AnsaldoSTS
A Finmeccanica Company

HALF-YEAR FINANCIAL REPORT AT 30 JUNE 2011

Half-Year Financial Report at 30 June 2011

The Half-year Financial Report 2011 has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the official document.

1 Boards and Committees

BOARD OF DIRECTORS
(for the 2011 /2013 three-year period)

ALESSANDRO PANSA
Chairman

GIANCARLO GRASSO
Deputy Chairman

SERGIO DE LUCA
Chief Executive Officer

MAURIZIO CEREDA [1 2]

GIOVANNI MARIA CAVALLINI [2]

PAOLA GIRDINIO [1]

GIUSEPPE FILIPPO MARIA MILONE [2]

TATIANA RIZZANTE

ATTILIO SALVETTI [1]

MARIO ORLANDO
Secretary of the Board of Directors

1. Member of Internal Audit Committee
2. Member of Remuneration Committee

BOARD OF STATUTORY AUDITORS
(for the 2011/2013 three-year period)

GIACINTO SARUBBI
Chairman

RENATO RIGHETTI

MASSIMO SCOTTON

ALTERNATE AUDITORS
(for the 2011/2013 three-year period)

BRUNO BORGIA

PIETRO CERASOLI

INDEPENDENT AUDITORS
(for the 2006/2014 period)

PRICEWATERHOUSECOOPERS S.P.A.

2 Interim report on operations at 30 June 2011

2.1 Introduction

At 30 June 2011 the Ansaldo STS Group reported net profit of EUR 32,111 thousand compared with EUR 33,411 thousand for the first half of 2010; revenues amounted to EUR 569,233 thousand as compared with EUR 584,706 thousand and operating revenues stood at 9.2% from 9.9% in the first half of the previous year.
Orders amounted to EUR 667,719 thousand from EUR 645,291 thousand at 30 June 2010 and the order backlog came to EUR 4,617,688 thousand from EUR 4,551,127 thousand at 31 December 2010.

In the period from **30 December 2010 to 30 June 2011**, the official price of the stock went from €10.67 to €9.62.
The stock hit its highest value for the period with EUR 11.21, official price of 14 January 2011, and its lowest value with EUR 9.26, official price of 24 June 2011.
The daily average volumes amounted to 606,220 shares exchanged.
Since the end of February, the stock was badly affected by the Libyan crisis, which brought a suspension of the activities for two important contracts in Libya. The management timely informed the market of the economic and financial risks that the situation in Northern Africa might cause to the Group; in particular, when 2010 year-end official announcements were made, some preliminary indications on the possible impact of the Libyan crisis were provided together with the new objectives for 2011. The objectives for 2011 were set on the budget prepared at the end of 2010, and therefore did not take account of the crisis yet.

During the period the FTSE All Share Italy index was substantially unchanged: -0.1%, and in the STAR segment the FTSE Italia STAR earned 2.6%.

In the first half of 2011 there were no changes in the scope of consolidation as compared with 31 December 2010.

2.2 Group key figures

(EUR thousand)	**30.06.2011**	30.06.2010	Change	31.12.2010
Orders	**667,719**	645,291	22,428	1,985,012
Order backlog	**4,617,688**	3,915,016	702,672	4,551,127
Revenue	**569,233**	584,706	(15,473)	1,283,710
EBIT	**52,175**	57,675	(5,500)	137,065
Adjusted EBIT	**53,594**	58,381	(4,787)	139,411
Net Profit (Loss)	**32,111**	33,411	(1,300)	94,908
Net working capital	**(61,527)**	(164,411)	102,884	(154,253)
Net invested capital	**161,698**	49,264	112,434	63,311
Net financial position (liquidity)	**(212,804)**	(276,544)	63,740	(318,150)
Free Operating Cash Flow	**(63,436)**	20,130	(83,566)	65,983
ROS	**9.2%**	9.9%	-0.7 p.p.	10.7%
R.O.E.	**26.7%**	28.8%	-2.1 p.p.	27.8%
E.V.A.	**25,730**	34,083	(8,353)	94,162
Research and development	**19,880**	18,077	1,803	34,827
Employees (no.)	**4,189**	4,340	(151)	4,217

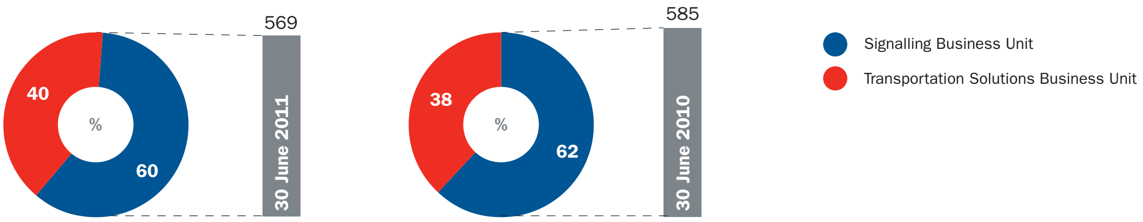
The first half 2011 ended with consolidated **net profit** of EUR 32,111 thousand from EUR 33,411 thousand in the first half 2010.

Revenue went from EUR 584,706 thousand in 2010 to EUR 569,233 thousand in 2011, a decrease of EUR 15,473 thousand. This essentially stems from the Signalling Business Unit, due to the completion of the High-Speed Line projects in Italy and abroad (especially in China).

The Signalling Business Unit ended the first half 2011 with revenue of EUR 351,391 thousand, a decrease of EUR 30,337 thousand from the first half of the prior period (EUR 381,728 thousand).

The Transportation Solutions Business Unit ended the first half 2011 with revenue of EUR 226,214 thousand, a slight increase of EUR 4,203 thousand from the first half of the prior period (EUR 222,011 thousand).

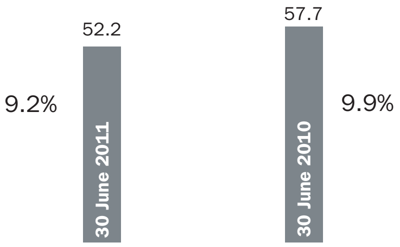
Revenue at 30 June 2011 - 2010 (EUR millions) by Business Unit



EBIT at 30 June 2011 amounted to EUR 52,176 thousand, a decrease of EUR 5,499 thousand from 30 June 2010. The profit margin was 9.2%, as compared with 9.9% in the first half of 2010.
More specifically:

- The Signalling Business Unit ended the first half 2011 with EBIT of EUR 36,253 thousand, a decrease of EUR 10,494 thousand from for the first half of the prior period, due to smaller production revenues in Italy and greater costs borne by R&D and by the commercial unit for ongoing projects.
- The Transportation Solutions Business Unit at 30 June 2011 posted EBIT of EUR 21,135 thousand compared with EUR 18,158 thousand in the first half of the prior period, an increase of EUR 2,977 thousand due to the different mix and profitability of the orders worked in the two comparison periods.

EBIT and ROS at 30 June 2011 - 2010 (EUR millions)



In order to provide additional information on the Group's operating results, financial condition and cash flows, the reclassified income statement, balance sheet, net financial debt, and statement of cash flows are provided below.

Income Statement (EUR thousand)	For the 6 months ended 30 June 2011	2010
Revenue (*)	569,233	584,706
Revenue	**569,233**	**584,706**
Raw materials and consumables used and personnel costs (**)	(521,155)	(529,070)
Amortisation and depreciation	(6,435)	(6,527)
Impairment	(136)	(1)
Other net operating income (expenses) (***)	4,162	3,079
Changes in work in progress, semi-finished and finished goods	7,925	6,194
Adjusted EBIT	**53,594**	**58,381**
Restructuring costs	(1,419)	(706)
EBIT	**52,175**	**57,675**
Net finance income (costs)	363	(2,653)
Income taxes	(20,427)	(21,611)
Net Profit (Loss)	**32,111**	**33,411**
Equity holders of the Company	*32,000*	*33,285*
Minority interests	*111*	*126*
Earnings per share		
Basic and Diluted	*0.27*	*0.28°*

° Redetermined following the free share capital increase of 5 July 2010

Notes for reconciling the reclassified Income Statement and the Income Statement:
(*) Includes "Revenue" and "Revenue from related parties".
(**) Includes "Costs from related parties", "Raw materials and consumables used", "Purchase of services" and "Personnel costs", less "Work performed by the Group and capitalised".
(***) Includes the net amount of "Other operating income", "Other operating income from related parties", "Other operating expenses" and "Other operating expenses from related parties".

Balance Sheet (EUR thousand)	30.06.2011	31.12.2010
Non-current assets	267,965	263,747
Non-current liabilities	(44,740)	(46,183)
	223,225	**217,564**
Inventories	146,049	127,632
Contract work in progress	284,066	216,928
Trade receivables	566,840	624,808
Trade payables	(354,490)	(403,133)
Advances from customers	(658,306)	(657,150)
Working Capital	**(15,841)**	**(90,915)**
Provisions for risks and charges	(16,378)	(22,417)
Other net assets (liabilities) (*)	(29,308)	(40,921)
Net working capital	**(61,527)**	**(154,253)**
Net invested capital	**161,698**	**63,311**
Capital and reserves attributable to equity holders of the Company	373,394	380,411
Minority interests in equity	1,108	1,050
Shareholders' equity	**374,502**	**381,461**
Net financial debt (liquidity)	**(212,804)**	**(318,150)**

Notes for reconciling the reclassified Balance Sheet and the Balance Sheet:
(*) Includes "Income tax receivables", other current receivables from related parties (carried under "Current receivables from related parties") and "Other current assets", less "Income tax payables", other current payables from related parties (carried under "Current payables to related parties"), "Other current liabilities", except for financial receivables from related parties (carried under "Current receivables from related parties").

At 30 June 2011, consolidated **net invested capital** was EUR 161,698 thousand, compared with consolidated net invested capital of EUR 63,311 thousand at 31 December 2010; the difference of EUR 98,387 thousand is essentially attributable to the change in **net working capital**, which went from EUR -154,253 thousand at 31 December 2010 to EUR -61,527 thousand at 30 June 2011. The change is due to the increase in inventories and work in progress less advances, and to the reduction in trade payables, which were partially offset by the decrease in trade receivables.
The Group's **net financial position** (mainly financial receivables and cash and cash equivalents on borrowings) at 30 June 2011 was EUR 212,804 thousand compared with liquidity of EUR 318,150 thousand at 31 December 2010, a decrease of EUR 105,346 thousand, even after the payment of the dividend of EUR 33,592 thousand, resolved by the Shareholders' Meeting of 5 April 2011.
The net financial position includes EUR 70,643 thousand for the advance payment collected by the Russian customer Zarubezhstroytechnology for the project, signed in August 2010 and suspended from 21 February 2011, for the construction of signalling, automation, telecommunications, power supply, security and ticketing systems on the line linking Sirth to Benghazi in Libya. Moreover, financial receivables include the countervalue in Libyan Dinars, received as an advance payment on the first two orders acquired in Libya and deposited with a local bank, equal to EUR 28,442 thousand.

2.3 Financial Situation

(EUR thousand)	30.06.2011	31.12.2010
Short-term borrowings	7,991	3,089
Medium/long-term borrowings	846	1,115
Cash and cash equivalents	(81,728)	(153,320)
BANK DEBT	**(72,891)**	**(149,116)**
Financial receivables from related parties	(52,571)	(149,150)
Other financial receivables	(104,814)	(21,212)
FINANCIAL RECEIVABLES	**(157,385)**	**(170,362)**
Borrowings from related parties	16,800	-
Other short-term borrowings	334	822
Other medium- and long-term borrowings	338	506
OTHER BORROWINGS	**17,472**	**1,328**
NET FINANCIAL DEBT (LIQUIDITY)	**(212,804)**	**(318,150)**

Cash and cash equivalents at 30 June 2011 came to EUR 81,728 thousand.
The Statement of cash flows at 30 June 2011 was broken down as follows:

Statement of Cash Flows (EUR thousand)

	For the six month ending 30 June 2011	For the six month ending 30 June 2010
Cash and cash equivalents - opening balance	**153,320**	**128,541**
Gross cash flow from operating activities	59,436	63,904
Changes in other operating assets and liabilities	(58,230)	(14,448)
Fund From Operations	**1,206**	**49,456**
Change in working capital	(58,772)	(24,875)
Cash flow from (used in) operating activities	**(57,566)**	**24,581**
Cash flow from ordinary investing activities	(5,870)	(4,451)
Free Operating Cash Flow	**(63,436)**	**20,130**
Strategic investments	(6,150)	-
Other changes in investing activities	-	-
Cash flow from (used in) investing activities	**(12,020)**	**(4,451)**
Sale of treasury shares	292	-
Dividends paid	(33,592)	(30,982)
Cash flow from (used in) financing activities	33,105	55,353
Cash flow from (used in) financing activities	**(195)**	**24,371**
Translation differences	**(1,811)**	**3,187**
Cash and cash equivalents - closing balance	**81,728**	**176,229**

The first half of 2011 ended with net decrease of EUR 94,501 thousand in cash and cash equivalents over the same period of the prior year.

The following are the main changes in the Statement of Cash Flows:
- cash flow used in operating activities stood at EUR 57,566 thousand, a decrease on the same period the preceding year mainly due to the worsening in working capital and greater taxes paid during the period by the parent company Ansaldo STS S.p.A.;
- cash flow used in investing activities was EUR 12,020 thousand, up EUR 7,569 thousand from the same period of the prior year (EUR 4,451 thousand at 30 June 2010); the increase is due to the subscription and payment of the share capital increase in Metro 5 S.p.A. by the Parent (EUR 6,150 thousand);
- cash flow used in financing activities of EUR 195 thousand as compared with EUR 24,371 thousand at 30 June 2010; the change is mainly due to the decrease in receivables in the June 2011 – December 2010 period as compared with the decrease in the June 2010 – December 2009 period, offset by the recognition as a financial receivable of the bank account denominated in Libyan Dinars with the Sahara Bank in Libya for a countervalue of EUR 28,442 thousand.

The increase in dividends paid is also to be noted: EUR 33,592 thousand in the first half 2011, EUR 30,982 thousand in the first half 2010.

The Free Operating Cash Flow (FOCF) before strategic investments for the period shows cash flow used of EUR 63,436 thousand compared with cash flow generated of EUR 20,130 thousand at 30 June 2010. This is due to the change in working capital.

2.4 Alternative non-GAAP performance indicators

Ansaldo STS' management assesses the Group's earnings and financial performance and that of its business segments based on a number of indicators that are not envisaged by the IFRSs.
As required by Communication CESR/05-178 b, below is a description of the components of each of these indicators:
- **EBIT:** the aggregate signifies earnings before taxes and finance income and costs, with no adjustments. Ebit also does not include costs and income resulting from the management of unconsolidated equity investments and other securities, nor the results of any sales of consolidated shareholdings, which are classified on the financial statements either as "finance income (costs)" or, for the results of equity investments accounted for with the equity method, under "share of profit (loss) of equity accounted investments".

- **Adjusted EBIT:** It is arrived at by eliminating from EBIT (as defined above) the following items:
  - any impairment in goodwill;
  - amortisation of the portion of the purchase price allocated to intangible assets in relation to business combinations, as required by IFRS 3;
  - restructuring costs that are a part of significant, defined plans;
  - other exceptional costs or income, i.e. connected to particularly significant events that are not related to the ordinary performance of the business.

The reconciliation between EBIT and Adjusted EBITA for the periods compared is presented hereunder:

	For the 6 months ended 30 June	
(EUR thousand)	**2011**	2010
EBIT	52,175	57,675
Restructuring costs	1,419	706
Adjusted EBIT	**53,594**	**58,381**

- ***Free Operating Cash-Flow (FOCF):*** This is the sum of the cash flow generated by (used in) operating activities and the cash flow generated by (used in) investment and divestment of intangible assets, tangible assets, and equity investments, net of cash flows from the purchase or sale of equity investments that, due to their nature or significance, are considered "strategic investments". The calculation of FOCF for the periods concerned is presented in the reclassified statement of cash flows shown in section 2.3.
- ***Funds From Operations (FFO):*** This is cash flow generated by (used in) operating activities, net of changes in working capital. The calculation of FFO for the periods concerned is presented in the reclassified statement of cash flows shown in section 2.3.
- ***Economic Value Added (EVA):*** This is calculated as EBIT net of taxes and the cost of the average value of invested capital for the two periods concerned and measured on a weighted-average cost of capital (WACC) basis.
- ***Working Capital:*** includes trade receivables and payables, work in progress and advances from customers.
- Operating Working Capital: includes trade receivables and payables, work in progress, advances from customers and provisions for risks and charges.
- ***Net Working Capital:*** this is represented by working capital less the provision for current risks and other current assets and liabilities.
- ***Net Invested Capital:*** this is the algebraic sum of non-current assets, non-current liabilities and Net Working Capital.
- ***Net financial debt (liquidity) or Net financial position:*** the template for calculation is consistent with the one in section 127 of the CESR/05-054b recommendations implementing EC Regulation 809/2004.
- ***Orders:*** This is the sum of the contracts executed with contractors during the year which have the contractual characteristics for being booked to the order book.
- ***Order backlog:*** This is the difference between the orders acquired and revenues for the period of reference, net of the change in contract work in progress. This difference is added to the portfolio of the prior period.
- ***Workforce:*** This is the number of employees reported on the last day of the period concerned.
- ***Return on Sales (ROS):*** This is the ratio between EBIT and revenues.
- ***Return on Equity (ROE):*** this is calculated as the ratio between the net profit and the average value of shareholders' equity for the two periods concerned.
- ***Research and development costs:*** this is the sum of costs sustained for R&D expensed and sold. The costs for research expenses are normally referable to the so-called "basic technology", i.e. rights to the attainment of new scientific knowledge and/or techniques applicable to different new products and/or services. The costs of research sold are those commissioned by the customer against which a specific sale order exists and which have accounting and operational treatment identical to ordinary supply (sale contract, profitability, invoicing, advances, etc.). In consideration of the rapid development within the productive sector in which the Ansaldo STS Group operates, this type of costs is generally not capitalised.

