activities, availed itself of the collaboration and coordination of the Internal control Officer, who is also the Internal Control Department Manager. Moreover, the Board of Statutory Auditors acted in coordination with the Internal control Committee, constantly exchanging information with the latter, by both causing the Chairman of the Board of Statutory Auditors at the meetings of said Committee, and by means of meetings held on a joint basis whenever the topics discussed and the company' departments interviewed were considered of common interest taking into account their respective sphere of competence (Application Criteria 10.C.6 and 10.C.7).

It is hereby reminded, as set forth above, that consequently to the coming into force of art. 19 of Legislative decree no. 39/2010, and in accordance with Communication No. 18916 by Borsa Italiana S.p.A., the supervision in relation to financial statements audit, as per letters d) and e) of art. 8.C.3 of the Code of conduct for listed companies, is entrusted to the Board of Statutory Auditors on an exclusive basis.

15. Relations with shareholders

The Company, also considering its admission to the listing on the STAR segment of the Telematic Stock Market, appointed, as at 2002, Alessandra Onorati as **Head of Investor Relations** ("Investor Relator"), who is also head of the relevant company department.
Moreover, in order to promote dialogue with the shareholders and the market, the Company regularly makes available on its website, all information of both an accounting nature (financial statements, interim and quartly reports) and of general interest to shareholders (such as, for example, press releases, the company Code of Ethics, the Organisational Management and Control Model as per Legislative decree No. 231/01, Directors' Reports on the topics of Shareholders' Meetings agenda, etc.).

16. Shareholders' meetings (as per art. 123-Bis, paragraph 2(c) of the consolidated finance act)

Pursuant to art. 10 of the By-laws presently in force, Shareholders' Meetings shall be called by the Board of Directors by notice to be published according to the terms and manner provided for by the law.
The Company's By-laws further provide that the same notice may also set forth a different date for second call meeting, should the first call meeting be unattended; in the case of Shareholders' Extraordinary Meetings, that same notice may also set forth the date for the third call meeting.

The Shareholders' Meeting is responsible for fulfilling the tasks as per Article 2364 of the Italian civil code; moreover, in accordance with the provisions of art. 2365, second paragraph, of the Italian civil code, art. 22 of the By-laws expressly attributed to the Board of Directors the competence to resolve upon the following:

(i) merger and splitting, in the events provided for by articles 2505 and 2505-bis of the Italian civil code, in the terms and manner provided for therein;
(ii) setting up and closing down of secondary offices, also abroad;
(iii) designation of the directors having the power to represent the Company;
(iv) decrease the share capital in the event a shareholder withdraws;
(v) adoptation of the Company's By-laws to legislative provisions;
(vi) relocation of the registered office within the national territory.

With reference to the Shareholders' rights and, more particularly, their entitlement to attend Shareholders' meetings, the By-laws presently in force, in accordance with the provisions of article 2370, first paragraph of the Italian civil code, and art. 83-sexies of the Consolidated Finance Act, expressly provide that "*Shareholders' meetings may be attended by those who are entitled to vote in accordance with the appropriate attestations issued and forwarded by the brokers pursuant to the law*".

Moreover, the Company, pursuant to art. 135-novies, paragraph 5, of the Consolidated Finance Act and art. 12 of the Company's By-laws, makes available to the shareholders a specific section of its Internet website through which they may electronically deliver the proxies with power to vote, by using the form of proxy made available therein ("Governance/Shareholders' Meeting" tab).

At present, the Company's By-laws do not provide, in connection with Shareholders' Meetings, for any procedure for casting votes by electronic means or any audiovisual connection.

In accordance to the provisions contained in Art. 13 of the Company's By-Laws – in accordance to which "the operation of the Shareholders' Meeting, both ordinary and extraordinary, is governed by a regulation approved by the Shareholders' Ordinary Meeting and valid for all subsequent ones, until amended or replaced" – at their Ordinary Meeting of 11 March 2002 the Shareholders approved the "**Shareholders' Meeting Regulation**", subsequently updated by resolution of 5 November 2010, which sets clear and univocal rules for orderly and functionally holding Shareholders' Meetings, without being, at the same time, prejudicial to each Shareholder's right to express his/her own opinion and to formulate requests for greater detail and explanations regarding the topics of the agenda.

Indeed, in relation to the above, the Shareholders' Meeting Regulation provides that the those entitled to cast votes, may ask to speak in connection with the topics of the agenda, in order to make remarks and proposals or to ask for additional information, until the Chairman of the Meeting closes the discussion of such topic. The Chairman of the Shareholders' Meeting, or those providing the same with assistance, shall answer the relevant questions, and the Shareholders' Meeting Regulation provides that those who asked to speak may concisely reply thereto.

It is underlined that the Board of Directors, in order to ensure that the shareholders are given proper information so as to take part, with full knowledge, in the resolutions to be taken at the Shareholders' Meeting, makes available to the Shareholders all the documents and reports relating to the topics of the agenda, by forwarding such documents to Borsa Italiana S.p.A. and by publishing the same on its own Internet website.

17. Additional corporate governance practices (as per art. 123-Bis, paragraph 2(a) of the consolidated finance act)

No corporate governance practice is provided for in addition to those already described above.

