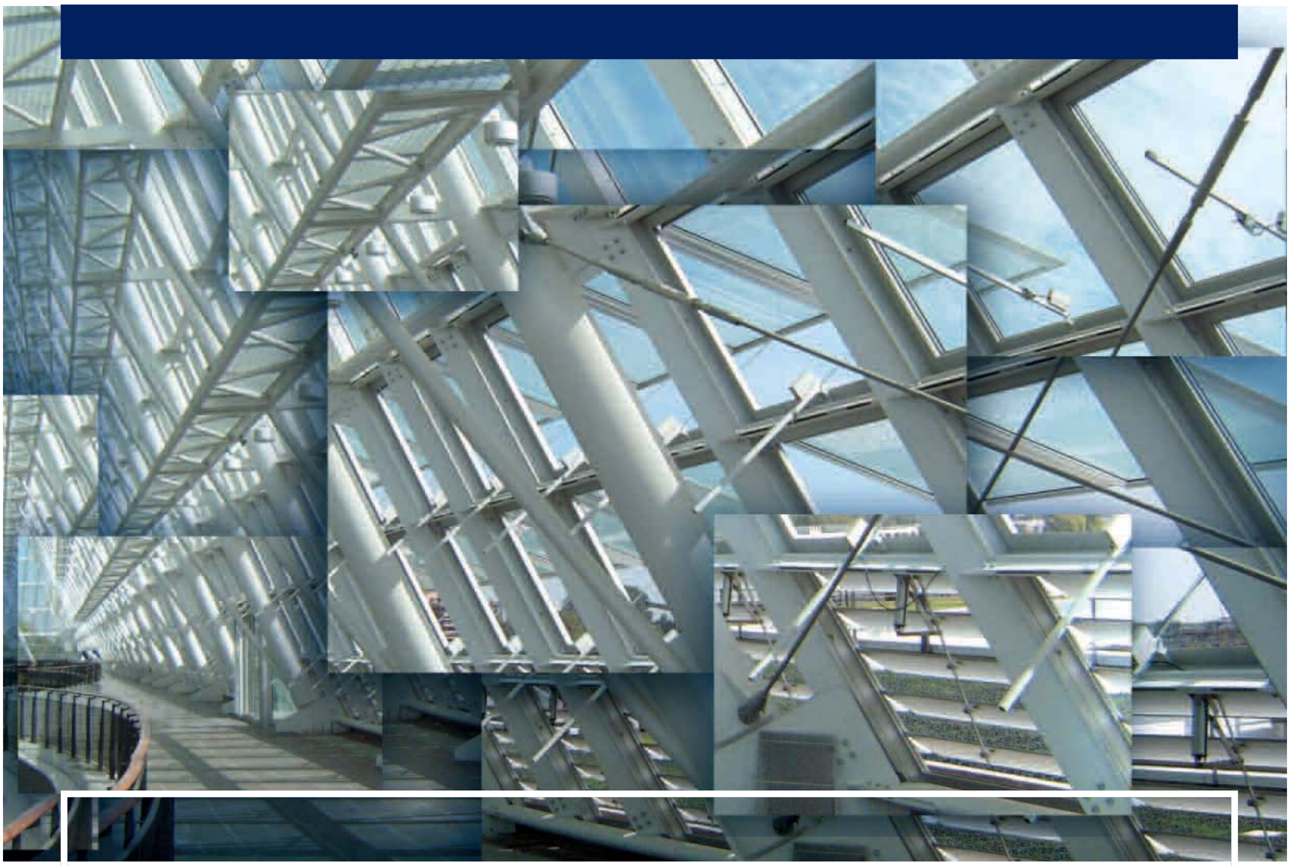


Half-Yearly Financial Report
30 June 2008

Astaldi Società per Azioni
Registered Office and Head Office: Rome (Italy), Via Giulio Vincenzo Bona no. 65
Entered in the Rome Company Register
TIN 00398970582
R.E.A. no. 152353
VAT no. 0080281001
Share capital: EUR 196.849.800,00 fully-paid up

CONTENTS

CORPORATE BODIES

(Situation at 30 June 2008)

Board of Directors [1]

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

Internal Audit Committee

Chairman	Lupo Mario
Members	Cavalchini Garofoli Luigi Guidobono
	Grassini Franco Alfredo

[1] Appointed by the Shareholders' Meeting with the resolution of 2 May 2007 for the 3-year period 2007-2009, the Board of Directors will remain in office until the approval of the financial statements for the year 2009.

Remuneration Committee

Chairman	Monti Ernesto
Members	Grassini Franco Alfredo
	Poloni Maurizio

Board of Auditors

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

Independent Auditors

Independent Auditors	Reconta Ernst & Young S.p.A.

General Managers

General Manager - International	Cafiero Giuseppe
General Manager - Domestic	Oliva Nicola
General Manager - Administration and Finance	Citterio Paolo[1]
Deputy General Manager - International	Nenna Rocco
Deputy General Manager - International	Cesare Bernardini
Deputy General Manager – Domestic	Giannotti Gianfranco

[1] Paolo Citterio, General Manager - Administration and Finance, was appointed as manager in charge of drafting the corporate accounting documents by the Board of Directors of 31 July 2007, pursuant to Art. 154-*bis*, Italian Legislative Decree no. 58/1998.

SIGNIFICANT EVENTS AT 30 JUNE 2008

14 January. In **Romania,** Astaldi was awarded the third phase of the project for the development and modernization of the "Henri Coanda" International Airport in Bucharest, a contract with a value of EUR 76 million, concluding what the Group has already undertaken in this area in the airport sector.

17 January. Astaldi acquired the general contracting for the construction of the new **Istanbul Underground Network**, in Turkey. As leader of an international joint venture, Astaldi gained first place in an international public tender. The contract has an overall value of EUR 751 million (with Astaldi's share 42%).

11 February. Astaldi announced the signature of a contract with a value of US$ 93 million, for the design and construction of civil engineering works related to an aluminum production plant in the Mesaieed industrial district, in **Qatar**, confirming the expertise acquired by the Group in the plant engineering in the petrochemical sector.

5 March. The Astaldi Group took part in **Expocomer 2008, Panama**, an event promoted to create business opportunities for the area, thus confirming the interest and open commercial policies of the Group with regard to this new market.

6 March. The project finance initiative for the construction and management of Line 5 of the Milan Underground gained the international **"Deal of the Year 2007"** award in the category "*Europe Transport Light Rail*". The "Euromoney Project Finance" Award Ceremony is one of the most prestigious international events of its kind in the sector. Astaldi is the leader of the joint venture undertaking the works.

7 March. Astaldi announced the **signature of the contract** for the construction of the new Istanbul Underground on a general contracting basis. The signature followed the provisional assignment of the project in January; the Astaldi share of the contracts totals EUR 315 million.

27 March. The Astaldi Board of Directors approved the consolidated financial statements for 2007 financial year, and in the light of the results achieved, decided to submit a proposal to the General Meeting for the payment of an **increased dividend** of 0.1 euro per share.

1 April. The City of Milan was assigned to be the venue for **Expo 2015**, a full recognition of Italian excellence. The New Expo Fair Centre in Milan, built by Astaldi in 2005 in just 24 months, will be one of the protagonists of the event.

9 April. An EU Delegation visited the construction site of the new **Plovdiv-Svilengrad** railway line in Bulgaria. This institutional visit highlighted the great interest shown by the European Union for initiatives that can favor cohesion between the old EU and the new Member States.

9 April. In Mestre, work started for the transfer of all the equipment and archives from the old Umberto I Hospital to the **New Hospital in Mestre**, built by Astaldi and inaugurated in September 2007.

15 April. The Astaldi Board of Directors **approved the Business Plan for 2008-2012**: according to forecasts, in 2012 revenues will double to over EUR 2.6 billion, with a net profit of EUR 100 million.