2.5 Transactions with related parties

Transactions with related parties concern activities in the ordinary course of business and are carried out at arm's length (where they are not governed by specific contractual conditions), as is the settlement of interest-bearing payables and receivables.
These mainly relate to the exchange of goods, the performance of services and the generation and use of net cash from and to associated companies, held under common control (joint ventures), consortia, and unconsolidated subsidiaries.
Moreover, the application of revised IAS 24 affected related party disclosure and caused the change of the comparative data presented in the statements in order that related parties reflect the companies subject to the control or significant influence of the Ministry for Economy and Finance (MEF).
The relevant section of the "Condensed consolidated half-year financial statements at 30 June 2011" summarises the transactions from related parties and provide the percentage incidence of these transactions on the respective total amount.
There are no transactions qualifying as atypical and/or unusual[1].

1. as defined in CONSOB Communication no. DEM/6064293 of 28 July 2006

2.6 Performance

2.6.1 Market conditions and business climate

Signalling Business Unit

The **orders acquired** at 30 June 2011 came to EUR 448.4 million, a significant increase from the same period of the preceding year (EUR 222.5 million at 30 June 2010).

The **order backlog** at 30 June 2011 came to EUR 2,155.6 million as compared with EUR 1,900.0 million at 30 June 2010 and EUR 2,090.6 million at 31 December 2010.

The main events of the first half of 2011 by geographical area are outlined below.

ITALY
The main order for the period is the one from RFI for the Turin-Padua main line (EUR 193.6 million); the object of the contract is the upgrading of the infrastructure of this section, which is included in Corridor D (Lisbon-Kiev). The supply includes two SCC/M (Centralized Traffic Control Systems/Multistation) traffic operation systems with integrated line diagnostics systems and four ACC/M (Automatic Centre Control/ Multistation) interlocking multi-station equipment which will operate the Turin junction, the Chivasso-Novara line, the Milan junction, the Novara-Rho, the Pioltello-Brescia and the Brescia-Padua lines, ensuring significant benefit for intercity and local train traffic as well as more efficient maintenance services and lower operating costs for the infrastructure.

Other orders acquired relate to the upgrading of the CTC (Centralized Traffic Control Systems) at Fornovo (EUR 1.5 million), the reconfiguration of the SCC in Verona (EUR 1.5 million), the sale of onboard equipment (EUR 1.4 million), the second tranche of the LRU SCMT/STB Repair Contract with Trenitalia (EUR 0.9 million) and the SSB-SCMT Logistic Assistance Contract on 19 Flirt Trains for the years 2010-11-12-13 (some EUR 0.7 million), and a total amount of EUR 2.5 million for sundry maintenance services. In the second quarter orders were also acquired for the Milan-Bologna high-speed line in connection with functional variations at Fidenza (EUR 5.5 million), the SCMT in the Naples-Barra line (EUR 1.7 million) and the relocation of the Central Post of the ACC at Mestre (EUR 0.8 million).

The major ongoing offers also include those for the Brescia-Treviglio railway line through the Saturno Consortium and those for the outsourced operation services for the RFI's IT network.

REST OF EUROPE
The main order acquired during the period was in Sweden for the Stockholm's Red Line (EUR 85.0 million), with the objective of fully renewing the present wayside signalling system of the line (41 kms, 36 stations) and the onboard equipment signalling system (30 trains). Other orders acquired in France relate to maintenance contracts with RATP (EUR 18 million), orders for relays and TVM430 onboard components in SNCF (EUR 3.9 million) for PCC Oulins for the Lyon metro (EUR 2.0 million) and for LGV EE (modification Baudrecourt) in the amount of EUR 0.9 million. In the UK the main order is for variations to the Cambrian Line project "stage 2 & 3" (EUR 2.3 million) and in Germany the main project relates to order variations on the POS (EUR 1.4 million).

The main ongoing offers include tenders in Denmark for wayside and onboard equipment, in Spain for the Albacete-Alicante high-speed line, whose award might be delayed until 2012, and in France for the Bretagne-Pais de Loire, LGV SEA and LGV EE Phase 2 high-speed lines.

NORTH AMERICA
The major orders acquired during the period relate to the sale of onboard equipment in Canada for Alstom STM Montreal MPM-10 Rolling Stock (EUR 12 million) and in the US to the sale of components (EUR 9.5 million) and variations of orders on the Red Line of Washington metro (WMATA) in the amount of EUR 4 million and EUR 2.2 million on minor projects.

Still in the US, some interesting opportunities came up during the second half of the year in the metro segment, the most important of which are those for New York City, Metro North Railroad and Dulles phase 2.

NORTH AFRICA AND THE MIDDLE EAST
No orders were acquired in this geographical area, but ongoing projects are numerous. In North Africa, projects are under way in Morocco for an interlocking system for the Tangiers-Casablanca traditional railway line and various opportunities in the high-speed line segment in the second half of the year.

ASIA PACIFIC AND SOUTH AFRICA
The major orders acquired in the period include, in Australia, those for the AANCSA Alliance in New South Wales (NSW) equal to EUR 17 million, as well as EUR 4.1 million for various orders in West Australia, EUR 1.6 million from the other NSW Alliances, EUR 1.7 million from non-Alliance customers in NSW, and EUR 1.3 million resulting from the sale of components, while in Malaysia the main order was placed for the North Extension Double Tracking Ipoh to Padang Besar – Predire (EUR 4 million).

Offers in Australia relate to some projects in the goods transport segment and in Malaysia activities related to the enlargement of the Monorail line fleet in Kuala Lumpur.

In India the major opportunities came from the metro segment, with the Delhi, Jaipur and Calcutta metros, and TPWS projects and other variations of orders on ongoing projects in the traditional railway segment.

Finally, in China opportunities came up in the high-speed railway segment, including the ATP onboard equipment and the metro segment with numerous projects being under way.

Transportation Solutions Business Unit

The orders acquired at 30 June 2011 came to EUR 222.6 million compared with EUR 425.7 million at 30 June 2010.
The order backlog came to EUR 2,705.8 million as compared with EUR 2,291.4 million at 30 June 2010 and EUR 2,721.5 million at 31 December 2010.
The significant events of the first half of 2011 for the various geographical areas are outlined below.

ITALY

In Italy the most significant acquisition was in February and relates to the extension of Milan Line 5 (South-Western extension from Garibaldi to San Siro) for an amount of EUR 105.2 million.

In Italy, the total value of orders acquired at 30 June 2011 came to EUR 107.5 million compared with EUR 232.0 million at 30 June 2010.

With regard to the main opportunities, in May it was announced that the grouping composed of Impregilo (leading company), Astaldi, Ansaldo STS, AnsaldoBreda, Sirti and ATM temporarily won the bid for Line 4 of the Milan Metro (S. Cristoforo-Linate), and the contract is expected to be signed during the second half of the year. The amount of Ansaldo STS was EUR 245 million.

With regard to the extension of Rome Line B for the Rebibbia – Casalmonastero segment, it was announced that the grouping composed of Salini (leading company) and Ansaldo STS temporarily won the bid that was called last year. The contract is expected to be signed by the end of 2011.

Expectations, even though almost all were delayed and partially weakened by the lack of funds, are confirmed regarding the further expansion programmes, in the medium- and long-term, of the transport network for all the main Italian cities.

REST OF EUROPE

In general, in the global macroeconomic scenario following the financial crisis some projects were delayed, in particular in the Eastern European area, where the development programmes driven by the European Community do not seem adequate to fully finance the major expansion projects for transport networks.

Regarding the technological solutions adopted, the demand in driverless metros is still growing (driverless CBTC), in particular in Italy and in Central and Northern Europe.

NORTH AFRICA AND THE MIDDLE EAST

In the Middle East, Qatar is one of the Gulf Countries with the most ambitious infrastructural plan which envisages in the next few years several projects for the construction of the metro and LRT. At the moment, ASTS has submitted the tender offer for the Tramway in Lusail, with trains without catenaries (“tramwave”), and the customer is evaluating it.

Saudi Arabia, following the success achieved in Riyadh, is a very interesting market where some initiatives might arise, such as the new metros of Riyadh and Jedda.

ASIA PACIFIC AND SOUTH AFRICA

In Australia, in March and June, the first and the second application contracts of the framework agreement for the extension of the Rio Tinto Freight Railway were awarded for a total amount of EUR 102 million. Further application contracts relating to the same framework agreement are expected over several years until 2015.

In India several projects are expected from this year in both the mass transit and the freight railway segments. This country is undoubtedly an interesting business area for the company. In May the pre-qualification application was submitted, in a grouping with the Indian Coastal and Srei and the Italian Seli, in connection with the tender for the Jaipur metro. The objective is to gain insight on the market and its dynamics in order to fully exploit the future commercial developments.

For the future business prospects in the Asia Pacific area, Taiwan is one of the strategic markets for the company. In Taipei the tender for the extension of the Circular Line is expected to be called. The project is currently being developed by Ansaldo STS.

NORTH AMERICA

Ansaldo STS was selected as Core Systems Contractor, as a joint venturer with Ansaldo Breda, for the construction of the Honolulu Driverless Metro; some competitors challenged the award of the tender which was rejected by the customer at the first stage. The same competitors subsequently filed a further administrative appeal whose ruling is pending yet.
The contract provides for the construction of the technological systems for the entire system and the operation and maintenance until 2024; the customer will also have the power to exercise an option for an additional 5 years of O&M until 2029.

SOUTH AMERICA

With regard to South America, an interesting country is certainly Brazil; tenders in the Mass Transit segment are expected to be called in the coming months.

2.6.2 Business information

The **orders acquired** at 30 June 2011 came to a total of EUR 667,719 thousand compared with EUR 645,291 thousand during the same period the previous year, an increase of EUR 22,428 thousand.

The orders acquired by the Signalling Business Unit amounted to EUR 448,378 thousand and those acquired by the Transportation Solutions Business Unit came to EUR 222,568 thousand.

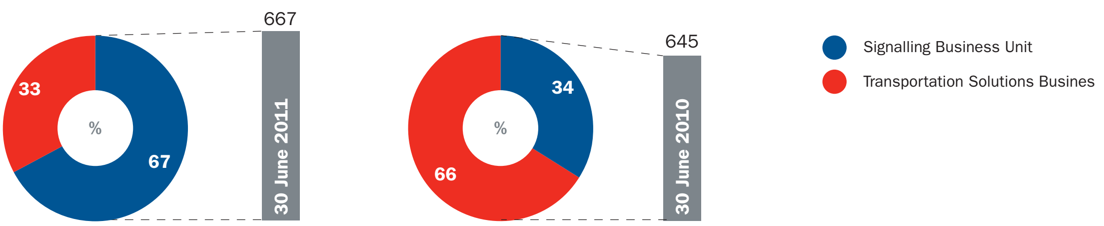
The main orders acquired by the Signalling Business Unit during the first six months of 2011 were on the following projects:

Country	Project	Customer	Value (EUR mln)
Italy	To-PD Main Line	RFI	193.6
Sweden	Stockholm Red line	S L	85.0
France	RATP Metro Paris Maintenance	RATP	18.0
Australia	ARTC various projects	ARTC	22.0
Canada	STM Montreal	STM	12.0
USA	Components, Service & Maintenance	Various	21.0
France	Other Components, Service & Maintenance	Various	14.5
Italy	Components, Service & Maintenance	Various	4.2

The main orders acquired by the Transportation Solutions Business Unit during the first half-year 2011 were on the following projects:

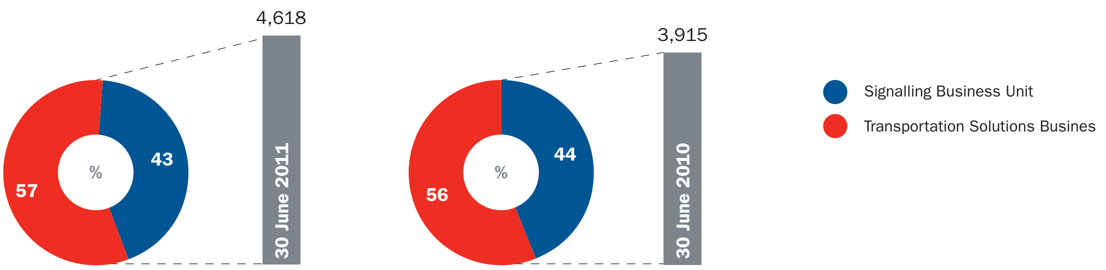
Country	Project	Customer	Value (EUR mln)
Italy	Milan Line 5 ext. Garibaldi - San Siro	Milan Municipality	105.2
Australia	Rio Tinto RAFA phase 1	Rio Tinto	70.0
Australia	Rio Tinto RAFA phase 2	Rio Tinto	32.0
Saudi Arabia	Riyadh - PNU variation	SBG	9.2
Australia	Various Rio Tinto small projects	Rio Tinto	3.4

Orders by Business Unit of the first half-year 2011-2010 (EUR millions)



The **order backlog** at 30 June 2011 totalled EUR 4,617,688 thousand, an increase of EUR 702,672 thousand as compared with 30 June 2010 (18%). The amount of EUR 652,344 thousand relates to projects in Libya that have currently been suspended.
The Signalling Business Unit's order backlog at 30 June 2011 came to EUR 2,155,620 thousand (EUR 1,900,007 thousand, less transactions with the Transportation Solutions Business Unit).
The Transportation Solutions Business Unit's order backlog at 30 June 2011 came to EUR 2,705,818 thousand (EUR 2,291,366 thousand, less transactions with the Signalling Business Unit).

Orders by Business Unit at 30 June 2011 - 2010 (EUR millions)



2.6.3 Signalling - Performance by Business Unit

(EUR thousand)	**30.06.2011**	30.06.2010	Change	31.12.2010
Orders	**448,378**	222,452	225,926	890,205
Order backlog	**2,155,620**	1,900,007	255,613	2,090,584
Revenue	**351,391**	381,728	(30,337)	841,831
EBIT	**36,253**	46,747	(10,494)	104,232
ROS	**10.32%**	12.25%	-1.9 p.p.	12.4%
Net working capital	**99,997**	15,867	84,130	300
Research and development	**18,928**	16,727	2,201	33,053
Employees (no.)	**3,184**	3,485	(301)	3,315

(The figures in this table are inclusive of transactions with other segments).

Revenue at 30 June 2011 for the Signalling Business Unit amounted to EUR 351,391 thousand, a decrease of EUR 381,728 thousand from the first half of the prior period.

The most significant production activities are as follows:

ITALY

RAILWAYS - HIGH-SPEED RAILWAYS
With regard to the High-Speed project, for the Bologna-Florence line activities commenced for the Electrical Drive System Operating Direction (DOTE); for the Milan-Bologna project during the year activities continued to allow the complete activation of the ERTMS interconnections which will end in the next quarter.
Also, for the Rome-Naples project activities continued for the change to the switches command of Peripheral Posts.

As regards high-speed projects abroad:
In Russia the Itarus project continued as the simulator was shipped to St. Petersburg and the Radio Block Centre (RBC) was shipped to Adler on the Black Sea for tests to start from the next quarter.
In China, for the ZhengXi Line project, after the first phase was completed during the prior year, the Transfer of Technology (ToT) of software for RBC and On Board (OB) continued during the period. Some parts relating to the Verification and Validation (V&V), as well and the installation of the onboard SW (OB) need completion.

RAILWAYS - SCMT ON BOARD/ERTMS
Production mainly regarded the continuation of the supply of onboard sub-systems for the fleet of Trenitalia and other regional railway companies. Other portions derive from the supplies for some vehicle manufacturers such as AnsaldoBreda, Stadler, Vossloh, Siemens. Particularly significant is the contribution of the contracts from Ansaldobreda for 50 Vivalto double-decker coaches, 26 high-frequency trains (TAF), 32 Electric Multiple Unit (EMU) bidirectional trains of rolling stock driven by electrical systems, as well as additional regional trains (TSR). Designing activities also continued for the ERTMS systems for the new V300 Zefiro high-speed trains intended for the Trenitalia fleet and prepared for circulating in some European corridors.

RAILWAYS - ACC
Production activities related to the projects in Pisa, Mestre, Rogoredo, Naples Junction, Trento – Malè and the new Genoa Junction.
The main event for the CTC upgrading programme, which involves several segments of Rete Ferroviaria Italiana (RFI), was the delivery of the new Central Post of the Battipaglia–Potenza CTC. In the coming months works will start for the renovation of other four Central Posts (PC).
The activities on the foreign projects based on both traditional technology and ERTMS continued during the period. In particular:
In Turkey, with regard to the Mersin-Toprakkale project, production related to the continuation of activities for the detailed designing, procurement and production of factory equipment and further onsite installation.
In Tunisia, the partner of the temporary business grouping (RTI) continued electrification activities, as well as remote control activation, earthing and electrical drive system returns (TE).
In Romania, the activations of stations along the line successfully continued: the fourth, Busteni, was activated in June and at present two more are missing; activities are expected to be completed within the year.
In the Czech Republic, certification activities continue for the system at an advanced stage of field testing. Activities for the pilot project are expected to be completed within the year.
In Germany, with regard to the POS project, field installation activities have reached an advanced stage. Also, the customer acknowledged the costs for the extension of contractual times.
Following Libya war riots, all the activities of the Ras Ajdir-Sirth, Al Hisha-Sabha project were suspended. The same applies to the project for the Sirth-Benghazi line, for which negotiations are under way with the Russian customer Zarubezhstroytechnology (ZST) to govern the extension of the period of suspension of the contract.