18. Changes occurred after the reporting period

No change in Company's corporate governance structure occurred since after the reporting period.

Rome, 16 March, 2012

The Chairman of the Board of Directors
(Paolo Astaldi)

Summary tables

SHARE CAPITAL STRUCTURE as at 31, December, 2011

Table 1: Information on Shareholding Structure

	Number of shares	% of share capital	Listed (mention markets) / Not listed	Rights and Obligations
Ordinary shares	98,424,900	100%	MTA - STAR	-
Shares with limited voting rights	-	-	-	-
Shares without voting rights	-	-	-	-

Table 2 Board of Directors' and Committees' structure as at 31, December, 2011

Board of Directors in office as at 31, Decembe, 2011 *									Internal Control Committee		Remuneration Committee	
Office	Members	in office from until	Executive	Non Executive	Independent pursuant to the Code of Conduct	Independent pursuant to the Consolidated Finance Act	% ****	Number of other positions **	***	****	***	****
Chairman	Paolo Astaldi	Board of Directors appointed at the Shareholders' Meeting of 23, Apri, 2010 for2010/2012 Therefore, the Board of Directors' term of office expires upon approval of the Company's financial statements at 31 December, 2012	x				100%	1				
Deputy Chairman	Ernesto Monti			x		X	100%	5			x	100%
Deputy Chairman	Giuseppe Cafiero		x				100%	-				
Chief Executive Officer	Stefano Cerri		x				100%	-				
Director	Caterina Astaldi			x			71%	1				
Director	Pietro Astaldi			x			57%	1				
Director	Luigi G. Cavalchini			x			100%	1				
Director	Giorgio Cirla			x	x	x	85%	1	x	100%		
Director	Paolo Cuccia			x	x	x	85%	1				
Director	Mario Lupo			x	x	x	85%	-	x	100%		
Director	Eugenio Pinto			x	x	x	71%	4	x	100%	x	100%
Director	Maurizio Poloni			x	x	x	100%	-			x	100%

Quorum required for filing lists: 2.5%

Number of meetings held during the period	BoD: 7	Internal Control Committee: 5	Remuneration Committee: 3

* The Board of Directors holding office since 31, December, 2010 was appointed on the basis of one sole list filed by the controlling shareholder Fin.Ast. S.r.l.

** This column shows the number of positions as director or statutory auditor held by the individual concerned in other companies listed on regulated markets, in Italy or abroad, in finance, banking and insurance companies as well as other large-size companies. The subject-matter positions are shown in Table 3.

*** The "X" mark means that the Director is a member of the Committee.

*** This column shows the percentage of each of the directors' attendance at BoD's and Committee's meetings held in 2011. It should be noted that the percentage shown refers to the number of meetings each director or committee member has attended since the date of his/her appointment.

Table 2 bis: Board of Directors' and Committees' structure as at December 31, 2011

Directors who left office during 2011

Office	Members	in office from until	Execu- tive	Non Ex- ecutive	Independent pursuant to the Code of Conduct	Independent pursuant to Consolidat- ed Finance Act	% *	Number of other positions	Internal Control Committee **	Internal Control Committee *	Remunera- tion Com- mittee **	Remunera- tion Com- mittee *
Director	Vittorio Di Paola	From 23 Apri, 2010 until 25, February, 2011	x				-	-	-	-	-	-
Director	Piero Gnudi	From18, April, 2011 Until 29, Nov., 2011		x	x	x	100%	-	-	-	-	-

* This column shows the percentage of each of the directors' attendance at BoD's and Committee's meetings held in 2010. It should be noted that the percentage shown refers to the number of meetings each director or committee member has attended until left the office.

** In this column, the "X" mark means that the director is a member of the Committee.

Table 3 number of positions as director or statutory auditor held by each Director in other companies listed on regulated markets, in Italy or abroad, in finance, banking and insurance companies or other large-size companies as at 31 December, 2011:

Name and Surname	Other offices held pursuant to Article 1.3 of the Code of Conduct
Paolo Astaldi	Chief Financial Officer of Fin.Ast S.r.l.
Ernesto Monti	Chairman of the Board of Directors of Finanziaria Tosinvest S.p.A.; Director of Alitalia S.p.A., Unicredit MCC S.p.A., Erg Renew S.p.A. (formerly known as Enertad S.p.A.), Ariscom Compagnia di Assicurazioni S.p.A.
Giuseppe Cafiero	---
Stefano Cerri	---
Caterina Astaldi	Director of Fin.Ast. S.r.l.
Pietro Astaldi	Director of Fin.Ast. S.r.l.
Luigi Guidobono Cavalchini	Member of the Advisory Board Private of Unicredit S.p.A.
Giorgio Cirla	Director of IMMSI S.p.A.
Paolo Cuccia	Director of Bulgari S.p.A.
Mario Lupo	---
Eugenio Pinto	Chairman of the Board of Statutory Auditors of Eni Adfin S.p.A. and Stogit S.p.A. and SNAM Rete Gas S.p.A.; Standing Auditor of Alleanza Toro S.p.A.
Maurizio Poloni	---