21 April. Astaldi made available the 2007 Annual Report on corporate governance.

22 April. Astaldi participated in the **"PPP in CEE and SEE Summit" in Vienna**, an international event for promoting private-public partnership on the European level. Astaldi's participation in this event confirms the expertise achieved by the Group in this sector, and the company's willingness to develop further new business opportunities, exporting abroad a know-how long consolidated on the domestic level, especially in the field of transport infrastructures, healthcare construction, parking facilities and water management.

23 April. Astaldi recorded the first major success in the sector of concession management of motorways, with the appointment as promoter for the project finance initiative for the construction and management of the link between the **Port of Ancona** with nearby major roads. The value of the initiative is EUR 580 million; it will be undertaken by a joint venture in which Astaldi has a share of 24%.

29 April. Astaldi acquired on a provisional basis the general contracting for the construction of an initial section of the **Pedemontana Lombarda** motorway. The value of the initiative is EUR 630 million; it will be undertaken by a joint venture in which Astaldi has a share of 24%.

14 May. The Astaldi Board of Directors approved the results of the first quarter 2008, recording a **growing net profit** of +16.7% and an orders backlog of over EUR 8.5 billion.

21 May. Astaldi participated in the 8th **Intertunnel 2008** exhibition in Turin, the international event for the companies operating in the tunnel sector, an area in which Astaldi boasts extensive expertise and is a major player in Italy and abroad.

23 May. The first **two TBMs** (*Tunnel Boring Machines*) started operation for the construction of the new Line C of the Rome Underground.

4 June. The **first surgical operation** was performed in the New Hospital in Mestre, this confirming the full operation of the new hospital, in full compliance with the timing agreed with the administration.

5 June. Astaldi took part in the **ANCE mission to Poland**, an institutional visit showing how the Group has opened to a new market with significant growth potential.

18 June. The Councilor for Traffic, Transport and the Environment of the City of Milan **visited the construction site** of the new Line 5 of the Milan Underground, acknowledging the significant advancement of works with respect to contract schedules.

30 June. Confirmation of a **loan** by an international pool of banks totaling EUR 776 million for the Municipality of Istanbul, for the construction of the new underground line, to be undertaken by Astaldi as leading company of a joint venture.

INTERIM HALF-YEARLY MANAGEMENT REPORT

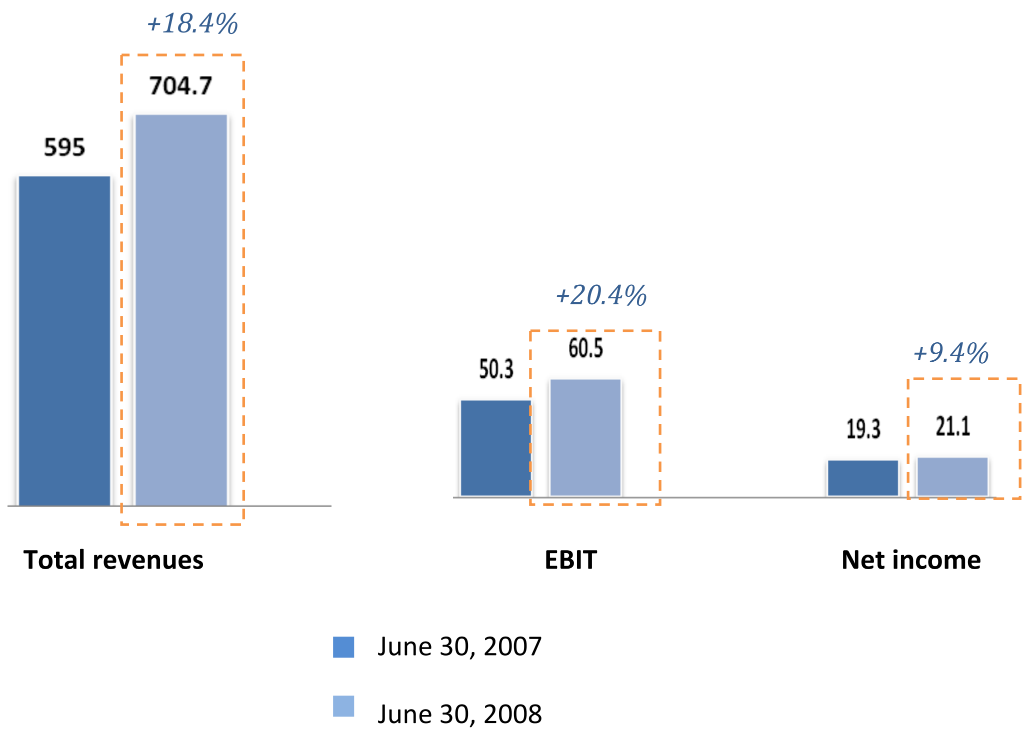
Summary of main balance sheet and assets data

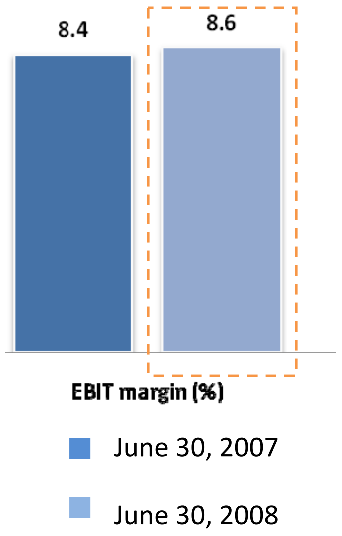
- *Total revenues EUR 704.7 million (+18.4%).*

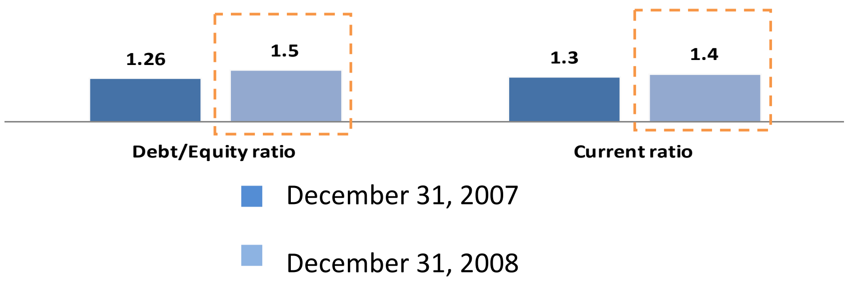
- *EBIT EUR 60.5 million (+20.4%).*

- *Net profit EUR 21.1 million (+9.4%).*

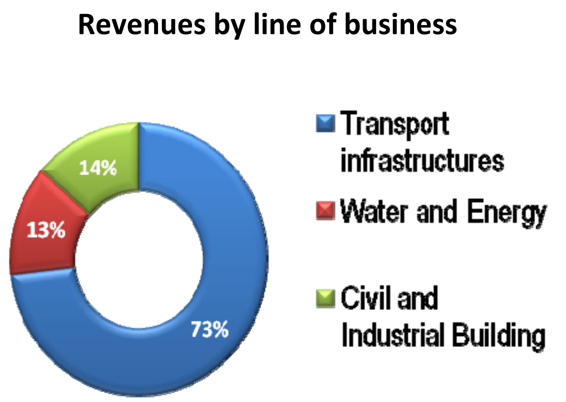
- *Net financial position EUR (496.5) million, net of treasury shares.*