With regard to the Kazakhstan project, production activities were suspended following a negotiation with the customer regarding the redefinition of the scope of work.

MASS TRANSIT

The foreign production mainly affected the supply of the Communication Based Train Control (CBTC) system for the Ankara Metro for which designing and configuration activities continued; in the period the contract was transferred from the municipality of Ankara to the Ministerial Company DHL of the Ministry of Transport.
In Italy, production activities mainly regarded the contract for the Extension of Line 1 of the Naples Metro with construction designing activities. Construction designing activities continued for the signalling system of the Mostra – Mergellina section of the Naples Metro Line 6, for which development activities started for the new Metropolitan Border. During the period, designing and production activities continued for signalling and automation equipment, as well as installation activities on Line B1 (Bologna – Conca D'Oro) of the Rome Metro, for which activation is expected within the year. With regard to the Genoa Metro, works are under way for the signalling and automation for the extension of the De Ferrari – Brignole section and the Di Negro depot. The contract for the supply of the driverless system of the Genoa Metro was completed (PP replacement in the Principe - Di Negro - Brin section).

SPARE PARTS, ASSISTANCE AND MAINTENANCE

As regards the spare parts business for the Italian company, SCMT materials were supplied to Trenitalia Le Nord and Thales Austria, and the set of Induction Connections for RFI was also supplied. In general, the business carries on with a traditional trend.
As regards assistance, the main activities relate to the maintenance of onboard systems for Trenitalia's rolling stock and RFI's AV, ACC, SCMT, SCC systems.

FRANCE

RAILWAYS - SEI BASED

- Ester project: The second software release (V2) was developed and both the first and the second phase of dynamic tests was successfully carried out and completed and operation is expected by 2012. Moreover, the customer requested additional changes to the scope of work;
- Cambrian project: Operation was successfully completed during the period. Some extensions to the scope of work requested by the customer have to be formalised yet;
- TGV Rhin Rhon: All the interlockings have been installed now; a new order was acquired for extending the scope of work;
- Red Line: The project is relevant also for future opportunities for the extension of activities, and maintenance will also be included from 2012. The scope of work is the provision of a fully upgraded signalling system for the Red Line of the Stockholm Metro (41 Km, 36 stations, 30 trains) and Communication Based Train Control (CBTC). Other additional options should be formalised by contract: the blue line (there are three lines in Stockholm: Red, Blue and Green), additional trains, driverless trains and maintenance;

RAILWAYS - ON BOARD EQUIPMENT

- Velaro Project: The scope of work is mainly the supply of 30 multi-standard on-board equipment for Signalling (30 on-board equipment on 15 trains). The validation of the train is a critical achievement to reach; static and dynamic tests are still in progress and onsite tests earlier commenced during the period in Germany. The first V 1.1 software release was delivered and an additional international release and a potential stage 3 (to be implemented in the Netherlands) were requested by the customer;
- Thalis: Activities are under way for the development of an on-board system suitable to be interfaced with the systems of various countries; the first version is operational and was stabilised, while a new version was requested by the customer.

AMERICA

Revenues regarded system activities on existing projects, both delivery and sale of components which performed successfully during the previous year. In particular, in the period the contribution of this business was some 40% of the entire revenues in the US area.

The main projects on which production for the first half 2011 focused are the following

UNION PACIFIC CADX/OTP:

Ansaldo STS USA made a contract with Union Pacific in July 2005 for the development and the implementation of a new generation of Computer Aided Dispatch (CAD) systems and an Optimizing Traffic Planner (OPT) system. These were implemented in the North American railway network. The contract also covers maintenance of the CAD system. In November 2010 the value of the contract for the enlargement and the extension of the CAD system maintenance until 2030 was formally revised. Significant progress was achieved by launching these implementations in the planned regions. Moreover, 10 out of 10 regions were completed during the period, and the remaining central regions will be completed in the next six months. The completion is scheduled for 2012. The development of the second release of the CADX continues with the customer's approval of the contractual requirements.

NYC - 5TH AND LEXINGTON

In the first half-year all the wayside equipment for the 5th Avenue were manufactured and delivered, including signals, track circuits and switch machines. Cabinets were manufactured for the 5th Avenue line, and those for location 1157 were delivered; the Code System and logics for the Lexington Avenue line were completed. The FAT (Factory Acceptance Testing) in the Batesburg plant was completed in the second quarter.

WMATA - RED LINE

This project covers the upgrade of the train automated control systems and other systems, including the Supervisory Control and Data Acquisition (SCADA) on the WMATA Red Line, Dupont Circle - Silver Spring section. In December 2009 the manufacturing of the Automatic Train Control (ATC) and some changes to the number of locations were included in the scope of work. During the half-year the Factory Acceptance Test (FAT) was completed and all the Wayside equipment was delivered.

PORT AUTHORITY OF ALLEGHENY CO. (PAAC)
The scope of the contract is the designing, supply, testing and delivery of a signalling and wayside communication system for a 1.2-mile-long railway line linking the existing system to the new North Shore station; during the period, the definition and production for the fourth site (Allegheny station) was completed, the FAT was completed and cabinets were delivered. The communication system was tested (using the FAT) and a significant amount of materials was delivered and is ready for installation.

PATH PTCC – OFFICE
ASTS USA, Inc. acquired this contract in collaboration with PATH in July 2009. The project aims at providing a Path Train Control Center (PTCC) system that is fully integrated with a new structure. The PTCC will become the main control system and will control the functions currently performed in the Hoban facility, which will remain operating as a clone to the new PTCC. These upgrades will be based on the Hermes platform. During the half-year, the Final Design for all the various sub-systems (8) was approved and 5 of them successfully passed the FAT. The installation and the construction of the entire building were completed.

ASIA PACIFIC

RAILWAYS - MICROLOK
In Australia production for the half-year is mainly focused on these projects and project lines;
- *Newcastle Alliance*: The activity focussed on the making up for the delays due to the changes to the work programme, following customer's requests and the speeding-up of the works for the section linking Maintland to Minimbah;
- *Atms Project:* With regard to the part of the project relating to the Train Control and the Display, the Customer decided to remove the works relating to Phase 2; Phase 1 was already fully delivered and the customer repaid the costs of the initial works for Phase 2 that had already been performed;
- *K2RQ Project:* Activities slowed down during the period due to the delay of construction works to the second half of the year.

In India, still in the Railways segment, production was mainly focused on these projects:

KFW
The project was upgraded several times and this delayed times with a negative impact on the performance of works. Part of the technical problems encountered were partially solved and at the same time complicated negotiations with the customer were started in connection with variations that were considered necessary for a profitable continuation of works.

NORTH TPWS
The installation of the wayside portion (178 Km) for the Agra Cantt-Tughlakabad section and of the Train Protector and Warning System (TPWS) onboard equipment was completed on ten engines; the wayside installation on the Tughlakabad - Nizamuddin section is in progress. At the moment, the technical issue of the Break Curve Application (BCA) is the main issue that needs a solution in order to improve system performance. During the period, the customer formally accepted the delay of contractual times.

SOUTH TPWS
The construction and installation of the on-board and wayside line were completed and testing is in progress. Some technical issues regarding both on-board and the wayside equipment relating to the implementation of the TPWS system in order to meet some contractual requirements are now being settled. Changes to on-board equipment were completed on twenty carriages, again in order to meet contractual requirements. The line wayside portion was completed and the system availability is satisfactory and meets the level of availability demanded by the customer.

EBIT for the Signalling Business Unit at 30 June 2011 came to EUR 36,253 thousand (10.3% of revenues), a decrease over the figure reported in 2010 (EUR 46,747 thousand, 12.2% of revenues), due to lower volumes and a different combination of projects during the periods at issue.
Net working capital at 30 June 2011 amounted to EUR 99,997 thousand from EUR 300 thousand at 31 December 2010. This change is essentially due to the increase in inventories and work in progress.

Research and development costs at 30 June 2011 stood at EUR 18,928 thousand, compared with EUR 16,727 thousand at 30 June 2010.

Workforce at 30 June 2011 amounted to 3,184 units (3,315 units at 31 December 2010), due to the limited number of resources determined as part of the restructuring process which is now becoming stable.

2.6.4 Transportation Solutions Business Unit - Performance by Business Unit

(EUR thousand)	**30.06.2011**	30.06.2010	Change	31.12.2010
Orders	**222,568**	425,740	(203,172)	1,142,756
Order backlog	**2,705,818**	2,291,366	414,452	2,721,540
Revenue	**226,213**	222,011	4,202	504,448
EBIT	**21,135**	18,158	2,977	46,294
ROS	**9.3%**	8.2%	1.1 p.p.	9.2%
Net working capital	**(123,498)**	(122,680)	(818)	(105,299)
Research and development	**952**	1,350	(398)	1,774
Employees (no.)	**565**	412	153	449

(The figures in this table are inclusive of transactions with other segments).

Revenue of the Transportation Solutions Business Unit at 30 June 2011 came to EUR 226,213 thousand compared with EUR 222,011 thousand at 30 June 2010.
The volumes were developed in Italy (60%) and abroad (40%), with 81% regarding the metro rail sector. Production developed on the projects for high-speed trains, the Rome Metro Line C, Copenhagen Metro, Milan Metro, Genoa Metro, Thessaloniki, Alifana, Naples Metro Line 6, Naples Metro Line 1, Brescia Metro, Riyadh, Taipei, Malaysia and Australia Metros.

The most significant production activities are as follows:

HIGH-SPEED TRAIN LINES
Regarding the High-Speed Railways, for the works carried out through the Saturno Consortium, for the Rome-Naples line, the Aversa SSE project phase only is nearing completion and was formalised through a contract. The Technical Control Commissions are also being assisted. For the Novara-Milan and Bologna–Florence lines, only assistance services and actions covered by warranty are to be performed. On the Milan-Bologna section, a system for the Modena interconnection is under construction and is being delivered.
On both the Rome–Naples and the Milan-Bologna sections completion times depend on the outcome of the existing arbitration proceedings; on that matter, we are awaiting the final awards of the Arbitration Panel in relation to the definition of the SUD (Substantial Ultimate Deadline).

METROGENOVA
Regarding the functional line De Ferrari-Brignole, activities focus on a test route to be made during the first part of 2012 and aim at opening to the public during the year.
During the period, the Brignole substation facilities were completed, finishings for the technical premises started and cable paths were being laid.
Signalling equipment is being assembled along the line. Regarding the contract for the extension of the Dinegro Depot, unpredicted and significant structural consolidation works had to be carried out on several industrial boxes in the areas included in the scope of work. The customer's decision to remove a part of the works for covering the scaffolding, which were outsourced, and to assign it to the company will cause a delay and a revision of the contractual planning, for which works completion is estimated in Autumn 2013.

ALIFANA REGIONAL LINE
During the second quarter an Agreement was signed for the price increases of construction materials, accounted during 2008. The Licensor Metrocampania Nordest prepared and transmitted to the Region a new text for the Addendum to replace the one signed in March 2010. The Licensee Temporary Business Grouping entered the appropriate claims in the accounting record to demand the refund of all the greatest charges and damages unduly incurred.
In July all the works which do not interfere with the Melito Station will be completed, and the Scampia Underpass is being fitted out.
With regard to the Integrated Contract for the Piscinola–Capodichino line, Metrocampania Nordest as Contractor has not delivered the areas and works in Lot A yet. The ATI, of which the company is the agent, formalised a specific reserve for the refund of all the greatest resulting charges and damages.

NAPLES METRO LINE 6
During the period activities continued for the civil works on the main sites regarding the 6th Addendum (Mergellina – Municipio functional line).
In particular, as regards the Line Tunnel, traditional underground excavation was made for 1.9 km using a TBM/EPB. Weekly productions maintained levels that allow meeting the deadlines of the implementation programmes.
With regard to the stations S.Pasquale, Chiaia and Municipio, works still continued slowly because of interferences with the archaeological excavations.

For the Arco Mirelli station, where works are subject to archaeological excavations, the works for the completion of the cover flooring for the station shaft are nearing completion.

COPENHAGEN

Regarding the contract signed at the end of the prior year, an order was issued for the construction of civil works and systems for the CMC and major orders to the sub-suppliers are being defined. The "VOC" (Verification of Contract) Milestone was completed in May.
As a result of the agreement signed with the Customer last March, the date of completion for construction works is the end of 2017.

ROME METRO LINE C

Works are under way at all the Stations as well as the Line works for the 1st Strategic Phase of the Pantano – Centocelle line; in particular, the installations relating to the Pantano – Torre Gaia Experimental Line were completed, and tests are being carried on the main sub-systems. With regard to the ATC, wayside testing procedures relating to the sections of SERs of Pantano and Bolognetta were completed and wayside testing procedures relating the SER of Grotte Celoni are nearing completion.
Civil works have been substantially completed in the Pantano Depot, except for the finishing activities in the PCO (Operational Central Point) and some other buildings; MIS activities of electro-railway plants have been carried out.

THESSALONIKI METRO

In the second quarter 2011, technical and management meetings continued between the Management of Ansaldo and the Customer in order to carry on with the formal approval of the GFD2 documents now at an advanced stage. With regard to the signalling system, Ansaldo STS submitted the technical offer proposal and the Customer has to provide its comments thereon.
The present temporary situation is pushing Ansaldo STS to consider through a feasibility study the possibility of partially opening the line with the New Railway Station – Analipsi Functional Section.
With regard to the design claim, which was strongly demanded by Ansaldo STS, negotiations are still under way with the partners and will be later formalised to the customer.

MILAN LINE 5

With the end of the detailed engineering of the line linking Bignami depot and Garibaldi station, supplies are essentially ready for installation, while construction engineering is continuing regularly. In this quarter, the activities mainly related to assembling (Depot-Zara) and to the start of commissioning activities (trial runs).
At present, all efforts have been focused on the opening of the Functional section (Depot–Zara) within the second half of 2012.
With regard to the extension of the line to the San Siro station, in February an agreement was signed between the Concessionaire Metro 5 and the Municipality of Milan. The entire line is expected to be activated in the first half of 2015.
At present sites are being built for civil works and the material procurement phase was started together with the designing preliminary to the definition of supplies.

RIYADH AUTOMATED PEOPLE MOVER SYSTEM (APM)

The construction designing activities and interfacing with civil works were completed; at the moment, Engineers are working on the field to provide support in the Commissioning phase and the as-built designing phase is starting (this phase will end as system Commissioning ends).
Logistically, the shipping of the supplies of all the sub-systems were organised and finalized, including spare parts, and the materials damaged during testing are being replenished/repaired.
Assembling activities for the technological system were essentially completed.
In March 2011 a change to the contract was signed, whereby the Customer recognised an increase in revenue against an extension of time that shifts the delivery of the plant to mid-2012 with two new intermediate milestones: Ceremonial Opening and Start of Reduced Service.
In particular the Ceremonial Opening was held in May with the participation of King Abdullah, and the Reduced Service, a manual service from 8:00 to 17:00 with 6 vehicles (+2 spare vehicles) will operate from September.

CIRCULAR LINE TAIPEI METRO

Engineering activities continued in the course of the period and the customer has not given its approval yet. Contracts for the civil works are being delayed by the customer, and this will cause heavy delays in the end of the works.

NAPLES METRO LINE 1

The Licensee is revising the Works General Programme; in particular, the opening of the entire section Dante-Garibaldi (with the exclusion of Municipio and Duomo stations and including the second exit of Montecalvario) is scheduled for the end of 2012.

METRO BRESCIA

The installation of signalling and telecommunications equipment was completed, except for minor equipment, along the entire line, except for the section between the two stations of the troublesome route, and activities for operation are continuing.
Testing activities for the Vehicle and for the various technological sub-systems are continuing on the Test Track and on the Functional Line.
With regard to the civil works to be made by the partner, the line, station and shaft construction activities are proceeding. With reference to the rolling stock for which AnsaldoBreda is responsible, six out of the eighteen fleet vehicles are now on site and completion is scheduled for the first months of 2012.
In May, the Customer and the Temporary Business Grouping ended the dispute over the Performance of Contract regarding the date of Commencement of Commercial Operation by setting it at the start of 2013, the incorporation of a NewCo for O&M and the settlement of the dispute in economic terms, with the Customer paying the sums agreed to the Temporary Business Grouping.

AUSTRALIA

Production mainly developed on the projects related to the Framework Agreement of Rio Tinto. In particular, activities commenced on the Rail Capacity Enhancement and Hope Down 4; together with the operating estimate phase of the remaining part of the Programme, these activities will mark most of the overall production for the year.

MALAYSIA

With regard to the Malaysia North Double Tracking project, discussions are under way with the Customer for the signalling project, in relation to the final technological solution to be provided. These discussions should come to an end by the end of the year as the customer acknowledges that Ansaldo STS' technical solution is cogent.

EBIT for the Transportation Solutions Business Unit at 30 June 2011 came to EUR 21,135 thousand (9.3% of the value of revenues) compared with EUR 18,158 thousand at 30 June 2010 (8.2% of the value of revenues); this increase is a result of the the different mix of orders worked in the two comparison periods.

Operating Working Capital at 30 June 2011 came to a negative EUR 123,498 thousand, as compared with a negative EUR 105,299 thousand at 31 December 2010; this change includes the increase in advances from customers due to the collection of the new Copenhagen project and the increase in gross work in progress for an overall net increase of EUR 8,259 thousand, as well as the decrease in trade receivables and payables of EUR 28,038 thousand and EUR 11,340 thousand respectively.

Research & Development costs charged to the income statement amounted to EUR 952 thousand, a slight decrease over the value recorded at 30 June 2010 (EUR 1,350 thousand).

The **workforce** at 30 June 2011 was equal to 565 units, up by 116 units compared with 31 December 2010 (449 units). This change is attributable to the reallocation of the resources made in the scope of the ongoing group reorganisation.