Table 4 Board of Statutory Auditors structure as at 31, December, 2011

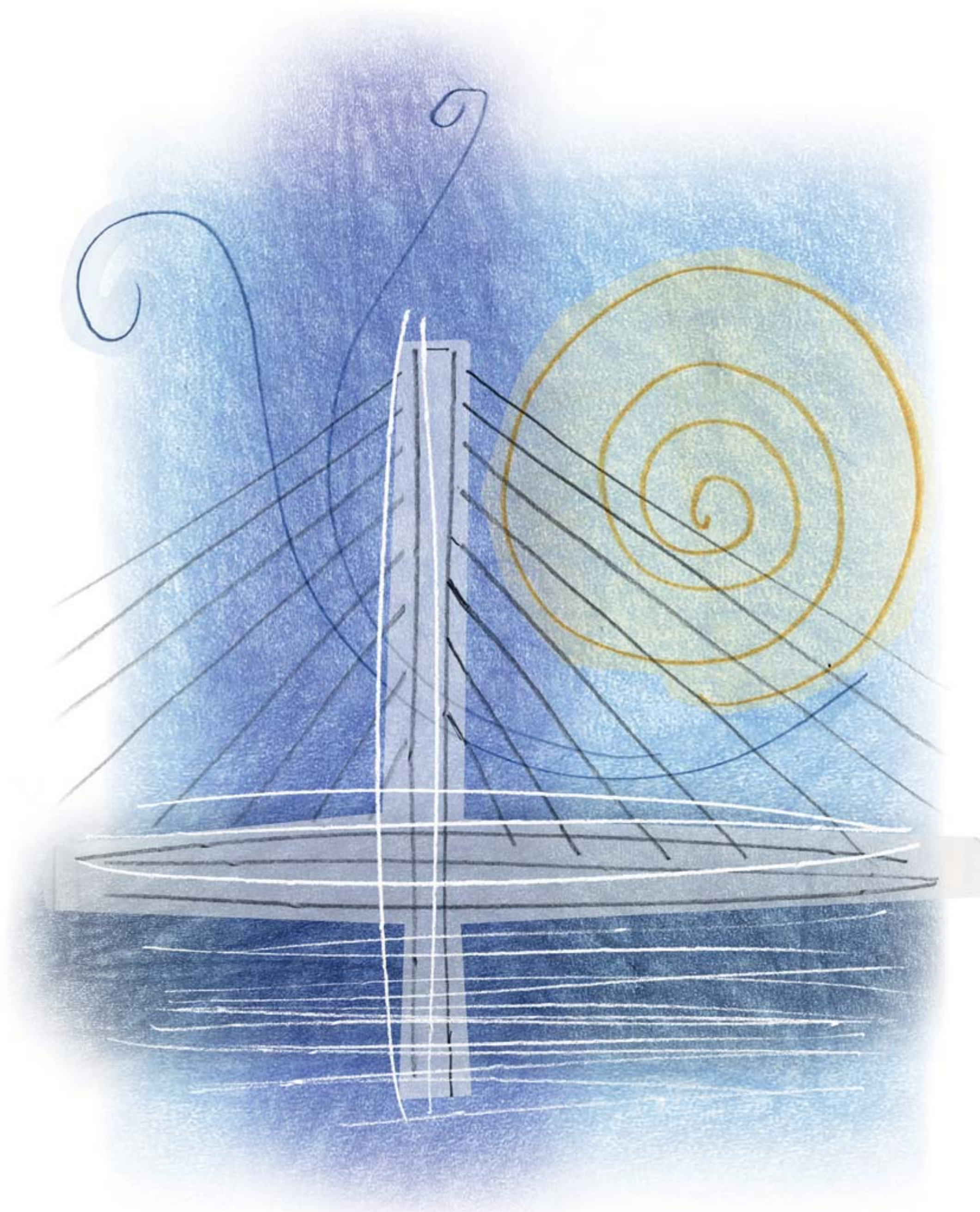
Office	Members	in office from until	List	Independence pursuant to the Code	Percentage of attendance at Board of Statutory Auditors meetings	Number of other positions *
Chairman	Pierumberto Spanò	Board of Auditors appointed at the Shareholders' Meeting of 24, April, 2009 for 2009/2011, holding office until approval of the Company's financial statements at 31, December, 2011	minority	x	100%	15
Standing Auditor	Pierpaolo Singer		majority	x	93%	1
Standing Auditor	Antonio Sisca		majority	x	100%	7
Alternate Auditor	Marco Rigotti		minority	x	-	7
Alternate Auditor	Massimo Tabellini		majority	x	-	6
Alternate Auditor	Flavio Pizzini **		-	-	-	-