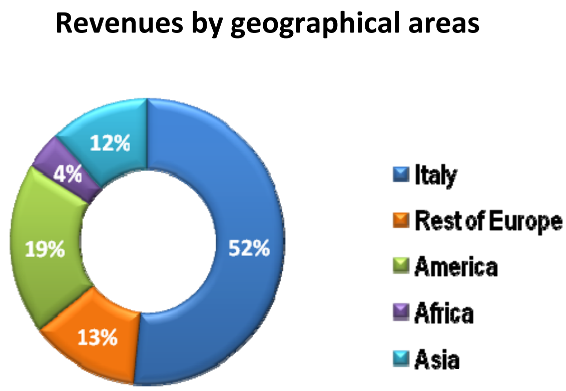




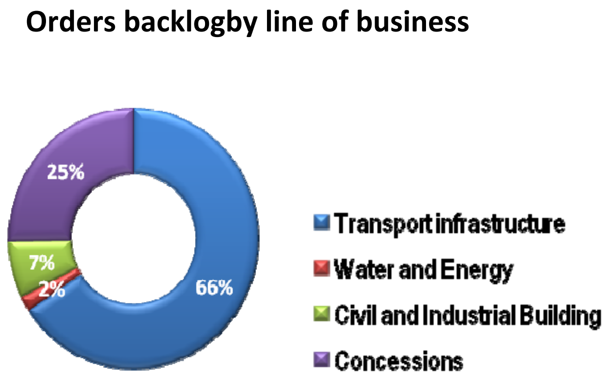


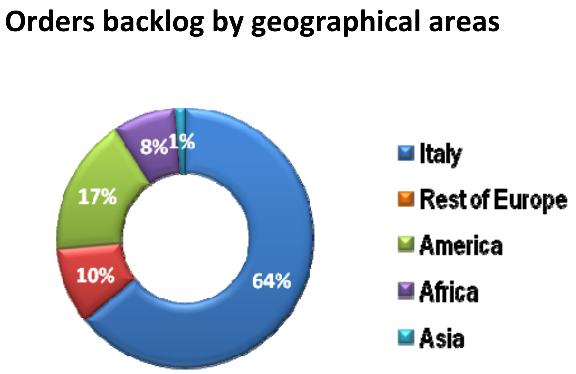
- *Revenues EUR 672.8 million (+18.9%)*





- *Orders backlog EUR 8.4 billion.*





The context

During the first half of 2008, the Astaldi Group has continued to strengthen its position in specific areas of the world it has traditionally occupied (Italy, Eastern Europe, North Africa, Middle East), which provide interesting development opportunities and long-term infrastructure investments. At the same time, commercial penetration in neighboring markets with the best expansion proposals has been promoted. All this, with investments mainly made by the Group, guarantees further capacity for business growth. The major sectors continue to be the ones in which the Group is traditionally active, and where it has long had a consolidated competitive position: first of all, the sector of transport infrastructures, especially railways and underground lines, the waterworks sector and energy in general, and civil and industrial construction. The interest for the sector of concessions is also significant, with the know-how acquired on the domestic level enabling the identification of interesting growth opportunities also abroad.

There follows a brief summary of the context in which the Group operates.

Italy. Although Italy is experiencing a situation characterized by a structural lack of financial resources, there are numerous factors suggesting growth of the sector on the domestic level. The infrastructure gap with the main European countries means a need for infrastructures that has consolidated the identifiable growth opportunities, especially in the sector of motorway, railway and underground transport infrastructures, in construction, and in concessions operations, especially for the expansion of urban transport and cross-border links. The assignment of Expo 2015 to the City of Milan means further opportunities for improved growth rates, in the fields of civil and industrial construction, and of transport and mobility. It should also be recalled that the new national energy strategy, among other things, calls for the return to nuclear energy, an area where the Astaldi Group can boast significant accrued experience. For the Group, the probable expansion of high speed/high capacity transport infrastructures may represent another especially interesting objective. In the light of all these requirements, a way to respond to the current lack of resources is the PPP (public-private partnership) solution, fostering collaboration between the public and private sector. Astaldi has long acquired in-depth financial and technical know-how in this respect, as well as sufficient expertise and competences to fully comprehend the potentials of this solution.

Eastern Europe. There are interesting development opportunities in the new EU Member States, especially Romania and Poland, thanks to the cohesion funds provided by the European Union. The timing aspects and operational procedures by which these funds will be converted into public tender announcements have yet to be clarified.

Turkey. Major initiatives in the transport sector are expected here. A further acceleration of infrastructure investments in Turkey could occur as a direct consequence of privatization in the energy and motorways sectors.

Algeria. Significant investments are expected here, above all in the light of the huge resources deriving from the sale of gas, of which Algeria has enormous reserves. On the basis of the Report for the VI Euro-Mediterranean Workshop of the Milan Chamber of Commerce, investments expected in the sector of transport infrastructures alone (ports, airports, railways and motorways), could reach EUR 140 billion for the next three years. In particular, the aim of the National Rail Transport Company (SNTF) is to increase the share of the national transport system covered by railways from 5% to 20% by 2015.

Middle East. A significant rise in infrastructure investments is taking place in the area, thanks to the high price of crude oil. The credibility acquired by the Group, above all in the field of plant engineering applied to the petrochemical sector, makes a growing role of the Group increasingly likely. We can recall that in the Middle East the Group interests are mainly concentrated in the oil&gas sector, in partnership with the major international plant and engineering firms, a sector in which the operational capacity and reliability demonstrated by the Group now represent an important asset for starting a new growth phase.

Latin America. Considerable development opportunities can be identified in this area. In particular, Venezuela is a market where the Astaldi Group has operated successfully for over 20 years, and where there are major new business potentials that could arise on the basis of the current bilateral agreements signed between the Italian Government and the Venezuelan Government in January 2008, for the expansion of the country's infrastructures. It should likewise be pointed out that commercial initiatives are underway in Central America to strengthen the Group's presence in the area, especially in the sector of waterworks.

In the light of all this, it should in any case be pointed out that the overall risk management policy adopted by the Group aims to guarantee an adequate geographical diversification of business. Therefore, every single commercial initiative is assessed in the context of an overall strategic framework outlined in business planning, which tends not to increase the weight of any single area beyond certain limits.

Reclassified account schedules

Reclassified consolidated income statement

Euro/000	*Reference to notes in financial statements*	30/06/08 June		30/06/07 June	
Revenues	*1*	672,769	95.5%	565,609	95.1%
Other operating revenues	*2*	31,886	4.5%	29,389	4.9%
Total Revenues		**704,655**	**100.0%**	**594,998**	**100.0%**
Production costs	*3 - 4*	(506,190)	-71.8%	(421,106)	-70.8%
Added value		**198,465**	**28.2%**	**173,892**	**29.2%**
Personnel costs	*5*	(104,322)	-14.8%	(92,071)	-15.5%
Other operating costs	*7*	(14,059)	-2.0%	(9,817)	-1.6%
EBITDA		**80,084**	**11.4%**	**72,004**	**12.1%**
Depreciation/amortization	*6*	(19,580)	-2.8%	(16,534)	-2.8%
Provisions	*7*	(382)	-0.1%	(5,474)	-0.9%
(Capitalization of internal construction costs)		391	0.1%	270	0.0%
EBIT		**60,514**	**8.6%**	**50,267**	**8.4%**
Net financial income and charges	*8 - 9*	(21,373)	-3.0%	(18,982)	-3.2%
Effects of evaluation of equity investments using equity method	*10*	319	0.0%	1,292	0.2%
Pre-tax Profit (loss)		**39,460**	**5.6%**	**32,577**	**5.5%**
Taxes	*11*	(15,389)	-2.2%	(13,705)	-2.3%
Profit (loss) for the year		**24,071**	**3.4%**	**18,873**	**3.2%**
Profit (loss) attributable to minority interests		(2,943)	-0.4%	432	0.1%
Group net profit		**21,128**	**3.0%**	**19,305**	**3.2%**