3 Main transactions during the period and events subsequent to 30 June 2011

On 4 July 2011 the parent company Ansaldo STS SpA, as resolved by the Board of Directors of Ansaldo STS SpA on 23 May 2011, implemented the second tranche of the free share capital increase resolved by the Shareholders in the Extraordinary Meeting of 23 April 2010.
Following the performance of the second tranche, from 4 July 2011 the share capital of the Company amounted to EUR 70,000,000, divided into 140,000,000 ordinary shares with a par value of EUR 0.50 each, and the 20,000,000 newly-issued shares were freely allocated at the ratio of one newly-issued share to six shares held.
To that regard, it must be remembered that overall the transaction envisages a free share capital increase of a total amount of EUR 50,000,000, through the issue of 100,000,000 Company ordinary shares with a par value of EUR 0.50 within 31 December 2014 in five annual tranches for an overall amount of EUR 10,000,000 each, divided into 20,000,000 newly-issued ordinary shares, by charging reserves to capital.
To that regard, it must be remembered that the first tranche of the free share capital increase from EUR 50,000,000 to EUR 60,000,000 through the issue of 20,000,000 shares was made on 5 July 2010.

As regards the performance of commercial activities, in March Ansaldo STS, in a consortium with Ansaldo Breda – a Finmeccanica company – was awarded the tender for the construction of the Honolulu Metro.
The contract includes the designing and construction of systems for an amount of USD 548 million (of which USD 350 million is for Ansaldo STS and USD 198 million for Ansaldo Breda) and O&M activities for the years from 2015 to 2024, for an additional amount of USD 483 million. The offer also includes an option for an additional five years of O&M (USD 303 million).
It must be remembered that some competitors filed a complaint against the outcome of the tender and the relevant administrative procedure is still ongoing.

The rapid change in the political scenario in the North African area, in particular riots in Libya caused a halt of the activities for the orders acquired by the company in this country. With regard to that, the customer Zarubezhstroytechnology notified us of the suspension, starting 21 February 2011, of the works for the contract signed on 12 August 2010 for the construction of signalling systems on the line linking Sirth to Benghazi in Libya.

4 Research and development

In the first half of 2011 as well Research and Development accounted for most of the success and growth of the Ansaldo STS Group in the world.
In particular, a remarkable volume of orders was acquired with innovative technologies, such as the ERTMS/ETCS Level 2 for High-Speed lines, the driverless metro systems, the Communication Based Train Control (CBTC) signalling system for metros, and Security and Risk Reduction innovative systems.

Transportation Solutions

Below are the main activities developed:

Existing research projects financed:
- SAFER (Active Safety in Railway Systems, Sicurezza Attiva nei sistemi FERroviari) - of which Ansaldo is coordinator – financed by the Ministry for Education, University and Research (MIUR), with the objective to study and test advanced sensors, telecommunication systems and a control centre in order to prevent and effectively respond to threats to people safety due to voluntary actions (security).
- SITRAM, for which Ansaldo STS is a coordinator, financed by the Ministry for the Economic Development (MISE) using the industry bid 2015, sustainable mobility, with the objective to study innovative tramway systems marked by high levels of efficiency and safety ensuring at the same time a low environmental impact. This project involves both the Signalling and the Transportation Solutions Business Units. The latter aims at constructing ecological, ergonomical, economic, safe and interconnected road urban vehicles for the transport of people and/or goods with advanced technological solutions for energy captation without catenaries (TRAMWAVE), the increase in efficiency of the energy cycle, the raising of security and diagnosticability.
- An industrialised version of the TramWave project was released to equip 600 m of the Naples-Poggioreale experimental line. Tests are being carried out and the Ministry of Transportation (USTIF) is expected to validate the system prior to the end of the year.
- PIEZORAIL (financed by the Ministry of the Environment), a programme that commenced during the year with the objective of designing and testing innovative prototypes for the production of electric energy with the passage of trains, by putting piezoelectric pads under tramway or metro tracks. The project uses piezoelectric components that have been recently introduced in the market in order to check whether they can be used with urban transport systems, where regularity is high.

Self-financed research projects:
The activities for the Monitoring project were completed; the project relates to the monitoring of stray currents and of the power absorbed by the switches as a precautionary diagnostic measure. The activities for the ODSS project were also completed; the relates to a system supporting the decision-making process for metro transport.

Signalling

Below are the main activities developed:

Existing research projects financed:
In March 2011 a project was presented by Ansaldo STS, leading company, and two Ligurian SMEs grouped in a Temporary Business Grouping. The project is funded through the regional operational programme of the Liguria Region with the objective of designing and constructing a stereoscopic system for railway and metropolitan safety applications.
- The projects of the Ministry of Productive Activities (bid Industria 2015, Sustainable Mobility) continued:
  - *SISTEMA* - project presented by the RINA – Grimaldi Armatori where Ansaldo STS performs an activity relating to the railway handling inside ports;
  - *SLIMPORT* - Extended port – project presented by Elsag Datamat (now Selex-Elsag) for which Ansaldo STS is coordinator of the Slim Rail Sub-project, study of a container transfer system on track linking the and the cargo storage area.
- various projects were presented in relation with the bid under the national operational programmes using the funds intended for the Campania Region: The three projects below achieved the score necessary for being eligible for funding. The implementation decree is expected soon.
  - Secur ferr, Tecnologie innovative per la SICURezza della circolazione dei veicoli FERroviari (Innovative Technologies for the Safety of the Circulation of Railway Vehicles). Ansaldo STS S.p.A. coordinates a number of entities (small and large enterprises, universities and railway companies) which presented a co-financing application for an R&D project on monitoring railway infrastructures in order to increase safety and security levels and to make maintenance activities more efficient. Partners include RFI and Circumvesuviana.
  - “Digital pattern development” - The project, coordinated by ELASIS (Fiat Group) relates to the implementation of an IT environment supporting the designing and production of systems and components for road and railway transport. VERO (Virtual Engineering for Railways and automotive) relates to the construction of a simulator for signalling systems aimed at giving the project designer the possibility to consider the best solution in terms of performance and size, depending on the application of such systems on a specific line.

Activities continued on these projects:
- *INESS Integrated European Signalling System*, with the aim of standardising train handling systems inside the station;
- *CESAR (Cost-efficient methods and processes for safety relevant embedded systems)*. The project, submitted together with other Finmeccanica companies, Siemens and CRF, involves Ansaldo for V&V innovative systems (Verification & Validation);
- *ERRAC Roadmap* – defines the priority issues for railway transportation;
- *PROTECTRAIL, The Railway-Industry Partnership for Integrated Security of Rail Transport*, where Ansaldo STS S.p.A. is the coordinator of a group also including Selex-Elsag, with the objective of developing an integrated system to improve the safety of rail transport consistently with the European systems;

- *ALARP - A railway automatic track warning system based on distributed personal mobile terminals.* The objective of the project is to develop an innovative railway automatic track warning system in order to improve the safety of workers;
- *GAL+ (GNSS Application on Lines for Performance of Low Traffic and GAL+ Upgraded Safety)* where the main objective is to develop innovative SoL (Safety Of Life) EGNOS and GALILEO solutions for the LTL (Low Traffic Line) segment. Ansaldo STS is following the realisation of the prototype using French, Italian and Spanish resources.

Always in Europe, the negotiation of the Sicured ("Secured Urban Transportation - European Demonstration") project was completed; this project's objective is to study a risk assessment approach and to develop, integrate, and make interoperable the relevant tools to be used in the future by public transport operators in medium/large cities for proposing demonstrators in large cities (Milan, Paris, Berlin, Madrid). Thales is the project leader, and Ansaldo STS is in charge of the "Milan" sub-project, in which ATM and Ferrovie Nord are taking part.

Negotiations are under way for the SATLOC project for the use of satellites for train localisation as part of innovative signalling systems for regional railways.

Regarding self-financed projects
Activities for the Multi-function Portal were completed, and RFI prequalification is under way. As part of the follow-up of portal activities, a rolling stock recognition module was developed and an order by RFI is being finalised.
The dynamic weighting system based on FBG optical technology with a pilot system installed at the exit of the Marcianise goods yard.
The results achieved were satisfactory.

Wayside Interlocking
- New Generation QMR: After the QMR was applied to the ACS equipment in Pisa, developments are under way that are necessary for the new architectures required by RFI, with the possibility of centralising the MMI, with safe commands, also for power relay devices ("electronic hat"), the handling of failures using peripheral logics, high–speed centre-periphery communications on open networks, centre-periphery direct connections, without using the area controller. In particular, the new Wayside Standard Platform is at an advanced stage of development and the first in-house certification activities are about to start.
- New generation of the Field Controller Unit (FCU): new I/O for ACC equipment and integration of the new 2oo2 for the new FCU family.
- Integration of new 2oo2 CPU for Interloking of the MICROLOK II type (first phase for mass transit applications in China; then fw extension to manage the remaining I/O boards of the Microlok family with the new "2oo2" board).

Wayside Train Separation
- *RBC*:
  - The evolution of the demand for the ERTMS system, also outside of Europe, highlighted the need for increasingly modular designing/ configuration and simulation instruments for the RBC product. The first phase of analysis ended and some tools were realised:
    - Simulators interfacing the real RBC system with the IOP European simulation system;
    - Configuration systems for logic debug;
    - Designing instruments for the automated preparation of cenelec-compliant documentation (at the prototype stage).
    - In particular, the German, Chinese and Swedish markets highlighted new needs linked to specific functionalities of the operator interface; these changed the basic RBC components regarding "heavy" controls. The implementation of the safe control procedure, with the elimination of the heavy keyboard is completed and is now at the validation stage;
    - Studies continued for the upgrade of software for Level 3 implementation, and the functional requisites in accordance with the SRS of UNISIG baselines 3 also commenced;
    - Software upgrade for the Subset039 (HO) implementation was developed and certification activities are under way;
    - 3rd-generation RBC studies continue for the optimisation of costs to be achieved by reducing the number of cabinets and boards, with the possibility of further increasing service (up to 120 trains), as long-distance interfacing (periphery connection on open networks).
      The upgrade of the GSM/R radio interface also commenced, also in relation with GPRS communications; a feasibility study is also under way in order that the new interlocking WSP may be used for RBC as well;
    - Definition of the architecture of the PTC central post derived from the WSP, including the integration of interlocking device logics with spacing (and supervision) logics;
    - Study of satellite application to railway and security, including the definition of the LDS (satellite localization) onboard system.

- *Standard BALISE:*
  - In order for the balise to be programmed without being removed from the sleeper, a specific logic was designed so that it can be programmed via Air-Gap.

- *Reduced-size BALISE:*
  - project documents were completed;
  - the first via air-gap programming prototypes were built, and will be installed soon for the necessary experimental tests;
  - the first programming units for the balise are available.

- *RADIO IN FILL:*
  - With regard to the radio infill Line equipment a prototype was realised and experimented and tests preliminary to type tests are now being assessed. All the requirements currently stabilised by RFI were met. The product documentation is being completed. The antennas/filters set for line equipment is now being studied in order to find a solution that is optimised for installation;
  - the completion of this development remains subject to RFI's confirmation of its actual need for the radio infill product (at the moment this confirmation has not arrived yet).

- *SIGNAL ENCODER:*
  - the development of the prototype was completed with a configuration that is suitable to the POS project in Germany supplemented by a new acquisition module necessary for its application in Romania;
  - type tests were successfully run on this prototype;
  - radiated and driven EMC stress tests were successfully run;
  - Verification and Validation activities are under way;
  - The Tito plant manufactured the first pre-series samples in order to check that serial production can be carried out properly;
  - field tests in Romania are continuing (the system is expected to be released by the end of 2011).
  - Lds general product certification activities are under way and are expected to end by the end of 2011.

- WIU:
  - Peripheral interfaces for PTC systems (USA), with use of WIU (both standalone and Microlok-integrated).

- *CBTC:*
  - activities are under way for the integration of the wayside and onboard system, including the core and non-core components, with the global optimisation of the development expertise which, stretched over several geographical locations, are now managed at a central level and are co-ordinated at a global level;
  - integration tests for the zone controller and carborne controller software are continuing;
  - the IXL static upgrade is continuing using CBTC requirements;
  - the simulation system for CBTC (wayside/onboard) integrated tests was developed.
  - the integration and upgrade of the ATS supervisory system are under way in relation with the moving block requirements operated using the CBTC mode;
  - the use of the eurobalise beacon was defined as a standard “tag” for CBTC applications;
  - activities are under way for upgrading the CBTC system from the driver mode to the driverless mode (functional and non-functional requirements are being prepared);
  - an analysis is being run on the possibility to develop the CBTC system without train detection systems;
  - TOD: Man-machine interface for CBTC onboard equipment: the first version of the ToD (touch screen) was released in relation with the system requirements that are currently available.
  - a feasibility study was initiated in order to align the use of the new WSP also with the wayside portion of the CBTC defined as “zone controller”.

On board:
- Improvements to the odometric algorithm were identified and (ongoing) development requirements were defined for a new odometry system to be used on both the CPU2 and the DIVA platforms.
- The development of a new BTM (acquisition of a balise) continued (both integrated and standalone);
- Release 2.3.0.d of SRS ERTMS on DIVA is being enhanced, with the utmost possible optimisation of logic 2.3.0.d (sw4.0) for which the safety case was released in Italy and certification from RFI is pending;
- Standardisation activities are under way for “buy” components of the DMI, JRU and MT type.

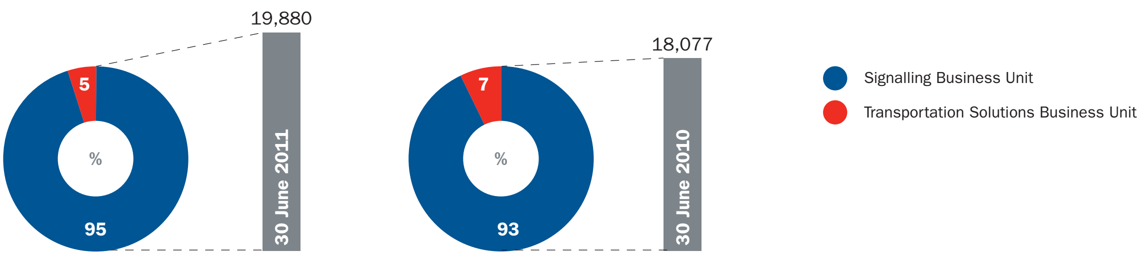
Ground equipment:
- The specification for the functional and non-functional requirements is being defined for an audio-frequency track circuit, named “Universal track circuit” (EVO) to work on both the “high” and the “low” audio-frequency band and to modulate train inbound message coding in both ASK and FSK mode.
- *High and Low LED Signals:* Development activities are under way for (High and Low) LED signals for the Italian and the foreign markets. In particular, led solutions were identified for both dichroic mirror signals and self-contained signal units, with the cooperation of external companies (especially as regards the mechanical part of the signal), combined with filters and serial interfaces with interlocking devices. Tests and assessments are being carried out by RFI.

At 30 June 2011, research and development costs were EUR 19,880 thousand, up from EUR 18,077 thousand at 30 June 2010.

The activities undertaken by the Signalling Business Unit, totalling EUR 18,928 thousand (EUR 16,727 thousand in the first half 2010) or 95% of total spending, mainly related to the following companies (figures in thousands of euros):
- Ansaldo STS SpA: 9,696
- Ansaldo STS France: 6,568
- Ansaldo STS USA: 2,614

The activities undertaken by the Transportation Solutions Business Unit amounted to EUR 952 thousand, a slight decrease over 30 June 2010 (EUR 1,350 thousand).

R&D costs at 30 June 2011-2010 by Business Unit (thousands of euros)



5 Personnel and Organisation

5.1 The company Ansaldo STS

The Board of Directors met on 5 April 2011 and resolved the appointments for the top management of the company.
These people are in office:
- Chairman of the Board of Directors: Alessandro Pansa;
- Deputy Chairman of the Board of Directors: Giancarlo Grasso;
- CEO: Sergio De Luca.

The first-level organisation structure of Ansaldo STS will be organised as follows:
- Directly reporting to Sergio De Luca, CEO:
  - Signalling Business Unit: Emmanuel Viollet;
  - Transportation Solutions Business Unit: Sergio De Luca, *ad interim*;
  - Standard Platforms & Products Business Unit: Maurizio Manfellotto;
  - Innovation & Competitiveness: Giovanni Bocchetti;
  - Company Secretary and General Counsel: Mario Orlando;
  - Chief Financial Officer: Alberto Milvio;
  - Human Resources: Carlo Cremona;
  - Standard Processes Quality & IT Services: Christian Andi;
  - Risk Management: Roberto Passalacqua;
  - HSE & Facility Management: Giuseppe Spezzi;
  - Security: Giovanni Rapiti.
- Directly reporting to the Chairman of the Board of Directors:
  - Internal Audit: Mauro Giganti.

A new function, called International Special Projects, has been created directly reporting to the CEO. Members of this function are Michele Fracchiolla and Alfredo Drago.
Michele Fracchiolla, whose managerial appointment was authorised by the Board of Directors with resolution of 26 January 2011, is commissioned to support the ameliorative measures taken in relation to the activities of the Australian and Malaysian subsidiaries by co-ordinating the relations between the Group central structures and the local structures of the two companies.
Alfredo Drago is charged with supporting the inclusion of the American subsidiary within the ASTS Group organization, called FFDB.

With resolution of 1 March 2011, the Board of Directors approved the appointment of Miranda Matthews as Director of Ansaldo STS Australia in the capacity of Country Representative in the place of Lyle Jackson, who keeps the office of Chairman of the Board.