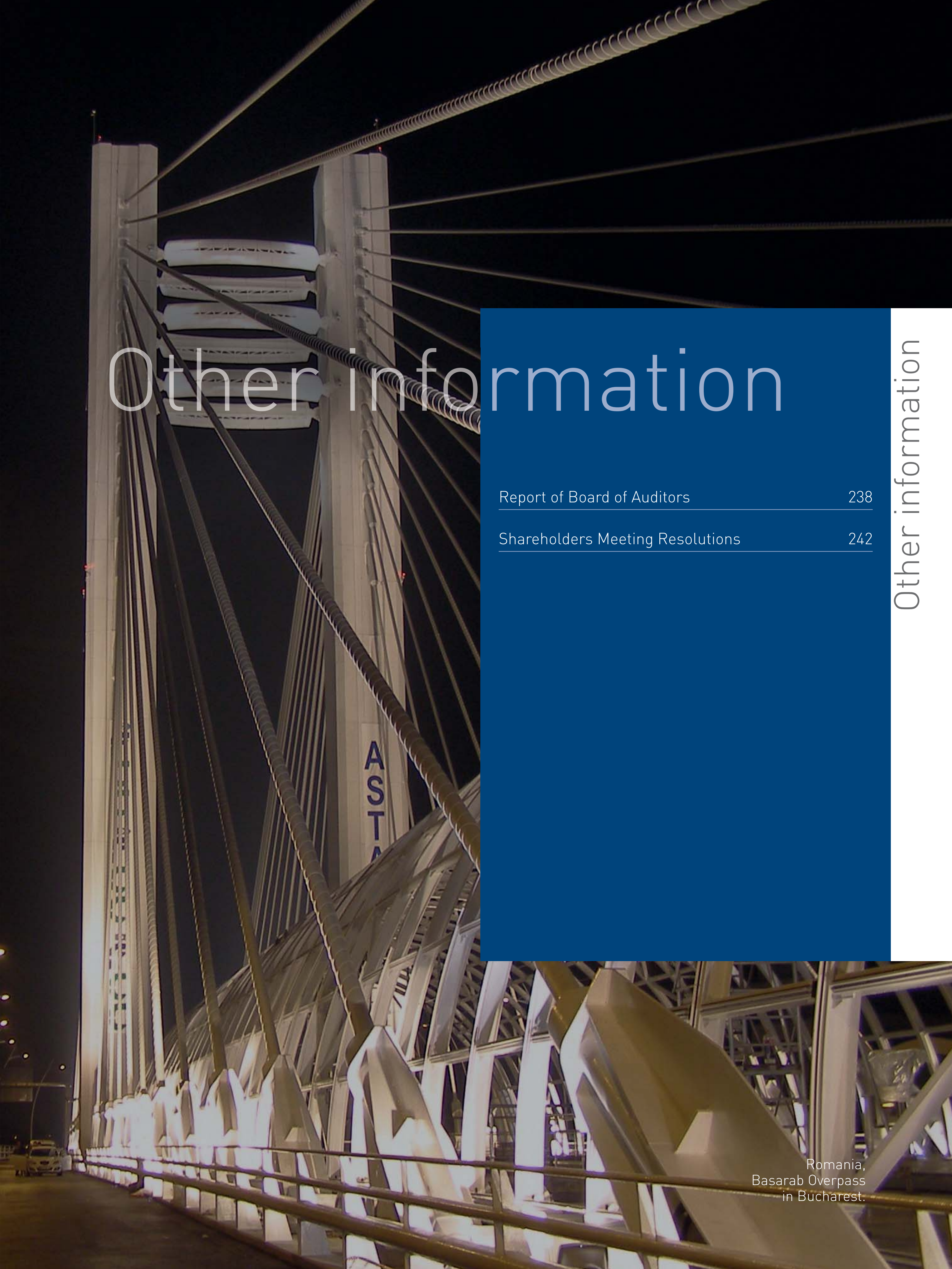
Number of meetings held in 2011: 13

Quorum required for filing lists by non-controlling shareholders for the election of one or more standing auditors (pursuant to Art. 148 of the Consolidated Finance Act). In accordance with the Company's By-laws, only shareholders who individually or jointly with other shareholders represent at least 1% of the share capital are entitled to file lists.

* This column shows the number of offices as director or statutory auditor held by the concerned individual considered as per art. 148 bis of Consolidated Finance Act. The full list of positions held is published by Consob on its own Internet website pursuant to art. 144-quinquiesdecies of the Issuers Regulation issued by Consob.

** Died in August 2011.





Other information

Romania,
Basarab Overpass
in Bucharest.

Other information

Board of Auditors' Report to the General Meeting of Shareholders

Dear Shareholders,
During 2011, the Board of Auditors performed the supervisory activities provided for by law.
Given the activities carried out and taking into account current legislation and recommendations made by CONSOB and in keeping with the provisions of the Self-Regulation Code promoted by BORSA ITALIANA S.p.A. and the standards of conduct for Boards of Auditors recommended by Italy's National Board of Professional Accountants and Bookkeepers, we have the following to report:

1. We verified — by means of direct observation and meetings with department managers and the independent auditors — compliance with the principles of correct management, as well as with the law and company bylaws, noting the existence of a suitable organisation which allows for compliance with law provisions and fulfilment of the obligations set forth therein;
2. We attended board meetings and obtained information from company Directors, including pursuant to Article 151, subsection 1 of the Finance Consolidation Act, regarding activities carried out and the main economic, financial and asset transactions of the company and its main subsidiaries; we can reasonably assure you that the actions resolved upon and implemented comply with the law and the company bylaws and do not appear to be imprudent, risky, in potential conflict of interest or in contrast with the resolutions passed by the Shareholders' Meeting and the Board of Directors, or such as to compromise the integrity of corporate assets;
3. On the basis of information disclosed to us, no atypical and/or unusual transactions were performed during the year with regard to third parties or group companies;
4. We obtained knowledge about and checked — within our sphere of responsibility — the suitability of the company's organisational structure, as well as compliance with the principles of correct management. In this regard, we noted the existence of a corporate organisational structure that clearly identifies duties, roles and areas of responsibility, integrated by a clear, well-defined system of proxies and powers. Decision-making activities are performed in accordance with granted powers, with suitable separation and overlapping of tasks and duties. The selection procedures adopted ensure the presence of qualified staff on the basis of assigned duties;
5. We checked the satisfactoriness of instructions given by the company to subsidiaries in accordance

with Article 114, subsection 2 of Legislative Decree No. 58/98; this was performed by gathering information from the department managers concerned and meetings with the independent auditors in order to mutually exchange important data and information. In this regard, it must be noted that CONSOB, in its Resolution No. 17221 of 12 March 2010, adopted regulations containing provisions regarding transactions with related parties, subsequently amended in Resolution No. 17389 of 23 June 2010. The latter contains the rules and general standards regarding the procedures which Italian companies with shares listed on regulated markets in Italy (or in other European Union states) and with a significant amount of shares held by the public, are obliged to adopt in order to guarantee the transparency and correctness of transactions with related parties, carried out directly or through the company, as regards substance and procedure. On 9 November 2010, the company's Board of Directors approved the procedure provided for in Article 4 of the aforementioned regulations, with the Board of Auditors checking the Board of Directors' compliance with the standards set forth in the regulations. Said procedure, the obligatory notification of which was made in 2010 pursuant to the aforementioned CONSOB regulations, came into effect as from 1 January 2011;

6. We evaluated and verified the suitability of the internal audit system and the administrative-accounting system, as well as the latter's reliability to correctly represent management matters by obtaining information from the managers of the respective departments, examining corporate documents, analysing the results of activities performed by the independent auditing firm, taking part in meetings of the Internal Audit Committee and holding joint meetings with said committee when the issues looked at made this necessary.
   Specifically, we checked the planning of activities by the Internal Audit Manager and examined the relative reports, checking that the company made the improvements pointed out in audits. We also checked the activities of the new company department responsible for risk management called Corporate Risk Management, meeting with the Manager and analysing its aims, work schedules and the information flow with other company departments, examining the methods used to single out, manage and monitor risks. On these occasions we met the Chief Executive Officer, together with the Internal Audit Committee, in order to take a closer look at the company's approach to risk management and the relative information flows to the Internal Audit Committee, Board of Directors and the Board of Auditors itself. Still as regards audits, it must be noted that, during 2011, the company launched a programme to check the suitability of audits and their organisation, assigning an external consultant the task of checking their reliability and efficiency by analysing procedures and tests dedicated to checking how they are actually applied. Said check confirmed the suitability of the internal audit system, singling out, in any case, some areas of improvement mainly referable to opportunities to update risk assessment by assigning tasks to independent third parties, and better organisation of audit procedures through specific handbooks and working instructions. The company has already launched a programme of activities aimed at implementing the suggestions made by the external consultant. As regards checking of the suitability of the administrative and accounting system and its reliability, as well as for the purpose as per Article 19, subsection 1, letter a) of Legislative Decree 39/2010, we obtained the relative corporate procedures, including those related to the issue of certification by the Appointed Executive and checked their actual application through interviews with various department heads and exchanging information with the independent auditors. We also checked the efficiency of procedures related to compilation, filing and publication of the financial statements and

interim reports, the inclusion of obligatory content as provided for by law in the Board of Directors' Report, and the procedures for collecting, drafting and transmitting releases containing important financial information.

As regards checks related to the actual application of Article 154-bis of the Finance Consolidation Act, we examined the results of audits performed by the operating unit which supports the Executive appointed to draft corporate accounts.

The activities performed led us to consider the internal audit system and administrative-accounting system as largely suitable, with the latter being able to correctly represent management matters and comply with law provisions regarding the layout and formulation of the annual financial statements and management report;