Reclassified consolidated balance sheet

Euro/000	*Reference to notes in financial statements*	30 June 2008	31 December 2007
Intangible assets		3,081	3,374
Tangible assets	*12*	264,695	246,675
Equity investments	*13*	98,463	96,877
Other net fixed assets	*11 - 14 - 15*	25,866	30,364
TOTAL fixed assets (A)		**392,106**	**377,290**
Inventories	*16*	76,356	60,915
Contracts in progress	*17*	639,576	519,229
Trade receivables	*18*	30,998	36,844
Accounts receivables	*18*	428,264	426,223
Other assets	*15*	180,350	160,091
Tax receivables	*19*	82,846	88,592
Advances from customers	*17*	(260,620)	(237,466)
Subtotal		**1,177,771**	**1,054,428**
Trade payables	*15 - 24*	(71,512)	(88,474)
Payables to suppliers	*15 - 24*	(429,198)	(383,834)
Other liabilities	*11 - 22*	(204,967)	(213,518)
Subtotal		**(705,677)**	**(685,826)**
Working capital (B)		**472,093**	**368,603**
Employee benefits		(10,271)	(10,932)
Provisions for non-current risks and charges	*25*	(24,323)	(24,333)
Total funds (C)		**(34,595)**	**(35,265)**
Net invested capital (D) = (A) + (B) + (C)		**829,605**	**710,628**
Cash and cash equivalents	*20*	291,156	295,538
Current receivables from banks	*14*	12,668	22,943
Non-current receivables from banks	*15*	5	2,423
Securities	*14*	24,632	14,764
Current financial payables	*22*	(348,067)	(322,385)
Non-current financial payables	*22*	(481,560)	(411,826)
Net financial payables / receivables (E)		**(501,166)**	**(398,543)**
Group equity	*21*	(321,810)	(310,251)
Minority interests equity	*21*	(6,629)	(1,834)
Equity (G) = (D) - (E)		**328,439**	**312,085**

Comment on the balance sheet, assets and financial results of the Group

The dynamics leading to the Group's economic, assets and financial performance during the first half of 2008 are basically due to the further improvement of the revenues and operational situation, and the improved quality of the orders backlog, in line with the forecasts made by business planning. The Group accounts at 30 June 2008 are likewise affected by the significant stimulus to production activities during the period, especially in Italy, following the implementation of recently acquired general contracting and project finance projects.

The trend in the growth in revenues and the orders backlog, characterizing Group *performance* in recent financial years, has been confirmed, thus showing the validity of the strategic guidelines adopted.

In order to better understand the economic and financial dynamics of the Group, we should stress that in recent years, the growth process has undergone a significant acceleration, thanks to the strategic choices aimed at controlled expansion in the areas of interest and in the corresponding capital invested.

The current phase is therefore a turning point, after which the benefits will be seen in terms of contribution to the margins of the capital invested, with the consequent generation of major cash flows.

There follow comments on the changes recorded at 30 June 2008 in the main items of the consolidated income statement and balance sheet. For further details, see the contents of the summarized half-yearly consolidated financial statements.

Economic performance of the Group

The accounts for the half-year reflect the trend towards the gradual improvement of the revenues and operational performance of the Group, in line with what was recorded during in 2007.

The volume of production has grown as a direct consequence of the expansion of activities undertaken in the traditional international markets, but also due to the benefits from the achievement of the full production phase for the general contracting and project finance projects started up last year on the domestic market. There has also been a higher quality works being undertaken, leading to a higher average performance of the orders backlog, favored by the prevalence of works under general contracting, and thus characterized by a higher technological content.

There follow the comments on the changes occurring in the main items of the profit and loss account.

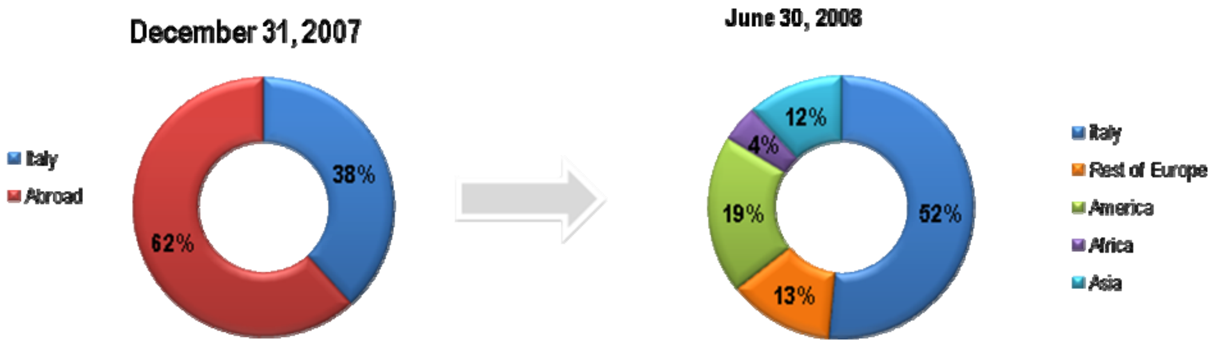
REVENUES FROM CORE ACTIVITIES

The revenues for the half-year period was EUR 672.8 million, up by +18.9% compared to EUR 565.6 million at 30 June 2007. The increase recorded reflects the acceleration of production activities, especially in Italy, where the main general contracting projects acquired over recent years have reached the full production phase.

The contribution of the domestic sector has thus increased (52% of revenues). This is due to the undertaking of production for the two lots of the "Jonica" national road under construction (especially for DG21), but also the acceleration in the construction works for the new High Speed Railway Station in Bologna and the Turin railway junction. On the international market, representing 48% of the revenues, the positive contribution of the activities undertaken above all in Venezuela (railways) and Eastern Europe (railways and motorways) has been confirmed.

There follows a graph of how the geographical composition of revenues changed during the period in question.

Geographical composition of revenues



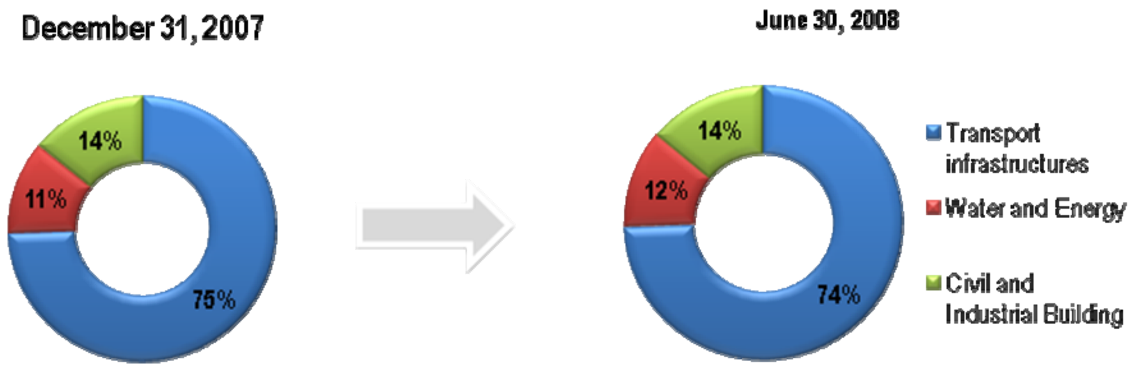
Changes occurring in the geographical composition of revenues on an annual basis

Euro/Million	June 30, 2008	%	June 30, 2007	%
Italy	348	51.7%	209	36.9%
Abroad	325	48.3%	357	63.1%
Europe	88	13.1%	79	14.0%
America	128	19.0%	178	31.4%
Asia	30	4.5%	20	3.5%
Africa	79	11.7%	80	14.1%
TOTAL	673	100.0%	566	100.0%

With regard to the contribution to production of the individual sectors, the sector of transport infrastructures (especially railways and underground lines) has confirmed its major role, representing 74% of revenues. This is followed by civil and industrial construction (14%) and the sector of waterworks and energy (12%), which recorded a higher share in determining revenues during the period also thanks to the various projects being implemented in Algeria and Central America.

There follows a graph for the period showing the composition of revenues in terms of the areas of activity, compared with the entire 2007 financial year. This confirms the stability of the strategic business choices which have always featured significant sector specialization.