Therefore, the Country Representatives of the major entities of Ansaldo STS are the following:

Country Representative ASTS France: Emmanuel Viollet (Président de la Société);
Country Representative ASTS USA: Alan Calegari (President & Chief Executive Officer);
Country Representative ASTS Australia: Miranda Matthews (Director);
Country Representative ASTS China: Davide Cucino (Chairman of the Board of Directors);

Since 1 June 2011, Lyle Jackson handed over the responsibilities of the Transportation Solutions Business Unit and was appointed as Special Advisor directly reporting to the CEO. This role makes him responsible for the promotion at world level of the Freight business and the management of top strategic relations with customers in Australia, Malaysia and Africa.
Sergio De Luca is in charge of the Transportation Solutions Business Unit on a temporary basis.

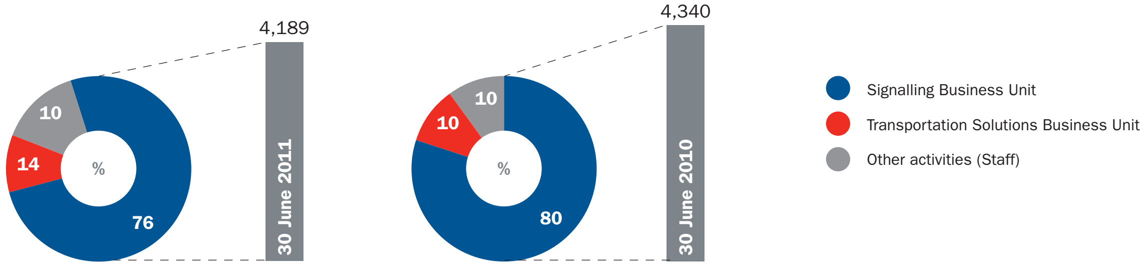
During the meeting of 29 March, the 2010 Sustainability Report of the Ansaldo STS Group was submitted to the Board. It was later made available to the market on occasion of the Shareholders' Meeting of 5 April. The Report was also published on Ansaldo STS's website.

5.2 Workforce

The Group's workforce at 30 June 2011 stood at 4,189 units with a decrease of 151 resources, or 3.5%, compared with the 4,340 recorded at 30 June 2010.

The breakdown by business area at 30 June 2011 is as follows:
- Signalling Business Unit (including SPP and Innovation & Competitiveness): 3,184 employees, equal to 76% of total resources;
- Transportation Solution Business Unit: 565 employees, equal to 13.5% of total resources;
- Other activities (Staff): 440 employees, equal to 10.5% of total resources;

Workforce by Business Unit at 30 June 2011 - 2010 (no.)



5.3 Security Policy Statement

"Information provided pursuant to Legislative Decree no. 196 of 30 June 2003 (Personal data protection code)"

In accordance with the provisions of section 26 of the Technical Regulations for minimum security measures (Annex B to Legislative Decree no. 196 of 30 June 2003, Personal Data Protection Code), the Security Policy Statement (DPS, *Documento Programmatico sull Sicurezza*) was prepared in respect of personal data processing.

The DPS contains the information required to be given under Section 19 of said Technical Regulations and describes the security measures adopted by the Company in order to reduce to the minimum the risks of: destruction or loss, even by accident, of personal data; unauthorized access or unallowed processing; or processing that is non-compliant with the purposes of the collection.

5.4 Incentive plans

Ansaldo STS has developed and set the rules for:
- a medium-term stock grant incentive plan;
- a long-term cash incentive plan;
- an additional medium-term stock grant plan mainly intended for middle managers.

These plans are part of an array of short-, medium- and long-term incentives that represent a significant component of total management compensation. The incentive plans are furthermore structured so as to tie significant portions of a manager's compensation to the achievement and improvement of financial parameters and to strategic objectives particularly important for the creation of value at Group level. Moreover, on 5 April 2011, the Shareholders' Meeting approved an annual stock grant plan valid for 2011 that has been carried into effect in the first semester.

5.4.1 2008–2010 stock grant plan – 2010 tranche

With reference to the stock grant plan, the Group proceeded with verifying the achievement of the objectives to which the assignment of the quota related to 2010 had been tied.
The three objectives in relation to EVA, Free Operating Cash Flow and share performance were achieved in full.
Accordingly, as provided for by the plan rules, 100% of the shares originally intended for assignment will be assigned to the persons entitled thereto.
In the second half of 2011 the participants will be notified of the results achieved and of the shares assigned, accordingly.
The shares will be assigned, as envisaged, on 1 December 2011.

5.4.2 2008–2010 cash incentive plan – 2010 tranche

The 2008-2010 cash plan for 2010 involves three executives of Ansaldo STS SpA and its subsidiaries, who are key in the achievement of the Group's strategic and business/financial objectives.
The three-year plan provides for the payment of a cash sum, up to a maximum of annual gross remuneration (RAL), linked to the achievement of previously assigned objectives.
The Group proceeded with verifying the achievement of the objectives set for 2010.
The two objectives set, that for the share performance vis-à-vis FTSE IT All Share, and that for the acquisition of Orders of the company or of the Group compared with the average margin were achieved, except for USA orders.
The plan also has different access thresholds for the various managers, consistently with the responsibilities assigned. Since these thresholds were reached by the participants, the incentive shares accrued were assigned in May 2011, in accordance with the objectives achieved.

5.4.3 2009-2011 cash incentive plan – 2010 tranche

The 2009-2011 cash plan for 2010 involves three executives of Ansaldo STS SpA and its subsidiaries, who are key in the achievement of the Group's strategic and business/financial objectives.
The three-year plan provides for the payment of a cash sum, up to a maximum of annual gross remuneration (RAL), linked to the achievement of previously assigned objectives.
The Group proceeded with verifying the achievement of the objectives set for 2010.
The two objectives set, that for the Ansaldo STS share performance and that for ROE, were achieved.
The plan also has different access thresholds for the various managers, consistently with the responsibilities assigned. Since these thresholds were reached by the participants, the incentive shares accrued were assigned in May 2011.

5.4.4 2010-2012 cash incentive plan – 2010 tranche

The 2010-2012 cash plan for 2010 involves five executives of Ansaldo STS SpA and its subsidiaries, who are key in the achievement of the Group's strategic and business/financial objectives.
The three-year plan provides for the payment of a cash sum, up to a maximum of annual gross remuneration (RAL), linked to the achievement of previously assigned objectives.
The Group proceeded with verifying the achievement of the objectives set for 2009.
The two objectives related to the performance of the Ansaldo STS stock and to the ROA were not achieved and accordingly the shares were not assigned.

5.4.5 2010-2012 stock grant plan – 2010 tranche

The stock grant plan – 2010 tranche is intended for 33 resources playing a key role in 9 relevant projects that are vital to the achievement of the Group's strategic and business/financial objectives.
The Group proceeded with verifying the achievement of the objectives to which the assignment of the quota related to 2010 had been tied.
The first objective, in common among all the participants, related to the Group EBIT, tied to 30% of shares, was not reached.
The second objective is related to the achievement of milestones, specific for every project; the milestones were reached for 7 out of 9 projects.
Consequently, 70% of the shares originally estimated was granted to 29 out of 33 participants.

6 Corporate Governance and shareholding structure of the company in compliance with art. 123 Bis of legislative decree no. 58 Of 24 february 1998 and subsequent amendments (consolidated law on financial intermediation - tuf)

The Ansaldo STS shares have been trading since 29 March 2006 on the STAR segment of the markets organised and managed by Borsa Italiana SpA and have been included on the FTSE MIB index since 23 March 2009.
On 19 December 2006 the Ansaldo STS SpA Board of Directors adopted the Corporate Governance Code adopted by Borsa Italiana SpA in March 2006 (C.A., *Codice di Autodisciplina*). During 2007 the Company completed the adjustments to the requirements of the Corporate Governance Code, based on the conviction that these recommendations contribute significantly to the realization of the key points of the Company's corporate governance policy. Specifically, the corporate governance system implemented has as its primary goal the creation of shareholder value, in recognition of the importance of transparency in the company decision-making process, and the need for an efficient internal control system.

The members of the Board of Directors of Ansaldo STS, appointed by the Shareholders' meeting of the Company of 5 April 2011, are: Alessandro Pansa (Chairman), Giancarlo Grasso (Deputy Chairman), Sergio De Luca (CEO), Giovanni Cavallini, Maurizio Cereda, Paola Girdinio, Filippo Milone, Tatiana Rizzante and Attilio Salvetti.
The Board will be in office for three years, therefore until the date of the Ordinary Shareholders' Meeting for the approval of the financial statements for the year 2013. The members of the Board of Statutory Auditors, also appointed during the Shareholders' meeting of 5 April 2011 are: Giacinto Sarubbi (Chairman), Renato Righetti and Massimo Scotton; Bruno Borgia and Pietro Cerasoli were appointed as alternate auditors.

The new Board of Directors also met on 5 April 2011 and appointed Giovanni Grasso as Deputy Chairman, Sergio De Luca as CEO and Mario Orlando, General Counsel of the Company, as Secretary of the Board. The Board also appointed the members of the Internal Control Committee (Attilio Salvetti - Chairman -, Maurizio Cereda and Paola Girdinio), of the Remuneration Committee (Maurizio Cereda - Chairman – Giovanni Cavallini and Filippo Milone) and also appointed the executive in charge of the preparation of the corporate accounting documents as Alberto Milvio, Chief Financial Officer of the Company.
Members Giovanni Cavallini, Maurizio Cereda, Paola Girdinio, Filippo Milone, Tatiana Rizzante and Attilio Salvetti certified upon their appointment that they meet the independence requirements of applicable laws and of the Corporate Governance Code; the said requirements have been also evaluated by the Board of Directors of 5 April 2011 and the Board of Statutory Auditors has, in its turn, verified the correct application of the criteria adopted by the Board. The existence of these requirements will be ascertained periodically, as prescribed by the Corporate Governance Code. At present, the Board of Directors of the Company is mostly composed by independent directors.
Also on 5 April 2011, the Board of Directors of the Company, in pursuance of Art. 8, para. 1 of the Corporate Governance Code, in agreement with the Internal Control Committee, appointed Sergio De Luca (CEO) as Executive Director charged with the supervision of the internal control system and Mauro Giganti (Manager responsible for the Internal Audit) as the Person in charge of the Internal Control.
Pursuant to the Corporate Governance Code, the members of the Board of Statutory Auditors Giacinto Sarubbi, Renato Righetti and Massimo Scotton, in the course of the first meeting of the Board of Statutory Auditors also held on 5 April 2011, confirmed that they meet the independence requirements provided by the applicable laws and declared by the same upon the appointment. The existence of these requirements will be ascertained periodically, as prescribed by the Corporate Governance Code. During the first half of 2011 the regular evaluation on the size, members and functioning of the Board and its committees, was also completed checking that they are compliant with the principles and application criteria of the Corporate Governance Code and with Italian and international best practices.

In the course of the first half of 2011, the Company made available to the public the 2010 Sustainability Report subject to a review by PwC.

Following is a list of the Company's main corporate governance instruments:
- By-laws
- Ethics Code
- Organisation, Management and Control Model pursuant to Legislative Decree no. 231/01
- Regulation of the Board of Directors
- Regulation of the Internal Audit Committee
- Regulation of the Remuneration Committee
- Related-party transactions – Procedure adopted pursuant to Art. 4 of Consob Regulation 17221 of 12 March 2010
- Regulation for managing privileged information and setting up a register of persons who have access to that information
- Internal Dealing Code
- Regulations for Shareholders' meetings

For more details on corporate governance, see the "Report on Corporate Governance", which also contains the information required by Art. 123 bis of TUF, available on the Company's web site www.ansaldo-sts.com.

Genoa, 26 July 2011

For the Board of Directors
The Chairman

Alessandro Pansa

Condensed Consolidated Half-Year Financial Statements at 30 June 2011

7 Accounting statements

7.1 Consolidated Income Statement

(EUR thousand)	Note	For the six months ended 30 June **2011**	**of which from related parties**	2010	of which from related parties
Revenue	11.2	569,233	89,169	584,706	133,048
Other operating income	11.3	13,048	49	9,549	38
Raw materials and consumables used	11.4	(111,713)	(4,326)	(115,906)	(2,330)
Purchase of services	11.4	(259,219)	(29,988)	(261,749)	(41,176)
Personnel costs	11.5	(151,941)	-	(152,461)	-
Amortisation, depreciation and impairment	11.6	(6,571)	-	(6,528)	-
Other operating expenses	11.7	(8,886)	-	(6,470)	-
Changes in inventories of work in progress, semi-finished and finished goods		7,925	-	6,194	-
(-) Work performed by the Group and capitalised	11.8	300	-	340	-
EBIT		**52,176**		**57,675**	
Finance income	11.9	15,487	480	27,609	396
Finance costs	11.9	(15,128)	(26)	(31,245)	(173)
Share of profit (loss) of equity accounted investments	11.10	4	-	983	-
Profit (loss) before taxes		**52,538**		**55,022**	
Income taxes	11.11	(20,427)	-	(21,611)	-
Net Profit (loss)		**32,111**		**33,411**	
Equity holders of the Company		*32,000*	-	*33,285*	-
Minority interests		*111*	-	*126*	-
Earnings per share					
Basic and diluted		0.27		0.28*	

* Redetermined following the share capital increase of 5 July 2010

7.2 Consolidated Statement of comprehensive income

(EUR thousand)	For the six months ended 30 June **2011**	2010
Profit (loss) for the period	32,111	33,411
Other comprehensive income		
- Actuarial gains (losses) on defined-benefit plans	1,267	(1,559)
- Changes in Cash Flow Hedges	(4,255)	12,607
- Tax on expense/(income) recognised in equity	2,285	(4,083)
- Translation differences	(6,895)	14,559
Other comprehensive income, net of tax	**(7,598)**	**21,524**
Total comprehensive income (expense) for the period	**24,513**	**54,935**
Attributable to:		
- Equity holders of the Company	24,455	54,682
- Minority interests	58	253

7.3 Consolidated Statement of Financial Position

(EUR thousand)	Note	30.06.2011	of which from related parties	31.12.2010	of which from related parties
Non-current assets					
Intangible assets	10.2	52,556	-	50,231	-
Property, plant and equipment	10.3	94,748	-	98,653	-
Equity investments	10.4	37,385	-	31,230	-
Receivables	10.5	15,442	1,449	15,249	1,006
Deferred tax assets	11.11	43,002	-	45,138	-
Other assets	10.5	24,832	-	23,246	-
		267,965		**263,747**	
Current assets					
Inventories	10.6	146,049	-	127,632	-
Contract work in progress	10.7	284,066	-	216,928	-
Trade receivables	10.8	566,840	88,486	624,808	131,723
Financial assets at fair value	10.9	25,373	-	-	-
Income tax receivables	10.10	12,670	-	8,705	-
Financial receivables	10.8	132,012	52,571	170,362	149,150
Derivatives	10.22	2,586	-	9,027	-
Other assets	10.11	42,517	1,573	45,041	1,564
Cash and cash equivalents	10.12	81,728	-	153,320	-
		1,293,841		**1,355,823**	
Total Assets		**1,561,806**		**1,619,570**	
Shareholders' equity					
Share capital	10.13	60,000	-	59,708	-
Reserves	10.14 - 10.15	313,394	-	320,703	-
Capital and reserves attributable to equity holders of the Company		**373,394**		**380,411**	
Minority interests in equity	10.16	**1,108**	**-**	**1,050**	**-**
Total Shareholders' equity		**374,502**		**381,461**	
Non-current liabilities					
Borrowings	10.17	1,184	-	1,621	-
Severance pay and other employee liabilities	10.19	30,304	-	31,332	-
Deferred tax liabilities	11.11	4,518	-	4,525	-
Other liabilities	10.20	9,918	-	10,326	-
		45,924		**47,804**	
Current liabilities					
Advances from customers	10.7	658,306	-	657,150	-
Trade payables	10.21	354,490	52,756	403,133	54,594
Borrowings	10.17	25,125	16,800	3,911	-
Income tax payables	10.10	1,660	-	11,225	-
Provisions for risks and charges	10.18	16,378	-	22,417	-
Derivatives	10.22	5,466	-	7,739	-
Other liabilities	10.20	79,955	27	84,730	27
		1,141,380		**1,190,305**	
Total Liabilities		**1,187,304**		**1,238,109**	
Total Liabilities and Shareholders' equity		**1,561,806**		**1,619,570**	

7.4 Consolidated Statement of Cash Flows

(EUR thousand)	2011	of which from related parties	2010	of which from related parties
	For the six months ended 30 June			
Cash flow from operating activities:				
Gross cash flow from operating activities	59,436	-	63,904	-
Change in working capital	(58,772)	(1,531)	(24,875)	70,209
Changes in other operating assets and liabilities	(30,860)	(17,253)	3,866	(14)
Net finance costs paid	587	506	(2,955)	223
Income taxes paid	(27,957)	-	(15,359)	-
Net cash generated from (used in) operating activities	**(57,566)**	**-**	**24,581**	**-**
Cash flow from investing activities:				
Acquisitions of subsidiaries, net of cash acquired	(11)	-	(57)	-
Purchase of property, plant and equipment and intangible assets	(5,968)	-	(4,470)	-
Proceeds from sale of property, plant and equipment and intangible assets	109	-	76	-
Strategic investments	(6,150)	-	-	-
Other investing activities	-	-	-	-
Net cash used in investing activities	**(12,020)**	**-**	**(4,451)**	**-**
Cash flow from financing activities:				
Net change in other financing activities	58,478	111,480	55,353	62,351
Share capital increases	292	-	-	-
Dividends paid to minority shareholders	(33,592)	-	(30,982)	-
Other financing activities	(25,373)	-	-	
Net cash generated from (used in) financing activities	**(195)**	**-**	**24,371**	**-**
Net increase (decrease) in cash and cash equivalents	(69,781)	-	44,501	-
Translation differences	(1,811)	-	3,187	-
Cash and cash equivalents at 1 January	153,320	-	128,541	-
Cash and cash equivalents at the end of period	**81,728**	**-**	**176,229**	**-**