7. While performing its activities, the Board of Auditors worked together with the Internal Audit Committee and the Internal Audit Department which performs internal audit activities by integrating checks performed by various corporate departments with an assurance role. The joint audit activities concerned checking compliance with current legislation, Group guidelines and corporate procedures, compliance with proxies and correctness of conduct, as well as proposing corrective actions or solutions aimed at improving the procedural and audit system, including for the purpose of improving corporate organisation. Moreover, on the basis of changes regarding interpretation of Legislative Decree No. 39/2010 concerning independent auditing of separate and consolidated accounts – in relation to the content of Article 19 of the aforementioned decree and Borsa Italiana S.p.A.'s Notification No. 18916 – the tasks provided for in the Self-Regulation Code, Article 8.C.3, letter d) (assessment of independent auditors' proposals to obtain assignment of auditing and schedule drawn up for auditing and results contained in report and any recommendations made) and letter e) (supervision of efficiency of auditing) have been assigned to the Board of Auditors. In this regard, during 2011 we were responsible for the procedure to select the new independent auditors resulting in the proposal put forward to the General Meeting of Shareholders held on 18 April 2011 regarding appointment of the new independent auditors pursuant to Article 13 of Legislative Decree No. 39/10 for the 2011-2019 nine-year period;
8. We attended 5 meetings of the Internal Audit Committee during the year and the committee's activities were reported back to the Board of Auditors and detailed in the Annual Corporate Governance Report at your disposal;
9. We supervised independent auditing activities, examining the Independent Auditors' work schedule together with the Appointed Executive, and checked the efficiency of auditing activities through regular meetings and by exchanging information with the independent auditors, including in relation to accounting criteria and practices to be used, also checking the non-existence of data and information specifically requested by the auditors and not forwarded as required. Lastly, it must be noted that while performing their activities, the independent auditors did not forward to this Board any reports as per the content of Auditing Standard No. 260 *"Notification of facts and circumstances regarding auditing to governance managers"*;
10. On 3 April 2012, the independent auditors issued reports respectively for the separate financial statements and the Group's consolidated financial statements at 31 December 2011, drafted in compliance with International Financial Reporting Standards (IFRS) adopted by the European Union, as well as measures issued to implement Article 9 of Legislative Decree No. 38/2005. Said reports confirm that both the separate financial statements and the consolidated financial statements of Astaldi S.p.A. are "drafted in a clear manner and provide a truthful and correct representation of the equity and financial situation, economic result

and cash flows for the financial year ending on said date, and that the management report and information as per subsection 1, letters c), d), f), l), m) and subsection 2, letter b) of Article 123-bis of Legislative Decree No. 58/98, presented in the Report on Corporate Governance and Shareholder Structure are in keeping with the separate/consolidated financial statements at 31 December 2011". Please refer to the Independent Auditors' Report on the Consolidated Financial Statements of Astaldi Group as regards mention of recalculation of comparative data for the year ending 31 December 2010 and the equity-financial situation at 1 January 2010;

11. We supervised the independence of the independent auditors, checking compliance with relative law provisions and the type and number of services other than auditing services provided to the Issuer and its subsidiaries by said independent auditors and companies belonging to its network, and receiving a written statement in this regard, issued pursuant to Article 17 of Legislative Decree No. 39/10.

    In this regard, note should be taken of the fact that during 2011, the independent auditors received the following assignments:

    a) Certification of Financial Statements at 31.12.09 and at 31.12.10 in order to take part in the Enel Guatemala "La Cascata" tender, EUR 2,000.00;
    b) Limited checks for the Ankara-Izmir High Speed Railway tender, EUR 2,000.00;
    c) Assistance with drafting Comet income statements - Danish branch, DKK 32,000.00;
    d) Translation of IFRS IAS manual, EUR 15,000.00 (this service was provided during 2012).

       As regards the assignments at letters a) and b), it must be noted that they are audit-related;

12. We held meetings with the independent auditors' representatives, in compliance with Article 150 of Legislative Decree No. 58/98, and no significant data or information worthy of note emerged;
13. We took note that no complaints as per Article 2408 of the Italian Civil Code, nor reports of any kind by third parties were made during the year whose financial statements you are called upon to approve;
14. We obtained information on activities implemented in accordance with Legislative Decree No. 231/2001 regarding the administrative responsibilities of bodies, including by directly exchanging information with the Supervisory Board set up by the company. In this regard, the Supervisory Board drafted a report on activities carried out during year 2011 which is included in the Annual Corporate Governance Report at your disposal;
15. The company complies with the Self-Regulation Code for listed companies, established by Borsa Italiana S.p.A. and its internal structure is in keeping with the guidelines of said Code;
16. As regards transactions with related parties and intragroup operations, the information provided by the Directors in the management report is suitable for describing the activities carried out during 2011.

    In compliance with the provisions contained in International Accounting Standards - IAS 24 and CONSOB Statement No. 6064293 of 28 July 2006 concerning identification of the notion of related parties, we would like to point out that the notes to the separate financial statements and the consolidated financial statements show the amounts for said transactions and the current balances resulting from financial and commercial relations with related parties, as well as the fees due to Directors, Auditors and General Managers.

    No atypical or unusual transactions compared to normal operations, or conflicts of interest regarding Directors, were noted in this regard.

17. During the year we checked the correct application of criteria and procedures adopted by the Board of Directors to assess the independence of its members and we checked fulfilment of the requisites of independence provided for by law for the members of the Board of Auditors of listed companies, including with regard to the criteria listed in the Self-Regulation Code for

listed companies and provided for with regard to independent company directors and members of the Board of Auditors;

The aforementioned supervisory activities for 2011 were carried out at thirteen Board of Auditors' Meetings whose resolutions are recorded in the Board's ledger, and by attending seven meetings of the Board of Directors and five meetings of the Internal Audit Committee.

During the supervisory activities performed and on the basis of information obtained from the independent auditors, no omissions and/or censurable facts and/or irregularities were noted — or in any case facts of such significance as to require their reporting to supervisory bodies or inclusion in this report.

Taking into account the above, the Board of Auditors, with regard to its sphere of responsibility, has no reason to object to approval of both the financial statements at 31 December 2011 and the proposed resolutions formulated by the Board of Directors.