Sector composition of revenues



Changes occurring on a half-year basis in the sector composition of revenues

Euro/Million	June 30, 2008	%	June 30, 2007	%
Transport infrastructure	500	74.3%	427	75.4%
Water and energy	78	11.6%	69	12.2%
Civil and industrial building	95	14.1%	70	12.4%
TOTAL	673	100.0%	566	100.0%

Other operating revenues items totaled EUR 31.9 million, up by +8.5% compared to EUR 29.4 million at 30 June 2007. This is related to the overall increase recorded for the works undertaken, consisting in items not directly referring to production activity, but in any case serving the core business. The result is total revenues of EUR 704.7 million at the end of the half-year period, i.e. an increase of +18.4% compared to EUR 595 million at 30 June 2007. This result, besides highlighting the Group's operational capacity, strengthens the overall growth forecasts made in strategic planning.

COSTS OF PRODUCTION

The amount and structure of costs reflect the increase recorded for the production volumes and the greater orientation of the orders backlog towards general contracting initiatives.

The direct production costs amounted to EUR 506.2 million (+20.2%, compared to EUR 421.1 million at 30 June 2007), with the impact on total revenues rising from 70.8% to 71.8% compared to the corresponding period of the previous year.

Personnel costs totaled EUR 104.3 million (+13.3%, compared to EUR 92.1 million in the first half of 2007), with an impact on revenues falling to 14.8% (from 15.5% in the corresponding period of the previous year), also following greater use of outsourcing for the contracting activities typically involved in general contracting projects.

Other operating costs totaled EUR 14.1 million (+43.2%, compared to EUR 9.8 million in the first half of 2007); as the productions costs, they recorded an increase mainly related to activities underway abroad.

OPERATING RESULTS

The overall performance of the Group reflects the positive trend in production activities and the good margin rates for the current orders backlog, with a balance of margins between the domestic and international sector. The EBITDA is EUR 80.1 million (+11.2% compared to EUR 72 million of the previous year), with an EBITDA margin of 11.4%. The EBIT totaled EUR 60.6 million, with a considerable rise of +20.4% (compared to EUR 50.3 million at 30 June 2007), with an EBIT margin rising to 8.6% from the 8.4% recorded in the corresponding period of the previous year. These figures also reflect the benefits of the need for lower allocations and of the greater economies of scale recorded in the half, aspects which are increasingly characterizing the Group's growth.

NET FINANCIAL CHARGES

Net financial charges amounted to EUR 21.4 million (EUR 19 million at 30 June 2007), basically due to the increased operations of the Group, which involve higher average borrowing due to the capital invested usually associated with the increase of production volumes and as well as business cycles. At the same time, there are also higher commitments in terms of guarantees issued by the Group, and therefore higher charges, considering the higher average value of the orders, and of the orders in the current backlog as well as those being evaluated (bid bonds, performance bonds). It should, however, be pointed out that this aspect, in any case in line with the Business Plan for 2008-2012, has also produced a significant rise in the return on capital invested (ROI), which is well over 15%. Moreover, despite the sharp fluctuations on the credit market, the changes in the cost of borrowing were rather low for the half-year period, also thanks to the prudent policy applied in the previous financial years to hedge borrowing rate risks.

TAX

The tax rate has fallen compared to the same period last year (39% compared to 42% at 30 June 2007), considering the actions undertaken to optimize the international taxation situation. It should be pointed out that the fall in the tax rate is not definitive for the entire year, since this figure depends on the “geographical mix” of income for the second half.

NET PROFIT

The net profit totaled EUR 21.1 million, with an increase of +9.4% compared to EUR 19.3 million recorded at 30 June 2007, with a net margin of 3%.

Assets and financial structure of the Group

The assets and financial structure of the Group, as already stated previously, highlights the significant commitments related to operational efforts in construction for general contracting and project financing initiatives, i.e. the activities which by their very nature involve a growing return on the capital invested and debt structures which are, by their nature, self-liquidating.

In line with planning, the changes occurring in the assets and financial structure of the Group reflect the effects of an investments policy highlighting and promoting advanced technology initiatives (general contracting) and project finance initiatives which by their very nature involve lower financial risk profiles due to non-recourse structures.

NET FIXED ASSETS

Net fixed assets totaled EUR 392.1 million, higher with respect to EUR 377.3 million recorded at the end of 2007. The increase is basically due to the change in tangible assets, rising to EUR 264.7 million from EUR 246.7 million at 31 December 2007, also in connection with the investment program in project finance initiatives. In any case, the percentage of investments on total production tends to correspond to the indications already provided at the time of presentation of the business plan.

WORKING CAPITAL

Working capital totaled EUR 472.1 million (EUR 368.6 million at 31 December 2007), as a direct consequence of the increased revenues recorded during the period, which has involved an increase in contracts in progress. The latter amounted to EUR 639.6 million (EUR 519.2 million at the end of last year) with an increase basically due to the acceleration in projects abroad, especially in Venezuela, Romania and Algeria, areas where a fall in working capital is forecast starting from the third quarter of 2008. It should be pointed out that during the month of July, clients certified and approved works totaling just under EUR 200 million.

NET INVESTED CAPITAL

Net invested capital totaled EUR 829.6 million, higher compared to EUR 710.6 million recorded at 31 December 2007, as a direct consequence of the support provided to new initiatives in terms of investments and the trends recorded in the working capital. In general, this phenomenon, already forecast in strategic planning, is clearly explained by the increase of economic margins and, in the medium term, by cash flows forecast for 2009.

EQUITY

The equity totaled EUR 328.4 million, compared to EUR 312.1 million recorded at 31 December 2007. The change in the half-year period, amounting to EUR 16 million in absolute terms, is basically due to the profit recorded in the period and the change in reserves net of the dividend paid totaling EUR 9.8 million.

NET FINANCIAL POSITION

The net financial position at 30 June 2008, net of treasury shares totaled EUR (496.5) million. The comparison with the equivalent figure recorded at the end of 2007 (totaling EUR (393.5) million), shows an increase on a half-year basis of EUR 103 million, of which EUR 59.5 million regarding the second quarter. This change is due to the dynamics of the projects underway, with working phases requiring considerable capital invested, and in delays in payments, for current works.

The support guaranteed to works underway and major stimulus provided by the Group for starting up the important initiatives acquired over the last two years have resulted in greater financial resources to support production; the return is guaranteed by cash flows deriving from the construction activities for general contracting initiatives and, for the concession sector, from the management phase.

The figures of the net financial position in half-year period has been affected by normal business cycles, a factor further amplified by the increase recorded in production volumes (+18.9%) and the delays in some payments, currently forecast for the second half of the year. This phenomenon, together with expect flows in working capital for the second half, should enable us to bring the net financial position to the planned levels by the end of the year. This is confirmed when we recall the possible receipt of the contract advance payment for the contracts being defined in Algeria and in America, respectively in the sector of railway transport infrastructures and energy.

The following chart shows the structure of net financial indebtedness, with the components and changes occurring on a quarterly basis during the last year.

Net financial position: development

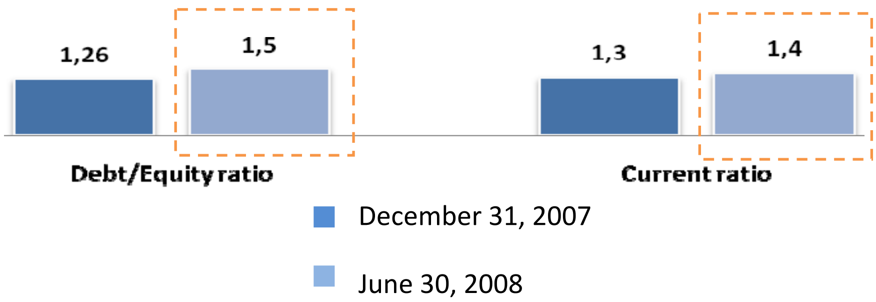
	Euro/000	30/06/08 June	31/03/08 March	31/12/07 December	30/06/07 June
A	Cash and cash equivalents	291,156	309,311	295,538	233,443
B	Securities held for trading	24,632	10,871	14,764	21,189
C	**Available funds**	**315,788**	**320,182**	**310,303**	**254,632**
D	**Receivables from banks**	**12,673**	**19,322**	**25,365**	**9,767**
E	Current bank payables	(259,369)	(215,055)	(212,182)	(290,574)
F	Current share of non-current indebtedness	(75,904)	(79,990)	(97,328)	(955)
G	Other current payables	(12,794)	(16,476)	(12,874)	(11,662)
H	**Current financial indebtedness**	**(348,067)**	**(311,520)**	**(322,385)**	**(303,191)**
I	**Current net financial indebtedness**	**(19,606)**	**27,984**	**13,284**	**(38,793)**
L	Non-current bank payables	(467,135)	(456,070)	(396,039)	(339,189)
M	Other non-current payables	(14,424)	(14,385)	(15,787)	(19,041)
N	**Non-current financial indebtedness**	**(481,560)**	**(470,455)**	**(411,826)**	**(358,230)**
	Net financial indebtedness	**(501,166)**	**(442,472)**	**(398,543)**	**(397,023)**
	Treasury shares in portfolio	4,662	5,438	5,048	3,243
	Net financial position, total	**(496,504)**	**(437,034)**	**(393,495)**	**(393,780)**

The debt position continues to reflect the process of repositioning of long-term indebtedness, which during the last year has considerably improved the financial profile of the Group, offering greater elasticity to liquidity management.