7.5 Consolidated Statement of changes in equity

The following table shows the changes in Shareholders' equity:

(EUR thousand)	Share capital	Retained earnings/ losses carried forward	Cash Flow Hedge reserve	Stock grant reserve	Translation reserve	Other reserves	Total capital and reserves attributable to equity holders of the Company	Minority interests in equity	Total shareholders' equity
Shareholders' equity at 1 January 2010	**49,194**	**273,219**	**(3,763)**	**1,812**	**(16,041)**	**(3,524)**	**300,897**	**639**	**301,536**
Change in scope of consolidation	-	-	-	-	-	(20)	**(20)**	20	-
Change in consolidation reserves	-	-	-	-	-	-	**-**	(3)	(3)
Net change in the reserve for stock grant plans	-	-	-	2,083	-	-	**2,083**	-	2,083
Net change in Cash Flow Hedge reserve	-	-	(1,376)	-	-	(125)	**(1,501)**	-	(1,501)
Other comprehensive income, net of tax	-	-	12,607	-	14,432	(5,642)	**21,397**	127	21,524
Allocation of the period result to legal reserve	-	(16,550)	-	-	-	16,550	**-**	-	-
Dividends	-	(30,982)	-	-	-	-	**(30,982)**	-	(30,982)
Allocation of the period result to legal reserve	-	-	-	-	-	-	**-**	-	-
Net change in treasury shares	-	-	-	-	-	-	**-**	-	-
Other movements	-	-	-	(260)	634	(634)	**(260)**	-	(260)
Net profit (loss) at 30 June 2010	-	33,285	-	-	-	-	**33,285**	126	33,411
Shareholders' equity at 30 June 2010	**49,194**	**258,972**	**7,468**	**3,635**	**(975)**	**6,605**	**324,899**	**909**	**325,808**
Shareholders' equity at 1 January 2011	**59,708**	**260,977**	**(2,386)**	**3,338**	**(554)**	**59,328**	**380,411**	**1,050**	**381,461**
Change in scope of consolidation	-	-	-	-	-	-	**-**	-	-
Change in consolidation reserves	-	-	-	-	-	-	**-**	-	-
Net change in the reserve for stock grant plans	-	-	-	1,825	-	-	**1,825**	-	1,825
Other comprehensive income, net of tax	-	1,267	(4,252)	-	(6,842)	2,285	**(7,542)**	(53)	(7,595)
Allocation of the period result to legal reserve	-	-	-	-	-	-	**-**	-	-
Dividends	-	(33,592)	-	-	-	-	**(33,592)**	-	(33,592)
Net change in treasury shares	292	-	-	-	-	-	**292**	-	292
Other movements	-	-	-	-	-	-	**-**	-	-
Net profit (loss) at 30 June 2011	-	32,000	-	-	-	-	**32,000**	111	32,111
Shareholders' equity at 30 June 2011	**60,000**	**260,652**	**(6,638)**	**5,163**	**(7,396)**	**61,613**	**373,394**	**1,108**	**374,502**

8 Notes to the condensed consolidated half-year financial statements at 30 June 2011

8.1 General information

Ansaldo STS is a company limited by shares based in Genoa, Via Paolo Mantovani 3/5 with a branch establishment in Naples, Via Argine 425; it has been listed on the Italian stock exchange (Star segment) since 29 March 2006 and has been included on the FTSE MIB index since 23 March 2009.
Ansaldo STS SpA is a subsidiary of Finmeccanica SpA - whose headquarters are in Rome, Piazza Monte Grappa 4 - which manages and co-ordinates the activities of Ansaldo STS SpA.
The Ansaldo STS Group operates on a worldwide scale in the design, creation, marketing and sale of solutions, systems, products, components and services in the "Signalling" and "Transportation Solutions" sectors for inter-city and urban railways.
Ansaldo STS SpA, as Parent company, carries out the functions of business and strategic management, coordinating the operations of its subsidiaries (together known as the "Ansaldo STS Group" or the "Group"), which operate in the above-mentioned sectors.
The Ansaldo STS Group grew out of the transport signalling and systems operations which, until the second half of the 1990s, were carried out by Ansaldo Trasporti within the Finmeccanica Group. The formation of Ansaldo Signal NV in 1996 and of Ansaldo Trasporti Sistemi Ferroviari SpA in 2000 (together with the formation of AnsaldoBreda, for the vehicles segment, the same year) produced a reorganisation of the entire transport sector, as a result of which Finmeccanica held a 100% stake in Ansaldo Signal NV, Ansaldo Trasporti Sistemi Ferroviari SpA and AnsaldoBreda SpA.
Meanwhile, in 1996 Finmeccanica SpA had acquired S.I.C. Società Italiana Comunicazioni Srl, renamed EuroSkyway Srl in 1997; the company was put into liquidation in April 2005.
Following Finmeccanica SpA's strategic decision in the second half of 2005 to list its signalling and transport systems companies on the stock exchange (having previously put in place a unitary management structure to enhance their business and commercial synergies) the EuroSkyway Srl shareholders' meeting, through its sole shareholder, Finmeccanica SpA, decided at the end of 2005 to revoke the company's state of liquidation and transform it into a company limited by shares, to change its own name to Ansaldo STS SpA, and to change its business object, focusing on signalling and transport systems for inter-city and urban rail systems.
To complete the above reorganisation, in February 2006 Ansaldo STS SpA, as already stated, acquired from Finmeccanica SpA the entire share capital of Ansaldo Signal NV and of Ansaldo Trasporti Sistemi Ferroviari SpA and since 29 March 2006 Ansaldo STS SpA has been listed on the stock exchange.
Specifically, Finmeccanica SpA placed on the market 60 million shares of the Company, equal to 60% of its share capital, at EUR 7.80 per share, retaining the remaining 40 million, equal to 40% of the share capital.
Upon the acquisition of stakes in Ansaldo Signal NV and in Ansaldo Trasporti Sistemi Ferroviari SpA (24 February 2006), all the companies operating worldwide for the Signalling-related activities were headed by Ansaldo Signal NV; while the Transport Systems activities were centred on Ansaldo Trasporti Sistemi Ferroviari SpA.
After the listing, a process for the corporate reorganisation of the Group was put into action in order to rationalise the current control chain of the subsidiaries and reduce the costs connected with the Group's corporate structure. This reorganisation led in the years 2007 - 2009 to the finalisation of these main transactions.
In the Asia Pacific region, the reallocation of a few equity investments in Group companies, in consideration of the ever-increasing importance that those markets have assumed for the Group and of the close industrial and commercial interaction among these companies. Consequently, since 1 January 2008 Ansaldo STS Australia PTY Ltd has been controlling the Indian and Malaysian operating companies and has been put under the direct control of the Group parent Ansaldo STS SpA. Furthermore, two other companies were established: Ansaldo STS Southern Africa (Botswana) and Ansaldo STS – InfraDEV South Africa[2] that, under the control of Ansaldo STS Australia PTY Ltd, operate on the expanding markets of Southern Africa.
In Italy, Ansaldo Segnalamento Ferroviario SpA and Ansaldo Trasporti Sistemi Ferroviari SpA, the two companies that operated in the two different business units (Signalling and Transportation Solutions respectively) have been merged through incorporation into the listed Group parent Ansaldo STS SpA. The merger through incorporation has had legal, accounting and tax effective date since 1 January 2009. The Dutch sub-holding Ansaldo Signal NV was merged through incorporation into Ansaldo STS SpA, with legal, accounting and tax effective date since 1 October 2009. As a result of this transaction, all the equity investments held by Ansaldo Signal NV were transferred to Ansaldo STS SpA.
Moreover, in order to support the development of the Group business in South America, a new company "Ansaldo STS Sistemas de Transporte e Sinalização Limitada" was formed in Brazil, in which Ansaldo STS SpA has an interest of 99.99% and Ansaldo STS USA International Co. an interest of 0.01% and, always with a view to expand its business, the Company formed, with the local partner JSC REMLOCOMOTIV, the Joint Venture "Kazakhstan TZ-Ansaldo STS Italy Limited Liability Partnership" in which ASTS has an interest of 49% and the Kazakh partner holds the remaining 51%.
As already said, the Ansaldo STS Group operates in the inter-city and urban railway sector through two business units: Signalling and Transportation Solutions.
The Signalling Business Unit carries out the following activities: design, production, management and maintenance of systems, subsystems and components of signalling for inter-city and urban rail transport; the reference main operating companies are the Group parent Ansaldo STS SpA in Italy (as a result of the incorporation of Ansaldo Segnalamento Ferroviario SpA), Ansaldo STS France SA in France, Ansaldo STS Australia PTY Ltd in the Asia Pacific region and Ansaldo STS USA Inc. in America.

2. In the course of 2010 Ansaldo STS acquired a 49.3% interest in Ansaldo STS Infradev South Africa Pty Ltd therefore holding 100% of shares. Following this purchase, in the course of 2010 the company changed its corporate name to Ansaldo STS South Africa Pty Ltd.

The “Transportation Solutions” Business Unit carries out the following activities: design and creation of integrated transport systems, of which signalling is an essential part. In more detail, this activity studies, designs and plans how to integrate the activities of designing and building the technological equipment that goes to make up a system - that is, the track, signalling, power supply, telecommunications, and vehicles (whether for inter-city or urban railways) as well as any other technological works which, collectively, constitute an integrated transport system. The final product - an integrated transport system, whether an inter-city line or an urban one - is then delivered as a “turnkey” project to the customer. However, the Group can also offer the expertise of Signalling or Transport Systems separately, according to specific customer needs.
The core competences of these activities are concentrated in Italy in the Group parent Ansaldo STS SpA, following the incorporation of the subsidiary Ansaldo Trasporti Sistemi Ferroviari SpA, which was the company dedicated exclusively to this sector; all the Group companies that operate abroad, born as Signalling-related companies, have undertaken to develop their competences and their commercial presence in the Transportation Solutions sector as well.

8.2 Form, content and applicable accounting standards

The half-year financial report of the Ansaldo STS Group at 30 June 2011 has been prepared in compliance with Art. 154 ter para. 5 of Legislative Decree no. 58/98 - T.U.F. - and subsequent integrations and amendments. This half-year report has been drawn up in accordance with IAS 34 “Interim Financial Reporting”, issued by the International Accounting Standard Board (IASB).
The explanatory notes, in accordance with IAS 34, are reported in condensed form and do not include all the information required for the preparation of the annual report, being referred exclusively to those components, which by amount, composition or variations result to be fundamental to the comprehension of the financial position of the Group. Therefore, this half-year report should be read together with the 2010 consolidated annual report.
Similarly, the Balance Sheet and the Income Statement are published in condensed form when compared with the annual report.
The reconciliation with the year-end statements is given in the related explanatory notes, for the items presented in the condensed statements.
The accounting standards and criteria used in the preparation of this half-year report are the same as used in the preparation of the consolidated annual report at 31 December 2010 and of the half-year report at 30 June 2010, except for what outlined in Paragraph 8.2.2.

All figures are in thousands of euros unless otherwise indicated.

This condensed consolidated half-year financial statements are subject to a review by PricewaterhouseCoopers SpA.

8.2.1 Effects of the changes in the accounting principles adopted

The Group has adopted the following new accounting standards and interpretations since 1 January 2011: Amendments to IAS 32, Revised IAS 24, Amendments to IFRIC 14 and IFRIC 19. This application had no significant impacts on this half-year report. Specifically, the application of the revised version of IAS 24 has had effects exclusively in terms of disclosure with reference to related parties and the modification of the comparative data presented in the statements to take into account, among the related parties, the companies subject to the control or significant influence by the Ministry for Economy and Finance (MEF).

8.3 Scope of consolidation

Standards and scope of consolidation

These Condensed Consolidated Half-Year Financial Statements of the Ansaldo STS Group at 30 June 2011 include the accounts at 30 June 2011 of the companies/entities included in the scope of consolidation ("consolidated entities"), which have been prepared in accordance with the IFRSs adopted by the Ansaldo STS Group. Below is a list of the consolidated entities included in the scope of consolidation and the relevant Group ownership percentage (direct or indirect):

List of companies consolidated on a line-by-line basis

COMPANY	DIRECT/ INDIRECT CONTROL	REGISTERED OFFICE	SHARE CAPITAL (/000)	CURRENCY	SHARE OWNED %
ANSALDO STS AUSTRALIA PTY LTD	Direct	Eagle Farm (Australia)	5,026	AUD	100
ANSALDO STS SWEDEN AB	Direct	Solna (Sweden)	4,000	SEK	100
ANSALDO STS FINLAND OY	Indirect	Helsinki (Finland)	10	EURO	100
ANSALDO STS UK LTD	Direct	London (United Kingdom)	1,000	GBP	100
ANSALDO STS IRELAND LTD	Direct	Tralee (Ireland)	100	EURO	100
ACELEC Société par actions simplifiée	Indirect	Les Ulis (France)	168	EURO	100
ANSALDO STS ESPANA SA	Indirect	Madrid (Spain)	1,500	EURO	100
ANSALDO STS BEIJING LTD	Indirect	Beijing (China)	837	EURO	80
ANSALDO STS HONG KONG LTD	Indirect	Hong Kong (China)	100	HKD	100
ANSALDO STS FRANCE Société par actions simplifiée	Direct	Les Ulis (France)	5,000	EURO	100
UNION SWITCH & SIGNAL INC	Indirect	Greenville (Delaware USA)	1	USD	100
ANSALDO STS MALAYSIA SDN BHD	Indirect	Petaling Jaya (Malaysia)	3,000	MYR	100
ANSALDO STS CANADA INC	Indirect	Kingstone (Canada)	0	CAD	100
ANSALDO STS USA INC	Direct	Wilmington (Delaware USA)	0.1	USD	100
ANSALDO STS USA INTERNATIONAL CO	Indirect	Wilmington (Delaware USA)	1	USD	100
ANSALDO STS USA INT.PROJECTS CO	Indirect	Wilmington (Delaware USA)	25	USD	100
ANSALDO STS TRANSPORTATION SYSTEMS INDIA PVT LTD	Indirect	Bangalore (India)	1,312,915	INR	100
ANSALDO STS DEUTSCHLAND GMBH	Direct	Munich (Germany)	26	EURO	100
ANSALDO RAILWAY SYSTEM TECHNICAL SERVICE (BEIJING) Ltd	Direct	Beijing (China)	1,500	USD	100
ANSALDO STS SOUTH AFRICA PTY LTD	Indirect	Sandton (South Africa)	2	ZAR	100
ANSALDO STS SOUTHERN AFRICA PTY LTD	Indirect	Gaborone (Botswana)	0.1	BWP	100

List of companies consolidated by proportionate method

COMPANY	DIRECT/ INDIRECT CONTROL	REGISTERED OFFICE	SHARE CAPITAL (/000)	CURRENCY	SHARE OWNED %
BALFOUR BEATTY ANSALDO SYSTEMS JV SDN BHD	Indirect	Tasik Ampang (Malaysia)	6,000	MYR	40
KAZAKHSTAN TZ-ANSALDO STS ITALY LLP	Direct	Astana (Kazakhstan)	22,000	KZT	49

List of companies accounted for using the equity method

COMPANY	DIRECT/ INDIRECT CONTROL	REGISTERED OFFICE	SHARE CAPITAL (/000)	CURRENCY	SHARE OWNED %
ECOSEN CA (VENEZUELA)	Indirect	Caracas (Venezuela)	1,310	VBF	48
ALIFANA SCARL	Direct	Naples (Italy)	26	EURO	65.85
ALIFANA DUE SCARL	Direct	Naples (Italy)	26	EURO	53.34
PEGASO SCRL	Direct	Rome (Italy)	260	EURO	46.87
METRO 5 SpA	Direct	Milan (Italy)	50,000	EURO	24.6
ANSALDO STS Sistemas di Transporte e Sinalização Limitada	Direct	Santana de Parnaiba (Brazil)	1,000	REAL	100
INTERNATIONAL METRO SERVICE Srl	Direct	Milan (Italy)	700	EURO	49

8.4 Exchange rates adopted

The exchange rates applied in the translation of financial statements and balances in currencies other than the euro at 30 June 2011 and 2010 were as follows:

	At 30.06.2011	**6 months average at 30.06.2011**	At 30.06.2010	6 months average at 30.06.2010
USD	1.4261	1.4036	1.2271	1.3298
CAD	1.4070	1.3707	1.2890	1.3746
GBP	0.8942	0.8682	0.8174	0.8711
HKD	11.1042	10.9237	9.5549	10.3288
SEK	9.2475	8.9383	9.5259	9.7932
AUD	1.3630	1.3584	1.4403	1.4872
INR	64.2320	63.1503	56.9930	60.8367
MYR	4.3507	4.2564	3.9730	4.3992
BRL	2.2732	2.2878	2.2082	2.3878
CNY	9.2272	9.1777	8.3215	9.0704
VEB	3,703.2300	3,644.5800	3,186.5000	3,419.6333
BWP	9.4036	9.2475	8.6683	9.1371
ZAR	9.7863	9.6855	9.3808	10.0048
KZT	208.6690	204.93090	180.9170	195.65370
JPY	115.3100	115.02370	-	-

9 Segment information

With regard to the indicators used by the management to assess the Group's financial performance, please refer to paragraph 2.4 of the Report on operations.