Rome, 3 April 2012

THE BOARD OF AUDITORS
Signed by (Pierumberto Spanò)
Signed by (Pierpaolo Singer)
Signed by (Antonio Sisca)

Shareholders' Meeting Resolutions

The Shareholders' Meeting, held at first call on April 24, 2012, resolved, in particular:

- to approve the financial statements as at December 31, 2011 and the Directors' Report drawn up pursuant to section 2428 of the Italian Civil Code and to art. 40 of the Italian Legislative Decree 127/1991, jointly with the proposal of allocation of profit as submitted by the Board of Directors itself;

- to appoint as member of the Internal Audit Committee for fiscal years 2012-2014, Daria Beatrice Langosco di Langosco (Chairman), Lelio Fornabaio (Statutory Auditor), Ermanno La Marca (Statutory Auditor), Andrea Lorenzatti (Substitute Auditor), Giulia De Martino (Substitute Auditor), Francesco Follina (Substitute Auditor):

- to reduce the number of the members of the Board of Directors from 13 to 12, in relation to the current mandate;

- to renew, for a period of twelve months running from May 27 2012, the authorization granted to the Board of Directors – as per Articles 2357 and subsequent of the Italian Civil Code and Article 132 of the Italian Legislative Decree No. 58, February 24 1998 – to purchase, on the Telematic Stock Market, company's own shares.

Società per Azioni
Share Capital EUR 196,849,900.00 (fully paid up)
Listed in the Registry of Companies of Rome
Tax No. 00398970582
(formerly listed under No. 847/50 - Rome Court)
Chamber of Commerce No. 152353 – VAT No. 00880281001

Registered Office and Headquarters
Rome (Italy), Via Giulio Vincenzo Bona 65 – 00156

Milan Office
Milan (Italy), Via Adige 19 – 20123

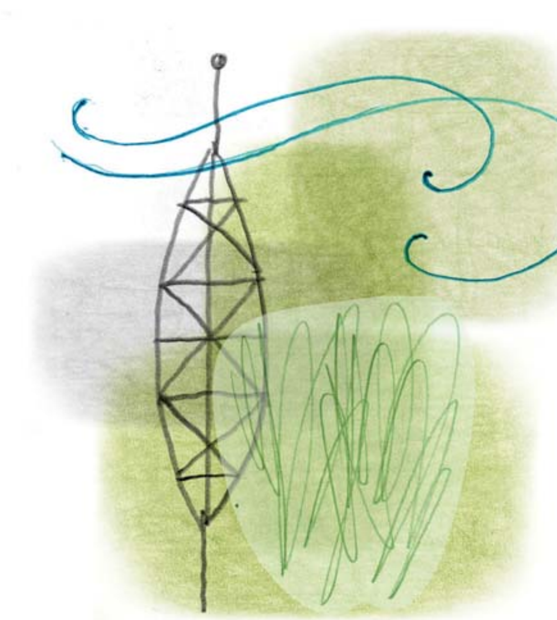
External Relations and IR Department
Rome (Italy), Via Giulio Vincenzo Bona 65 – 00156
Tel. +39.(0)6. 41766.1 – Fax +39.(0)6. 41766.733