There is a growing share of resources dedicated to specific contracts and foreign areas, following the funding transactions for the individual initiatives, with reimbursement guaranteed by the financial flows of the projects. In this regard we can point out that on 30 June 2008, an international pool of banks finalized a loan of EUR 776 million granted to the Municipality of Istanbul, dedicated to the project for the construction of the new Kadıköy-Kartal underground line, to be undertaken by Astaldi as leading company in a joint venture. The mandated lead arrangers of this pool of banks are Abn Amro, BIIS (Gruppo Intesa San Paolo), Black Sea

Trade and Development Bank, Depfa Bank, Dexia/Denizbank, Turkiye vakiflar bankasi, Société Générale, Unicredit Corporate Banking, with Fortis as global coordinator and facility agent, Calyon as SACE agent and WestLB as documentation agent. The purpose of the credit line is to provide the Municipality of Istanbul with the financial resources for the construction of the new underground line on the Asian side of Istanbul. The loan package includes coverage of EUR 250 million for 14 years by SACE, the Italian export credit agency, and a commercial loan of EUR 526 million wholly underwritten by the *mandated lead arrangers*.

The *debt/equity* ratio of 1.5 is significantly reduced if we exclude the quota of debt related to project finance activities which is, by its nature, self-liquidating. The current ratio, calculated as a ratio between short-term assets and short-term liabilities, is 1.4. As shown in the following graph, these two financial ratios recorded an increase compared to 30 June 2007, basically due to the increase of working capital.

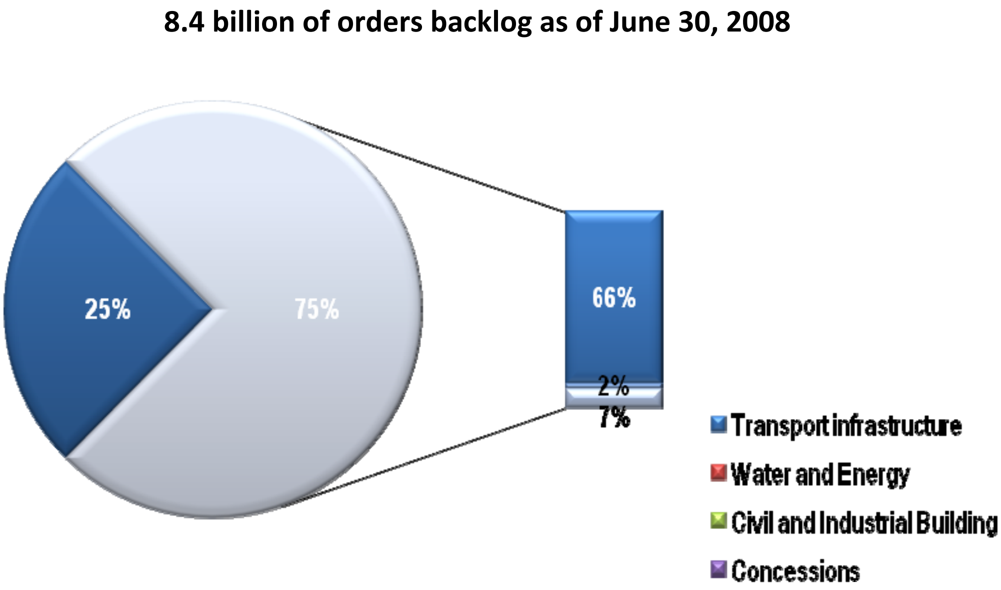


Orders backlog

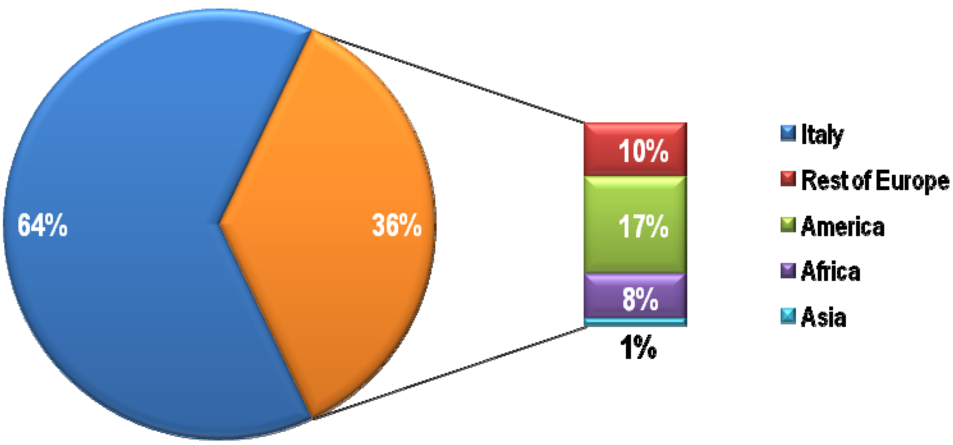
During the first half of 2008, major objectives were reached in the strategy of the international consolidation of the Group, especially in the sector of transport infrastructures and plant engineering applied to the oil&gas sector. We should also recall the important developments recorded in the sector of concessions.

At 30 June 2008, the overall value of the Group orders backlog totaled EUR 8.4 billion, of which EUR 6.3 billion in the construction sector and EUR 2.1 billion for concession and project finance activities.
The figure includes EUR 757 million in new orders, basically from the sector of transport infrastructures in Italy and abroad.
The overall structure of the orders backlog is in line with the one recorded in previous periods, and reflects the commercial development policies adopted by the Group on the global level. The following graph shows the geographical and sector composition of the orders backlog.

Sector distribution of the orders backlog at 30 June 2008



Geographical distribution of the orders backlog at 30 June 2008



The construction activities, totaling EUR 6.3 billion, represent 75% of total orders and mainly regard initiatives managed by Astaldi as General Contractor, with EUR 3.5 billion in Italy and the remaining EUR 2.8 billion abroad. Transport infrastructures are confirmed as the major sector of Group operations, accounting for EUR 5.5 billion (66% of overall orders), mainly consisting of railway and underground lines. In the half-year period, the latter recorded an increase of EUR 368 million, bringing its quota of the orders backlog to EUR 4.2 billion. This confirms the Group's consolidated leadership, especially in this specific sector, not only on the domestic level, but also in foreign markets characterized by heavy international competition, as shown by the recent acquisition of the contract for the new underground in Istanbul, Turkey.

The major, qualified position of the Group has also been confirmed in the sector of concessions, representing in absolute terms a major element of overall orders, totaling EUR 2.1 billion, mainly related to initiatives on the domestic market in the field of healthcare construction, transport infrastructures and parking facilities. In any case, there is also a share abroad in this area, though currently limited to the field of waterworks, in the future there could be very interesting opportunities in the sector of transport infrastructures. Finally, we can point out the further consolidation in the sector of concessions in Italy, not yet included in the orders backlog, with the appointment in April of the joint venture including Astaldi, as Promoter for the project finance initiative for the construction and subsequent management of the link between the Port of Ancona and nearby major roads. The possible insertion of the figures for this initiative in the orders backlog, of which further details will be provided subsequently, will take place upon the conclusion of the phases of the tender.