The Group operates in two different segments: signalling, for inter-city and urban railways, through the **Signalling Business Unit** and transport systems through the **Transportation Solutions Business Unit**. For more detailed analysis of the main programmes, outlook, and management indicators for each unit, see the Report on operations by segment.
The results of the business units in the first semester 2011, compared with those for the same period of the previous year, are as follows:

EBIT by Business Unit

30.06.2011	**Signalling Business Unit**	**Transportation Solutions Business Unit**	**Other activities**	**Eliminations**	**Total**
Production Revenues	351,391	226,213	-	(8,371)	**569,233**
Other operating income	6,108	1,827	13,995	(8,882)	**13,048**
External costs	203,034	181,466	(13,044)	(8,748)	**362,708**
Personnel costs	111,919	23,542	16,479	1	**151,941**
Other operating expenses	2,910	1,696	13,356	(9,076)	**8,886**
Amortisation, depreciation and impairment	3,383	201	2,987	-	**6,571**
EBIT	**36,253**	**21,135**	**(5,783)**	**570**	**52,175**

EBIT by Business Unit

30.06.2010	Signalling Business Unit	Transportation Solutions Business Unit	Other activities	Eliminations	Total
Production Revenues	381,728	222,011	-	(19,033)	584,706
Other operating income	2,715	1,905	13,807	(8,878)	9,549
External costs	214,404	186,680	(10,901)	(19,062)	371,121
Personnel costs	117,936	17,517	17,008	-	152,461
Other operating expenses	1,985	1,381	11,982	(8,878)	6,470
Amortisation, depreciation and impairment	3,371	180	2,977	-	6,528
EBIT	**46,747**	**18,158**	**(7,259)**	**29**	**57,675**

Working capital by Business Unit

30.06.2011	**Signalling Business Unit**	**Transportation Solutions Business Unit**	**Other activities**	**Eliminations**	**Total**
Inventories	137,624	32,716	2,045	(26,336)	**146,049**
Contract work in progress	(199,262)	(201,313)	(1)	26,336	**(374,240)**
Trade receivables	308,540	296,826	7,189	(45,715)	**566,840**
Trade payables	(131,341)	(251,607)	(17,257)	45,715	**(354,490)**
Provisions for risks and charges	(15,564)	(120)	(694)	-	**(16,378)**
Operating working capital	**99,997**	**(123,498)**	**(8,718)**	**-**	**(32,219)**
Other net assets (liabilities)	-	-	(29,308)	-	**(29,308)**
Net working capital	**99,997**	**(123,498)**	**(38,026)**	**-**	**(61,527)**

Working capital by Business Unit

31.12.2010	Signalling Business Unit	Transportation Solutions Business Unit	Other activities	Eliminations	Total
Inventories	123,810	26,508	3,350	(26,036)	127,632
Contract work in progress	(273,203)	(193,054)	(1)	26,036	(440,222)
Trade receivables	357,543	324,864	4,097	(61,696)	624,808
Trade payables	(187,152)	(262,947)	(14,730)	61,696	(403,133)
Provisions for risks and charges	(20,698)	(670)	(1,049)	-	(22,417)
Operating working capital	**300**	**(105,299)**	**(8,333)**	**-**	**(113,332)**
Other net assets (liabilities)	-	-	(40,895)	(26)	(40,921)
Net working capital	**300**	**(105,299)**	**(49,228)**	**(26)**	**(154,253)**

10 Notes to the statement of financial position

10.1 Transactions with related parties

Transactions with related parties are conducted at arm's length. Interest-bearing receivables and payables that are not governed by specific contractual conditions are treated in the same manner. Below are provided the amounts relating to the earnings and financial performance. The incidence on the financial flows of related-party transactions is instead reported directly in the Statement of Cash Flows.

Receivables at 30.06.2011 (EUR thousand)	Non-current financial receivables	Other non-current receivables	Current financial receivables	Trade receivables	Other current receivables	Total
Parent company						
Finmeccanica SpA	-	-	543	78	142	**763**
Subsidiaries						
Alifana Scrl	-	-	-	93	-	**93**
Alifana Due Scrl	-	-	-	3,617	-	**3,617**
Associates						
International Metro Service Srl	-	-	-	51	-	**51**
Metro 5 SpA	-	1,449	-	2,300	-	**3,749**
Pegaso Scrl	-	-	-	13	-	**13**
Joint Ventures (*)						
Balfour Beatty Ansaldo Syst. JV SDN BHD	-	-	-	610	-	**610**
Kazakhstan TZ-Ansaldo STS Italy LLP	-	-	-	1,928	-	**1,928**
Consortiums						
Cons. Saturno	-	-	-	15,370	1,360	**16,730**
Cons. Ascosa quattro	-	-	-	1,110	-	**1,110**
Cons. Ferroviario Vesuviano	-	-	-	13,843	-	**13,843**
San Giorgio Volla Due	-	-	-	1,732	4	**1,736**
San Giorgio Volla	-	-	-	1,421	-	**1,421**
Other Group companies						
Aeronautica Macchi SpA	-	-	-	1	-	**1**
Ansaldo Breda SpA	-	-	-	6,477	-	**6,477**
Finmeccanica Finance	-	-	52,028	-	-	**52,028**
Ansaldo Energia SpA	-	-	-	-	-	**-**
Westland Industries LTD	-	-	-	17	-	**17**
Elsag Datamat SpA	-	-	-	416	-	**416**
Selex Communication SpA	-	-	-	39	54	**93**
Selex Service Management	-	-	-	1	-	**1**
Fata Logistic System SpA	-	-	-	1	-	**1**
Galileo Avionica	-	-	-	-	13	**13**
I.M. Intermetro SpA	-	-	-	42	-	**42**
Metro Service	-	-	-	77	-	**77**
MEF - other						
Ferrovie dello Stato Group				39,249		**39,249**
Total	**-**	**1,449**	**52,571**	**88,486**	**1,573**	**144,079**
% on the total for the period		**9%**	**40%**	**16%**	**4%**	

(*) Amounts refer to the portion not eliminated for proportionate consolidation

Receivables at 31.12.2010 (EUR thousand)	Non-current financial receivables	Other non-current receivables	Current financial receivables	Trade receivables	Other current receivables	Total
Parent company						
Finmeccanica SpA	-	-	635	27	145	807
Subsidiaries						
Alifana Scrl	-	-	-	123	-	123
Alifana Due Scrl	-	-	-	4,886	-	4,886
Associates						
International Metro Service Srl	-	-	-	7	-	7
Metro 5 SpA	-	1,006	-	29,087	-	30,093
Metro Service	-	-	-	35	-	35
JV(*)						
Balfour Beatty Ansaldo Syst. JV SDN BHD	-	-	-	691	-	691
Kazakhstan TZ-Ansaldo STS Italy LLP	-	-	-	-	-	-
Consortiums						
Cons. Saturno	-	-	-	22,627	1,361	23,988
Cons. Ascosa quattro	-	-	-	1,111	-	1,111
Cons. Ferroviario Vesuviano	-	-	-	13,809	-	13,809
San Giorgio Volla Due	-	-	-	996	4	1,000
San Giorgio Volla	-	-	-	1,421	-	1,421
Other Group companies						
Ansaldo Breda SpA	-	-	-	8,411	-	8,411
Aeronautica Macchi SpA	-	-	-	1	-	1
Electron Italia Srl	-	-	-	275	-	275
Finmeccanica Finance	-	-	148,515	-	-	148,515
Elsag Datamat SpA	-	-	-	474	-	474
Metro Service Srl	-	-	-	863	-	863
Westland Industries Ltd	-	-	-	39	-	39
Selex Communication SpA	-	-	-	19	54	73
Galileo Avionica	-	-	-	63	-	63
I.M. Intermetro SpA	-	-	-	42	-	42
MEF - other						
Ferrovie dello Stato Group	-	-	-	46,716	-	46,716
Total	**-**	**1,006**	**149,150**	**131,723**	**1,564**	**283,443**
% on the total for the year	**-**	**7%**	**88%**	**21%**	**3%**	**-**

(*) Amounts refer to the portion not eliminated for proportionate consolidation

Payables at 30.06.2011 (EUR thousand)	Non-current borrowings	Other non-current payables	Current borrowings	Trade payables	Other current payables	Total
Parent company						
Finmeccanica Sede SpA	-	-	-	282	-	**282**
Subsidiaries						
Alifana Scrl	-	-	-	78	3	**81**
Alifana Due Scrl	-	-	-	4,256	-	**4,256**
Ansaldo Railway System Technical Servis (Beijing) Ltd	-	-	-	-	-	**-**
Associates						
Metro Service	-	-	-	8,676	-	**8,676**
Metro 5 SpA	-	-	-	53	-	**53**
Pegaso Scrl	-	-	-	300	-	**300**
Joint Ventures (*)						
Balfour Beatty Ansaldo Syst. JV SDN BHD	-	-	-	36	-	**36**
Kazakhstan TZ-Ansaldo STS Italy LLP	-	-	-	-	-	**-**
Consortiums						
Consortium Saturno	-	-	-	149	-	**149**
Consortium Ascosa quattro	-	-	-	68	8	**76**
Consortium Team	-	-	-	-	-	**-**
Consortium San Giorgio Volla	-	-	-	1	8	**9**
Consortium San Giorgio Volla 2	-	-	-	115	-	**115**
Consortium Ferroviario Vesuviano	-	-	-	454	8	**462**
Consortium Cesit	-	-	-	-	-	**-**
Other Group companies						
Finmeccanica Group Service SpA	-	-	-	220	-	**220**
Ansaldo Breda SpA	-	-	16,800	318	-	**17,118**
Finmeccanica Finance SA	-	-	-	-	-	**-**
Elsag Datamat SpA	-	-	-	3,142	-	**3,142**
Selex Communication SpA	-	-	-	33,440	-	**33,440**
Selex Service Management SpA	-	-	-	181	-	**181**
Finmeccanica North America Inc				76	-	**76**
Fata Logistic System SpA	-	-	-	321	-	**321**
Fata SpA	-	-	-	65	-	**65**
Electron Italia Srl	-	-	-	11	-	**11**
Hr Gest SpA	-	-	-	-	-	**-**
Galileo Avionica SpA	-	-	-	-	-	**-**
I.M. Intermetro SpA	-	-	-	-	-	**-**
Other	-	-	-	1	-	**1**
MEF - other						
Ferrovie dello Stato Group	-	-	-	336	-	**336**
Eni Group	-	-	-	176	-	**176**
Enel Group	-	-	-	1	-	**1**
Total	**-**	**-**	**16,800**	**52,756**	**27**	**69,583**
% on the total for the period	**-**	**-**	**67%**	**13%**	**0%**	**-**

(*) Amounts refer to the portion not eliminated for proportionate consolidation

Payables at 31.12.2010 (EUR thousand)	Non-current borrowings	Other non-current payables	Current borrowings	Trade payables	Other current payables	Total
Parent company						
Finmeccanica Sede SpA	-	-	-	468	-	468
Subsidiaries						
Alifana Scrl	-	-	-	162	3	165
Alifana Due Scrl	-	-	-	5,841	-	5,841
Ansaldo Railway System Technical Servis (Beijing) Ltd	-	-	-	-	-	-
Associates						
International Metro Service Srl	-	-	-	-	-	-
Metro Service Srl	-	-	-	2,769	-	2,769
Metro 5 SpA	-	-	-	53	-	53
Pegaso Scrl	-	-	-	-	-	-
Joint Ventures(*)						
Balfour Beatty Ansaldo Syst. JV SDN BHD	-	-	-	2,098	-	2,098
Kazakhstan TZ-Ansaldo STS Italy LLP	-	-	-	3,356	-	3,356
Consortiums						
Consortium Saturno	-	-	-	253	-	253
Consortium Ascosa quattro	-	-	-	154	8	162
Consortium San Giorgio Volla 2	-	-	-	105	-	105
Consortium Ferroviario Vesuviano	-	-	-	548	8	556
Consortium San Giorgio Volla	-	-	-	6	8	14
Cesit	-	-	-	26	-	26
Other Group companies						
Finmeccanica Group Service SpA	-	-	-	652	-	652
AnsaldoBreda SpA	-	-	-	385	-	385
Finmeccanica Finance SA	-	-	-	-	-	-
Elsag Datamat SpA	-	-	-	2,356	-	2,356
Selex Communication SpA	-	-	-	33,542	-	33,542
Selex Service Management SpA	-	-	-	191	-	191
Finmeccanica Inc	-	-	-	63	-	63
Fata Logistic System SpA	-	-	-	833	-	833
Fata SpA	-	-	-	258	-	258
Galileo Avionica SpA	-	-	-	-	-	-
Other	-	-	-	-	-	-
MEF - other						
Ferrovie dello stato Group				445		445
Enel Group				(3)		(3)
Eni Group				33		33
Total	**-**	**-**	**-**	**54,594**	**27**	**54,621**
% on the total for the year				**14%**	**0%**	

(*) Amounts refer to the portion not eliminated for proportionate consolidation

10.2 Intangible assets

(EUR thousand)	Goodwill	Patents & similar rights	Concessions, licenses and trademarks	Assets under development	Other	Total
Balance at 31 December 2010	**35,052**	**278**	**1,139**	**6,940**	**6,822**	**50,231**
Change in scope of consolidation	-	-	-	-	-	-
Acquisitions	-	69	481	3,342	129	4,021
Capitalisations	-	-	-	45	10	55
Disposals	-	-	-	-	-	-
Amortisation and impairment	-	(119)	(339)	-	(1,005)	(1,463)
Opening/closing foreign exchange rate differences	(30)	-	(1)	(2)	(285)	(318)
Closing/average foreign exchange rate differences	-	-	-	-	6	6
Transfer account from work in progress	-	-	-	(99)	99	-
Reclassifications	-	-		-	24	24
Balance at 30 June 2011	**35,022**	**228**	**1,282**	**10,230**	**5,794**	**52,556**

Investments for the period, equal to EUR 4,021 thousand, mainly regarded the Group parent Ansaldo STS SpA for the implementation of a new release of the SAP information system in harmony with the adoption of the new control model approved in the scope of the *Fast Forward Driven by Business* project, as well as the purchase of software licenses in support of design activities.

Amortisation for the period amounted to EUR 1,463 thousand.

The value of goodwill is in line with the figures recorded at 31 December 2010.

The impairment test, in application of the Group procedures, is carried out upon the preparation of the Annual Report unless impairment indicators are reported.

10.3 Property, plant and equipment

(EUR thousand)	Land and buildings	Plant and machinery	Equipment	Other	Assets under construction	Leased assets	Total
Balance at 31 December 2010	**68,301**	**6,270**	**6,746**	**12,927**	**3,983**	**426**	**98,653**
Acquisitions	-	515	637	419	584	-	2,155
Capitalisations	-	-	-	-	244	-	244
Sales	(2)	(25)	-	(131)	-	(89)	(247)
Depreciation and impairment	(1,198)	(945)	(904)	(1,870)	-	(110)	(5,027)
Opening/closing foreign exchange rate differ.	(220)	(199)	(55)	(329)	(178)	(15)	(996)
Closing/average foreign exchange rate differ.	3	(26)	2	14	22	1	16
Closing/branch foreign exchange differ.	-	-	-	(26)	-	-	(26)
Transfer account from work in progress	-	-	415	-	(415)	-	-
Reclassifications	-	1,982	-	(24)	(1,982)	-	(24)
Balance at 30 June 2011	**66,884**	**7,572**	**6,841**	**10,980**	**2,258**	**213**	**94,748**

Property, plant and equipment include the value of the premises owned by the Parent company, Ansaldo STS SpA, located in Genoa, Via Mantovani 3/5-16151 and purchased in December 2005 from its parent Finmeccanica SpA for EUR 62 million.

Investments for the period came to EUR 2,155 thousand and mainly refer to the Group parent Ansaldo STS SpA in relation to the purchase of fixed assets for the maintenance of production plants.

Depreciation for the period amounted to EUR 5,027 thousand.

10.4 Equity investments

Equity investments valued at cost (EUR thousand)

Balance at 31 December 2010	**22,122**
Change in scope of consolidation	-
Acquisitions/subscriptions and capital increases	12
Revaluations/impairment	-
Disposals/repayments	-
Other movements	-
Balance at 30 June 2011	**22,134**
Equity investments accounted for using equity method	**15,251**
Total equity investments	**37,385**

List of equity investments of the Parent company Ansaldo STS SpA with values in thousands of euros:

Name	Ownership %	Total assets	Total liabilities	data	Currency	Value €/000
Metro 5 SpA (**)	24.60%	262,102	237,130	2	Euro	12,300
International Metro Service Srl (**)	49.00%	4,846	35	2	Euro	343
Pegaso Scrl (**)	46.87%	8,510	8,250	2	Euro	122
Alifana Scarl (**)	65.85%	810	784	2	Euro	17
Alifana Due Scrl (**)	53.34%	14,467	14,441	2	Euro	14
Ansaldo STS Sistemas de Transporte e Sinalizacao LTDA (**)	100%	-	-	2	Euro	400
Metro C ScpA	14.00%	372,595	223,077	1	Euro	21,000
I.M. Intermetro SpA	16.67%	1,543,071	1,538,308	1	Euro	523
Società Tram di Firenze SpA	3.80%	70,683	64,049	2	Euro	266
Iricav uno	17.44%	3,483,504	3,482,984	2	Euro	91
Iricav 2	17.05%	51,053	50,537	2	Euro	77
Cons. ferroviario vesuviano	25.00%	235,972	235,817	2	Euro	39
S. Giorgio Volla	25.00%	6,205	6,133	2	Euro	18
S. Giorgio Volla 2	25.00%	41,283	41,211	2	Euro	18
Cris	1.00%	4,021	1,576	2	Euro	24
Ascosa Quattro	25.00%	77,697	77,640	2	Euro	14
Siit	2.30%	781	179	2	Euro	14
Cesit	20.00%	237	154	2	Euro	17
Saturno	33.34%	2,743,497	2,743,466	2	Euro	10
Cons. Train	4.06%	39,199	37,811	2	Euro	4
Sesamo Scarl	2.00%	1,264	1,180	1	Euro	2
Isict	10.00%	310	268	1	Euro	4
Cosila	0.92%	189	75	1	Euro	1

(**) Investments at equity
1. data refers to financial year 2009
2. data refers to financial year 2010

Equity investments at 30 June 2011 amounted to EUR 37,385 thousand, with an increase of EUR 6,155 thousand compared with 31 December 2010, mainly due to the purchase of no. 61,500 shares, equal to EUR 6,150 thousand, in Metro 5 SpA. This purchase was made in March following the resolution of 28 February 2011 of the Shareholders' Meeting of Metro 5 SpA.