investor.relations@astaldi.com
www.astaldi.com

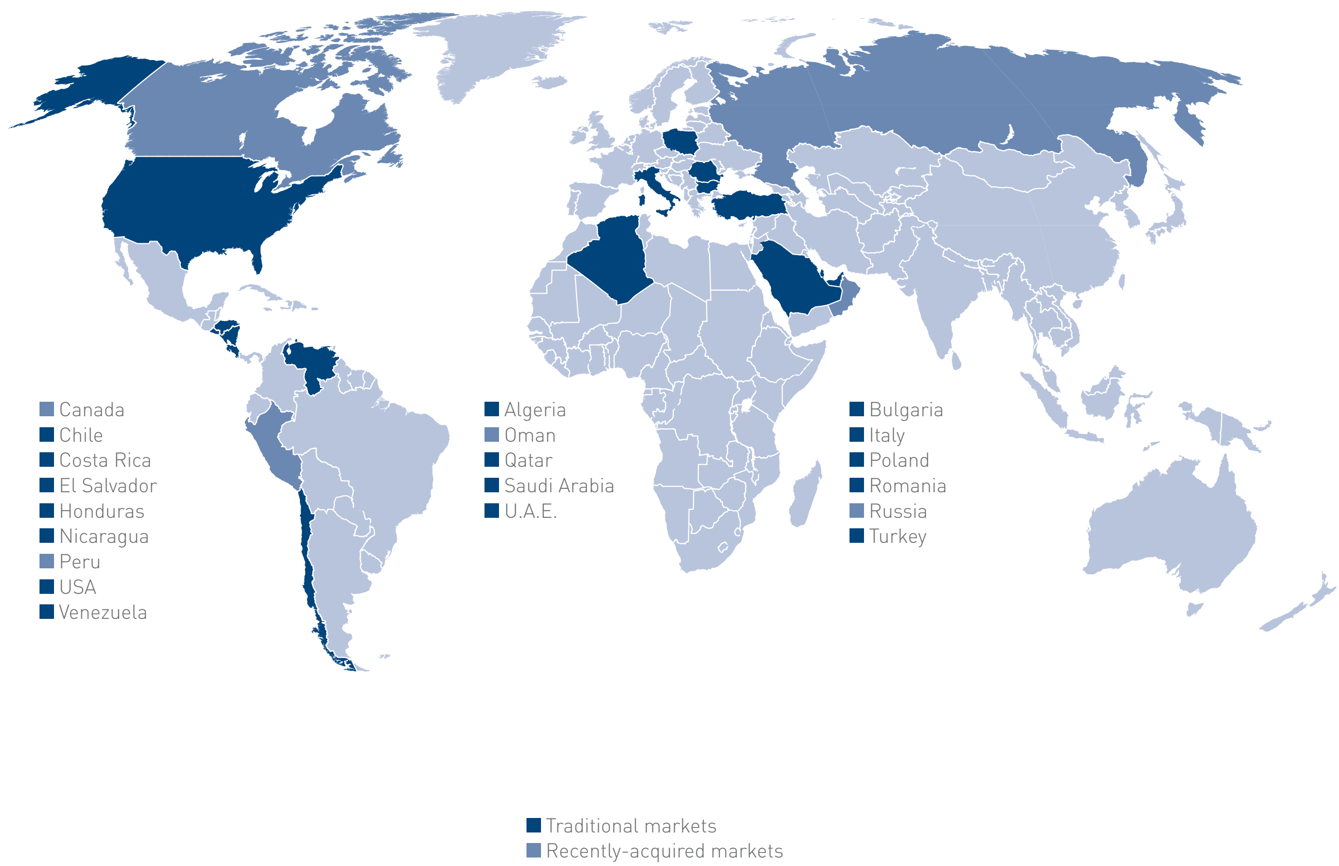
Final printing in August 2012

Astaldi worldwide

Let's build a good name for Italy the world over



The Group has always been a leading player on the international scene, and deals with expansion of its range of activity as a strategic challenge which has proved to be a winner. Astaldi is a well-known and highly-esteemed name throughout Europe and the rest of the world: the works performed, the scale of projects and the undeniable contribution to the development of the various countries and situations it operates in all speak for the Group.
Romania, Poland and Turkey are key areas for the Group which has already built roads, motorways, railways and undergrounds in said countries.
Algeria is the country within Africa which sees Astaldi mainly involved in the construction of dams and aqueducts, but also of motorways and railways. As regards America, Venezuela, a large part of Central America, the US (Florida) and, more recently, Chile and Peru have all used Astaldi for the design and construction of infrastructures, roads, railways, undergrounds and water and renewable energy projects. Today, Astaldi Group operates in 25 Country, both as General Contractor and as Promotor on project finance initiatives and concessions.


Canada
Chile
Costa Rica
El Salvador
Honduras
Nicaragua
Peru
USA
Venezuela
Algeria
Oman
Qatar
Saudi Arabia
U.A.E.
Bulgaria
Italy
Poland
Romania
Russia
Turkey
Traditional markets
Recently-acquired markets

List of secondary offices

ALGERIA
Bureau Administratif et Financier
Lotissement 19/20 Aissat Idir
Cheraga – W. Alger - Algeri

BULGARIA
N. 67 Tsanko Tserkoski Str.,
entrance V, 4th floor
1421 Sofia

CHILE
Avenida Apoquindo No. 3910,
of. 701 piso 7
Las Condes - Santiago

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

EL SALVADOR
Blvd. El Hipódromo Pasaje 10
Casa No. 139, Colonia San Benito
San Salvador

GUATEMALA
Oficina Legal: 6ª Calle 5-47, zona 9,
Quinto Nivel - Ciudad de Guatemala
(GUATEMALA, C.A.)

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

NICARAGUA
Reparto Villa Fontana,
Boulevard Jean Paul Genie No. 38
Managua

OMAN
Office 44 - 4th floor - Al Masriq
Building - Azaibah – Muscat
Sultanate of Oman

PANAMA
Edificio Proconsa 1, Piso 10,
Oficina 10A, Area Bancaria
Frente A Movistar
Ciudad de Panama

PERU
Calle Los Nardos 1018, piso 2,
San Isidro – Lima 27

POLAND
Astaldi S.p.A. Spotka Akcyjna
Ul. Sapiezynska 10a
00-215 Warszaw

ROMANIA
Strada Carol Davila 70 Sector 5
050455 Bucarest

TURKEY
Armada Iş Merkezi - Eskişehir Yolu
6/A Blok, Kat.9, No. 11,
06520 Söğütözü - Ankara

UNITED ARAB EMIRATES
Al Bateen Area, (near UAE Central
Bank) 7th Street – Six Towers –
Building C2 – 1st Floor – Apt. 102
P.O.Box 112554 - Abu Dhabi (U.A.E)

USA (Florida)
8220 State Road 84 – Suite 300
Davie – Florida 33324 – USA

VENEZUELA
Oficina Astaldi
Centro Operativo San Diego
Entrada por Sub-Estación Km 150
A.R.C. - Sentico Caracas Valencia
Estado Carabobo

VENEZUELA (Registered Office)
Centro Ciudad Commercial
Tamanaco
Primera Etapa Piso 6
Oficina 620 Av. La Estancia
Chuao 1064 - Caracas

ASTALDI