With regard to the contribution of the single geographical areas in determining the orders backlog, at the end of the half-year period the major sector was the domestic market, amounting to EUR 5.4 billion (63% of total orders), also thanks to the significant acquisitions acquired over the past two years. At the same time the significance of international activities was confirmed, mainly in the rest of Europe (Romania, Bulgaria, Turkey) and in the Americas (Venezuela and Central America); these totaled EUR 3 billion, representing 37% of the total orders backlog.

The new orders recorded in the half-year period have made a positive contribution to these figures, totaling EUR 757 million and mainly related to new initiatives in the sector of transport infrastructures; these include international projects in Turkey, Romania, the Middle East and Central America, as well as in Italy, thus confirming the commercial success achieved by the Group in highly competitive contexts, offering advanced technological and management skills and not just the best bid price. It should, in fact, be pointed out that on the international level the technical, financial and management skills are a key factor in persuading clients to choose the Group.

There follow details of the new initiatives recorded in the various areas during the period.

Italy. The strategically significant awarding of an initial section of the Pedemontana Lombarda motorway was recorded in April. This contract, worth EUR 630 million (the Astaldi share being 24%) which as a whole provides for the final and executive design and the construction of approximately 47 kilometers of motorway and secondary roads, with 13 kilometers of tunnels and approximately 1.7 kilometers of bridges and viaducts. The start-up of construction activities will take place after the design phase and the duration of the works will be approximately 3 years.

There is also an important initiative in Naples, with the construction of the new Line 6 of the underground. The company AS.M. S.c.r.l., in which Astaldi has a share of 75.91%, was set up in April for the construction of the San Pasquale station in Line 6 of the Naples underground, in the section between the Mergellina and Municipio stations. Astaldi's share of the works amounts to approximately EUR 44 million and during the period work already started for the construction site installation, with the undertaking of construction operations being forecast by the end of 2008.

Turkey. As for the commercial success shown by the Group in highly dynamic international situations we can recall the success achieved in Turkey, where Astaldi, as leader of a joint venture, has been awarded the contract with the Municipality of Istanbul for the general contracting construction of a new underground line in Istanbul, with an overall value of EUR 751 million (the Astaldi share being 42%). The contract provides for the construction of a double track underground line with approximately 20 kilometers of tunnels on the Kadıköy-Kartal section; besides the civil engineering works, it includes the supply of the electromechanical and signaling equipment. The duration of the works is expected to be 3 years, with the start-up of operations in the second half of 2008. This project is expected to contribute to the expansion of the city's public transportation network, and currently represents the most significant project planned for the near future by the Municipality of Istanbul. The awarding of the contract thus confirms the Group's leadership on the international and in the sector of urban transport infrastructures. At the same time, it provides recognition for what Astaldi has already done in this country, in the project for the Istanbul-Ankara motorway, characterized by considerable design and construction complexity.

Romania. The role of Astaldi is also important in this area. In January, the company was awarded the contract for the new phase of the project for development and modernization of the Henri Coanda (formerly Otopeni) International Airport in Bucharest, with a contract value of EUR 76 million. Astaldi has already completed the first two phases of this project. The contract for this new phase of the works provides for the construction of plant engineering and civil works, among other things, for the extension of the passenger arrivals and departures terminals, the refurbishing of the headquarters building, the reorganization of passenger flows and the construction of new surface car parking facilities. Works will start by the first half of 2008, and the forecast duration is approximately 36 months. This contract is a recognition of the Group's operating capacities for the works completed in the previous stages of this project. At the same time, it reflects the role of major player that Astaldi intends to have in Eastern Europe; for the Group, this means not only Romania, but also Bulgaria, where it is already active, and in coming years, Poland. As for the latter, results will be forthcoming from a series of tenders in the sector of healthcare construction and transport infrastructures, and positive developments are expected.

Middle East. Activities are also growing in the Middle East, which up to now in 2008 has accounted for over EUR 89 million to the growth of the consolidated orders backlog. In February, the Astaldi Group acquired a project worth US$ 140 million for the design and construction of civil engineering works for an aluminum production plant in the Mesaieed industrial area, in Qatar. The most important aspects of the contract, awarded to Astaldi by a major company on the international level, include the design and construction of storage silos with a diameter of 40 meters and a total volume capacity of over 300,000 cubic meters.

The following tables show the performance of the orders backlog during the period, indicating the contribution of the sectors and countries concerned.

Performance of the orders backlog and contribution of activity sectors

Million euro	Start of period 01/01/2008	Increases	Decreases for production	End of period 30/06/2008
Transport infrastructures	5,386	630	-500	5,517
of which:				
Railways and undergrounds	*4,127*	368	*-323*	*4,173*
Roads and motorways	*1,169*	183	*-158*	*1,194*
Airports and ports	*89*	80	*-19*	*150*
Waterworks and hydroelectric plants	237	11	-78	170
Civil and industrial construction	574	115	-95	594
Concessions	2,119	0	0	2,119
Situation of orders backlog	**8,316**	**757**	**(673)**	**8,400**

Performance of orders backlog and contribution of geographical areas

Million euro	Start of period 01/01/2008	Increases	Decreases for production	End of period 30/06/2008
Italy	***5,539***	***200***	***(348)***	***5,392***
Abroad	***2,777***	***557***	***(325)***	***3,008***
Europe	*480*	*406*	*(88)*	*799*
America	*1,516*	*54*	*(128)*	*1,442*
Africa	*747*	*0*	*(79)*	*668*
Asia	*34*	*96*	*(30)*	*100*
Situation of orders backlog	**8,316**	**757**	**(673)**	**8,400**

The figures of the orders backlog at 30 June 2008 do not take into account orders acquired after the closing of the half-year period, or the possible developments of the initiatives being taken in Venezuela and Italy.

In particular, for the domestic market, we can recall that the joint venture consisting of Astaldi (24%), Impregilo (leader and mandatary with 47%), Pizzarotti (18%) and Itinera (11%) was appointed as Promoter for the project finance initiative for the construction and subsequent management of the link between the Port of Ancona, the A14 motorway and "Adriatica" national road (SS 16). The overall value of the investment totaled approximately EUR 580 million and the concession contract, involving a management period of 30 years, will be awarded after the completion of the tender and the negotiated procedure in which the Promoter will enjoy the right of pre-emption. The new double-lane road will be approximately 11 kilometers long, of which 8 kilometers of main road and the remainder for connections. Much of the route will be underground, with the construction of approximately 4 kilometers of two-tube tunnels and two viaducts approximately 1.6 kilometers long. The duration of the works is 72 months, including the design and testing phase; the time will be calculated starting from the signing of the agreement.

Events subsequent to the closing of the period

Since the closing of the half-year period, there have been some major achievements for the Group on the domestic level.

In particular, the Milan rail link was inaugurated on 17 July. This maxi-tunnel was built mainly under the city center to link the railway lines coming from the north-west (Milan-Turin, Milan-Domodossola and the regional lines managed by Ferrovie del Nord), with those coming from the north-east (Milan-Genoa, Milan-Bologna, Mortara-Milan). The link has 3.5 kilometers of double track leading from Porta Vittoria to Rogoredo station, creating a junction between long distance traffic and trains on the four regional lines that terminate at Rogoredo; this is an important solution for the city's traffic requirements, also in view of Expo 2015.

We should also point out the operation of the TBMs (*Tunnel Boring Machines*) to be used to excavate the tunnels for the construction project of the new Line C of the Rome underground and the new Line 5 of the Milan underground. On 3 July, excavation started for the tunnel linking the 30 stations planned for the new Line C of the Rome underground, on the Pantano-Piazzale Clodio section. On 1 August, the TBM started operations in the project for the construction of the new Line 5 of the Milan underground. TBMs, also known as "mechanical moles", are actually highly mechanized mobile construction facilities, allowing excavation to advance from 8 to 12 meters per day, with maximum safety conditions for the workers and the residents of the areas affected by excavation, with considerable advantages in terms of construction time. Astaldi is currently using TBMs in Rome and Milan, as well as in Brescia, where the company is building the new underground line.

Main risks and contingencies regarding the second half

With regard to current requirements on "description of the main risks and contingencies for the remaining months of the financial year", it should be pointed out that there are currently no special situations likely to have any significant impact on the economic and financial performance of the Group in the second half 2008.

Nevertheless, in the general macroeconomic scenario and the sector in which the company operates, there is concern for the following areas, which the Group is carefully monitoring.

Raw materials. The increase, in some cases significant, in the price of some raw materials may involve an increase in the costs of production, though the Group tends to counter these by policies for the diversification of purchases, framework agreements with strategic suppliers, contract clauses for price review and the use of specific measures by local authorities aimed at mitigating these economic effects.

Capital market. Critical factors should be highlighted in the current situation on the financial markets, in terms of the credit squeeze, the rise in interest rates and fluctuations on the currency markets. Starting from previous financial years, the Group has adjusted and repositioned borrowing in favor of medium/long-term instruments, containing the rise in interest rates by a specific policy of hedging the interest rate risk and implementing suitable transactions for the direct and indirect hedging of exchange rate risk.

Country/customer risk. For the rest of the financial year, the activity undertaken by the Group is concentrated in the construction of major infrastructures, which besides having adequate financial coverage, also represent priority goals in the investment policies of the countries where the Astaldi Group operates. In particular, in some parts of the world, these initiatives are undertaken under "bilateral agreements" between the Italian Government and the Government of the countries concerned, thus producing a more favorable country/customer risk profile.

Information on operations with related parties

With regard to operations with related parties, it should be pointed out that these come within the normal activities of the Group companies, and are regulated by market conditions. For information on these relationships, see note 26 of the summarized half-yearly consolidated financial statements at 30 June 2008.

Performance forecasts

For over 80 years, the Astaldi Group has been a protagonist on the international scene, and considers the expansion of its sphere of actions to be a strategic challenge that has proved to be successful. In Europe and the rest of the world, Astaldi is a widely known and appreciated name, and the Group can boast the range of works completed, the dimension of the projects, and the undeniable development taking place in the countries and areas where it operates. These are the factors enabling the Group to enjoy the results of the commercial and production efforts made in recent years, also confirming for the first half of 2008 its capacity to achieve and support its strategic guidelines.

For the future, the consolidation of the Group is expected in the areas, such as Latin America, the Maghreb, Eastern Europe and the Arabian Peninsula, where the Astaldi has long been established. These areas will ensure the pursuit of increasingly ambitions growth targets, also thanks to the contribution from the opening of markets in neighboring areas, such as Poland with respect to Eastern Europe and Peru and the Chile with respect to Central America, areas which already have a regulatory framework and infrastructure investment plans of indubitable interest. The current orders backlog in the Middle East is expected to increase further due to the growth strategy already adopted, which has led to the opening of a new branch in Abu Dhabi and the setting up of a mixed company in Dubai.

The domestic market will also represent a major strategic opportunity to be developed, especially for all the initiatives related to the assignment of Expo 2015 to the city of Milan. In particular, new scenarios could come about in the cities for underground lines, a sector in which the current network of 75 kilometers and 88 stations is expected to increase to 142 kilometers with 152 stations by 2015; in other words, a doubling of capacity from 3 to 6 underground lines. A step forward for implementing this project is the approval by the CIPE (Inter-Ministry Committee for Economic Planning) of the alternate route relative to the Garibaldi station in the context of the project for the construction of the new Line 5 of the Milan underground, now being undertaken by Astaldi, leading company of a joint venture. This change provides the technical conditions for the further extension of the line towards the western districts of the city.

Again on the domestic market, further scenarios could also open up in Rome medium term for the new Line C of the Rome underground, now being built by Astaldi, and for the new Line D for which the tender procedures are currently underway.

Abroad, a further contribution could come from Latin America, especially Venezuela, where there are already significant contract options to be exercised for railway contracts in progress.

With regard to other commercial initiatives being studied, in accordance with strategic planning guidelines, the focus of the Group is on general contracting and project financing initiatives, developed in Italy and abroad, mainly in the sectors of transport infrastructures, energy production facilities, civil and healthcare construction, and parking facilities. For some of these initiatives, we are awaiting the outcome of the tenders; for others, the procedures for pre-qualification, verification and awarding are still underway.

In this context, the Astaldi Group is prepared on the whole to examine and take advantage of all the growth opportunities that might occur, but at the same time it will continue to develop a sector with considerable growth potential, like the concessions sector.

In particular, there will be a positive impact of new scenarios on the domestic market in the sector of motorway concessions, with the appointment in April of the joint venture consisting of Astaldi (24%), Impregilo (leader and mandatary with 47%), Pizzarotti (18%) and Itinera (11%) as Promoter for the project finance initiative for the construction and subsequent management of the links between the Port of Ancona, the A14 motorway and “Adriatica” national road (SS 16), already mentioned in the paragraph of this report on the orders backlog. This initiative is a concrete step in the strategy of the Astaldi Group to enter the sector of motorway concessions, long considered a sector that is complementary to concessions for the construction of hospitals, parking facilities and underground lines. At the same time, this new success has consolidated the know-how and expertise achieved by the Group in the field of concessions, creating the premises for further growth in this sector, not only in Italy, but also abroad.

Finally, with regard to the entire year 2008, the economic objectives set forth in business planning have been confirmed; from the assets and financial point of view, the second half of 2008 should show a reduction in working capital in some foreign areas, with the generation of resources for further investments in the concessions sector.
It should also be pointed out that starting from this financial year, the accounts will also reflect the effects of the management operation of the new hospital in Mestre, built by Astaldi in joint venture, in just 4 years. This is a significant result not only from the construction point of view, but also with regard to the economic and financial equilibrium of the project, and thus for the management activities.
Finally, we can point out that in 2008, the arbitration proceedings of 28.3.2006, advanced by Astaldi with respect to Consorzio di Bonifica Alli Punta di Copanello, in relation to the contract for the construction of the dam on the river Melito, has made further progress. The Board of Arbitrators has ordered two technical inspections which have ascertained, among other things, that the work as designed by the Consortium, cannot be implemented, and that the executive design drawn up by them requires significant revision. Considering the present situation of the arbitration proceedings and the outcome of the two technical inspections, it is reasonable to assume that the arbitration proceedings will conclude by September 2008.

Alternative performance indicators: non-GAAP measures

The Astaldi management has assessed the economic and financial performance of the Group and of business segments on the basis of some indicators not provided for by IFRS.
As requested by Communication CESR/05 - 178b, the components of each of these indicators are described below.

EBIT (*Earnings Before Interest and Taxes*): this is the result before tax and before financial income and charges, without any adjustment. EBIT also exclude income and charges derived from the management of non-consolidated equity investments and securities, as well as the results of any disposals of consolidated equity investments, recorded in the financial statements under “financial income and charges” or, for the results of equity investments alone evaluated by the equity method, under the item “effects of the evaluation of equity investments with the equity method”.

EBITDA (*Earnings Before Interest Taxes Depreciation and Amortization*): is determined by excluding the following elements from EBIT as defined above:

- Write-down of intangible and tangible assets
- Devaluation and provisions
- Capitalization of internal construction costs.

Debt/Equity ratio: this indicator is the ratio between the net financial position in the numerator and the equity in the denominator, net of treasury shares in portfolio.

ROI (*Return on Investment*): this indicator is calculated as the ratio between EBIT (net operating result) and the average capital invested in the period.

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

For The Board of Directors

(Chairman)

Vittorio Di Paola