10.5 Receivables and other non-current assets

(EUR thousand)	**30.06.2011**	31.12.2010
Loans to third parties	-	-
Receivables from employees	-	-
Security deposits	1,871	1,672
Other financial receivables	4	-
Receivables for finance lease sales	-	-
Personal Income Tax receivables on severance pay	-	-
Other	12,119	12,571
Non-current receivables from related parties	1,448	1,006
Non-current receivables	**15,442**	**15,249**
Financial prepaid expenses - non-current portion	-	-
Other prepaid expenses	24,832	23,246
Other non-current assets	-	-
Other non-current assets	**24,832**	**23,246**

Non-current receivables at 30 June 2011 came to EUR 15,442 thousand and mainly regarded the *"Pittsburgh facilities lease"* receivable of the American subsidiary Ansaldo STS USA and the security deposits of Ansaldo STS SpA and of the foreign subsidiaries. The balance of the item under review is substantially in line with the figure recorded at 31 December 2010.
Other non-current assets amounted to EUR 24,832 thousand and mainly refer to the non-current portion of the long-term costs incurred to purchase the right to use the "Ansaldo" trademark for 20 years and, for the remaining part, to the portion of insurance premiums pertaining to future periods.
With particular reference to the trademark, on 27 December 2005, Ansaldo STS SpA entered into a licensing agreement with Finmeccanica SpA to use the "Ansaldo" trademark under which the Company is known in the market. This agreement gives the Company exclusive use of the trademark up to 27 December 2025 in the sectors the Group does business, in exchange for an up-front payment.
The rise in other non-current assets, equal to EUR 1,586 thousand, is mainly referable to the increase in prepaid expenses for insurance premiums.

10.6 Inventories

(EUR thousand)	**30.06.2011**	31.12.2010
Raw materials, supplies and consumables	32,124	34,626
Work in progress and semi-finished goods	21,621	17,335
Finished goods and merchandise	16,891	14,343
Advances to suppliers	75,413	61,328
Total	**146,049**	**127,632**

Inventories are stated net of the write-down provision totalling EUR 7,202 thousand (EUR 6,883 thousand at 31 December 2010). The increase recorded in the course of the first half of 2011 is mainly attributable to the increase in advances to suppliers.

10.7 Contract work in progress and advances from customers

(EUR thousand)	**30.06.2011**	31.12.2010
Advances from customers	(24,038)	(14,359)
Invoices of instalments	(1,072,272)	(928,880)
Work in progress	1,380,376	1,160,167
Work in progress (net)	**284,066**	**216,928**
Advances from customers	(367,658)	(316,251)
Invoices of instalments	(3,776,911)	(3,843,148)
Work in progress	3,486,263	3,502,249
Advances from customers (net)	**(658,306)**	**(657,150)**
Contract work in progress, net of advances	(374,240)	(440,222)

Work in progress is recognised as an asset if a contract-by-contract analysis reveals that the gross value of the work in progress is higher than the advances from customers. It is recognised as a liability if the advances from customers exceed the value of the related work in progress.
The increase in advances from customers is due to the advances received in the course of the first half of 2011. The increase in “contract work in progress, net of advances” of EUR 65,982 thousand recorded in the period is mainly attributable to the higher production made compared with the turnover. Contract work in progress is shown net of a specific write-down provision of 45,180 thousand.

10.8 Trade and financial receivables

	30.06.2011		31.12.2010	
(EUR thousand)	**Trade**	**Financial**	Trade	Financial
Receivables from third parties	478,354	79,441	493,085	21,212
Total receivables from third parties	**478,354**	**79,441**	**493,085**	**21,212**
Receivables from related parties	88,486	52,571	131,723	149,150
Total	**566,840**	**132,012**	**624,808**	**170,362**

The balances at 31 December 2010 of receivables from third parties and related parties have been then reclassified to take account of the above-mentioned change and to allow a consistent comparison with the balances at 30 June 2011.
Trade receivables from third parties came to EUR 478,354 thousand at 30 June 2011 decreasing by EUR 14,731 thousand over 31 December 2010 (EUR 493,085 thousand) mainly ascribable to the Group parent Ansaldo STS SpA.
Trade receivables from related parties showed a decrease of EUR 43,237 thousand, mainly attributable to the positions towards Metro 5, Saturno and the Ferrovie dello Stato Group.
Financial receivables from third parties at 30 June 2011 amounted to EUR 79,441 thousand and are essentially referable to the short-term deposits of Ansaldo STS SpA and of the Australian, American and French subsidiaries with local bank institutes, used for the management of the temporary cash surplus recorded at the end of the period.
Financial receivables from related parties amounted to EUR 52,571 thousand and are referable to relationships with Finmeccanica Finance SA. The decrease of EUR 96,579 thousand is attributable to the repayment of the deposit by Finmecanica Finance SA for equal amounts occurred in the course of the first half of 2011.
With regard to CONSOB communication no. DAC/RM/97003369 of 9 April 1997, the Group reports that during the financial period ended 30 June 2011 it did not assign any recourse and non-recourse receivables.

10.9 Financial assets at fair value

Other financial assets are equal to EUR 25,373 thousand and refer entirely to the purchase of securities made in the period by Ansaldo STS SpA. These are short-term securities (Eurobond), acquired in January 2011, with a nominal value of EUR 25,000 thousand and a fixed rate of 4.5%.

10.10 Income tax receivables and payables

	30.06.2011		31.12.2010	
(EUR thousand)	**Assets**	**Liabilities**	Assets	Liabilities
For direct taxes	12,670	1,660	8,705	11,225
Total	**12,670**	**1,660**	**8,705**	**11,225**

Income tax receivables amounted to EUR 12,670 thousand and increased by EUR 3,965 thousand at 31 December 2010. The increase is attributable to the positive balance between advance payments and payables for current taxes with particular reference to Ansaldo STS SpA and to the Australian subsidiary, in addition to the receivables connected with the R&D activities mainly accrued by the French subsidiary.
Income tax receivables mainly refer to the Group parent Ansaldo STS SpA for EUR 4,674 thousand, to the French companies of the Group for EUR 4,734 thousand and to the Australian companies of the Group for EUR 3,740 thousand.
Income tax payables amounted to EUR 1,660 thousand at 30 June 2011 and decreased by EUR 9,565 thousand compared with 31 December 2010 (EUR 11,225 thousand). The decrease over the previous financial year is mainly attributable to the Group parent Ansaldo STS SpA and reflects the payment of the 2010 Irap and Ires charge and the 2011 first advance payment, net of the taxes calculated for the relevant period.

10.11 Other current assets

(EUR thousand)	30.06.2011	31.12.2010
Current portions of prepaid expenses	10,474	14,870
Research subsidies	5,017	4,271
Receivables from employees	605	796
Receivables from social security institutions	1,110	187
Receivables for security deposits	682	7
Receivables for indirect taxes and other amounts due from tax authorities	14,798	11,973
Other	8,258	11,373
Total other assets	**40,944**	**43,477**
Other assets from related parties	1,573	1,564
Total	**42,517**	**45,041**

Other current assets at 30 June 2011 came to EUR 42,517 thousand with a decrease of EUR 2,524 thousand compared with the figures as at 31 December 2010 (EUR 45,041 thousand) mainly attributable to the reduction in “current portions of prepaid expenses” for insurance premiums. We also report the increase in “receivables for indirect taxes” and a decrease in “other” mainly due to the VAT receivable for the Ansaldo STS SpA and to the decrease in other assets for the Australian subsidiary.
Other assets from related parties remained substantially unchanged from the figures recorded at 31 December 2010.

10.12 Cash and cash equivalents

(EUR thousand)	30.06.2011	31.12.2010
Cash	161	91
Bank deposits	81,567	153,229
Total	**81,728**	**153,320**

The balance of cash and cash equivalents at 30 June 2011 amounted to EUR 81,728 thousand and decreased by EUR 71,592 thousand as a result of the lower liquidity of the Group parent Ansaldo STS Spa. For comments on the variations, please refer to paragraph 2.3 relative to the financial position of the Group.

10.13 Share capital

	Number of shares	Par value	Treasury shares	Total
Outstanding shares	120,000,000	€ 60,000.000.00	-	€ 60,000,000.00
Buy-back of treasury shares, net of shares sold	-	-	-€ 806,054.00	-€ 806,054.00
Use of treasury shares for SGP delivery			€ 513,643.00	€ 513,643.00
31 December 2010	**€ 120,000,000.00**	**€ 60,000,000.00**	**-€ 292,411.00**	**€ 59,707,589.00**
Sale of treasury shares	-	-	292,411.00	€ 292,411.00
30 June 2011	**120,000,000**	**€ 60,000,000.00**	**€ 0.00**	**€ 60,000,000.00**

The share capital of EUR 60,000,000.00 is fully paid-up and divided into 120,000,000.00 ordinary shares with a par value of EUR 0.50 each. The sale of treasury shares regarded the shares in excess acquired in the course of 2010 for the purposes of the stock grant plan.

10.14 Retained earnings / (losses) carried forward

(EUR thousand)	
Balance at 31 December 2010	**260,977**
Reclassification of actuarial reserve related to defined-benefit plans	-
Allocation of the period result to legal reserve	-
Allocation of the period result to other reserves	-
Actuarial gain (loss) related to defined-benefit plans	1,267
Net Profit (Loss) for the period	32,000
Dividends	(33,592)
Other movements	-
Share capital increase/capital contributions	-
Balance at 30 June 2011	**260,652**

Retained earnings/(losses) carried forward, including net profit for the year and consolidation reserves at 30 June 2011 amounted to EUR 260,652 thousand with a decrease of EUR 325 thousand, attributable to the net effect generated by the Group result accrued in the period for EUR 32,000 thousand, to the distribution of dividends for EUR 33,592 thousand and to the recognition of the actuarial gain on defined-benefit plans for EUR 1,267 thousand.

10.15 Other reserves

(EUR thousand)	Legal reserve	Reserve for adjustments to the legal reserve	Cash Flow Hedge reserve	Stock grant reserve	Reserve for deferred taxes relating to items posted to shareholders' equity	Translation reserve	Other	Total
31 December 2010	**12,000**	**8,000**	**(2,386)**	**3,338**	**(428)**	**(554)**	**39,756**	**59,726**
Reclassification of actuarial reserve related to defined-benefit plans	-	-	-	-	-	-	-	-
Allocation of the period result	-	-	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-	-	-
Charge to Income Statement	-	-	3	-	-	-	-	3
Translation differences	-	-	-	-	-	(6,842)	-	(6,842)
Increase/Decrease	-	-	-	1,825	-	-	-	1,825
Valuations posted to shareholders' equity	-	-	(4,255)	-	2,285	-	-	(1,970)
Reclassifications	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
30 June 2011	**12,000**	**8,000**	**(6,638)**	**5,163**	**1,857**	**(7,396)**	**39,756**	**52,742**

Legal reserve
The legal reserve amounted to EUR 12,000 thousand and remained unchanged in the period under review.

Reserve for adjustments to the legal reserve
The reserve amounted to EUR 8,000 thousand and did not record any change in the course of the period. The extraordinary Shareholders' Meeting resolved on 23 April 2010 a free share capital increase of EUR 50,000 thousand to be implemented in five annual tranches of equal amount. With the objective to maintain the amount of the legal reserve always equal to 20% of the share capital, a Reserve for adjustments to the legal reserve was formed to be converted automatically into legal reserve when the free share capital increase is effective.

Cash flow hedge reserve
This reserve includes the fair value of derivatives used by the Group to hedge its exposure to currency or interest rate risk, net of the effects of deferred taxes, until the moment in which the underlying position is recognised in the Income Statement. When this condition is met, the reserve is recognised in the Income Statement to offset the economic effects of the hedged transaction.

Stock grant reserve
The stock grant reserve came to EUR 5,163 thousand, an increase of EUR 1,825 thousand over the period ended 31 December 2010, as a result of the allocations made in the period.

Reserve for deferred taxes relating to items posted to shareholders' equity
The reserve for deferred taxes relating to items posted to shareholders' equity was equal to EUR 1,857 thousand and was created to recognise the deferred tax assets arising from the actuarial gains/losses resulting from the adoption of the equity method for defined-benefit plans and from the fair value variations on Cash Flow Hedges.

Translation reserve
This reserve is used to recognise the exchange rate differences resulting from the translation of the financial statements of consolidated companies. The most significant amounts were the result of the consolidation of the American subsidiary Ansaldo STS USA and Ansaldo STS Australia.

Other reserves
Other reserves relate to the unrecoverable capital contribution received from the Parent Finmeccanica SpA on 23 February 2006, to the revaluation reserve and the reserves formed following the awarding of research grants by the Group parent. In the course of 2010, following the first tranche of the free share capital increase, the capital contribution reserve was used for EUR 10,000 thousand as provided by the shareholders' meeting approving the 2009 financial statements and free share capital increase.
No changes occurred in the course of the period.

10.16 Minority interests in equity

(EUR thousand)	
Balance at 31 December 2010	**1,050**
Change in scope of consolidation	-
Profits attributable to minority interests	111
Other movements	(6)
Translation reserve attributable to minority interests	(47)
Balance at 30 June 2011	**1,108**

This refers to the minority interests equal to 20% of Ansaldo STS Beijing Ltd having its registered office in Beijing (China).

10.17 Borrowings

	30.06.2011			31.12.2010		
(EUR thousand)	**Current**	**Non-current**	**Total**	Current	Non-current	Total
Bank borrowings	7,991	846	8,837	3,089	1,115	4,204
Finance lease payables				-	-	-
Other borrowings	17,134	338	17,472	822	506	1,328
Total	**25,125**	**1,184**	**26,309**	**3,911**	**1,621**	**5,532**

Changes during the period were as follows:

(EUR thousand)	31.12.2010	**New positions**	**Repayments**	**Reclassifications**	**Other changes**	**30.06.2011**
Bank borrowings	4,204	5,635	(814)	-	(188)	8,837
Finance lease payables	-					-
Other borrowings	1,328	19,317	(168)	(1,614)	(1,391)	17,472
Total	**5,532**	**24,952**	**(982)**	**(1,614)**	**(1,579)**	**26,309**

Bank borrowings
Bank borrowings, equal to EUR 8,837 thousand, recorded an increase of EUR 4,633 thousand, mainly attributable to the debt contracted in the course of the period by the subsidiaries of the Asia Pacific area, specifically the Indian subsidiary.

Other borrowings
Other borrowings totalled EUR 17,472 thousand and are mostly attributable to the Group parent Ansaldo STS SpA.

Financial debt

The Group's financial liabilities are subject to the following repayment schedules and exposures to interest rate risk:

(EUR thousand)

	Bank borrowings		Bonds		Related parties		Other		Total	
30 June 2011	**Floating**	**Fixed**	**Floating**	**Fixed**	**Floating**	**Fixed**	**Floating**	**Fixed**	**Floating**	**Fixed**
Within 1 year	6,452	1,203	-	-	-	-	334	336	6,786	1,539
2 to 5 years	-	846	-	-	-	-	-	338	-	1,184
Beyond 5 years	-	-	-	-	-	-	-	-	-	-
Total	**6,452**	**2,049**	**-**	**-**	**-**	**-**	**334**	**674**	**6,786**	**2,723**

(EUR thousand)

	Bank borrowings		Bonds		Related parties		Other		Total	
31 December 2010	Floating	Fixed	Floating	Fixed	Floating	Fixed	Floating	Fixed	Floating	Fixed
Within 1 year	1,341	1,748	-	-	-	-	487	335	1,828	2,083
2 to 5 years	-	1,115	-	-	-	-	-	506	-	1,621
Beyond 5 years	-	-	-	-	-	-	-	-	-	-
Total	**1,341**	**2,863**	**-**	**-**	**-**	**-**	**487**	**841**	**1,828**	**3,704**

Below is the financial information required under CONSOB communication no. DEM/6064293 of 28 July 2006:

(EUR thousand)		**30.06.2011**	31.12.2010
A.	Cash	161	91
B.	Other cash equivalents	81,567	153,229
C.	Securities held for trading	-	-
D.	**LIQUIDITY (A+B+C)**	**81,728**	**153,320**
E.	**CURRENT FINANCIAL RECEIVABLES**	**157,385**	**170,362**
F.	Current bank borrowings	7,991	3,089
G.	Current portion of non-current debt	-	-
H.	Other current borrowings	17,134	822
I.	**CURRENT FINANCIAL DEBT (LIQUIDITY) (F+G+H)**	**25,125**	**3,911**
J.	**CURRENT FINANCIAL DEBT, NET (LIQUIDITY) (I-E-D)**	**(213,988)**	**(319,771)**
K.	Non-current bank borrowings	846	1,115
L.	Bonds issued	-	-
M.	Other non-current payables	338	506
N.	**NON-CURRENT FINANCIAL DEBT (K+L+M)**	**1,184**	**1,621**
O.	**NET FINANCIAL DEBT (LIQUIDITY) (J+N)**	**(212,804)**	**(318,150)**

10.18 Provisions for risks and charges and contingent current liabilities

(EUR thousand)	Product warranties	Labour disputes	Provision for taxes	Disputes with third parties	Provision for restructuring	Other	Total
Balance at 31 December 2010	**16,263**	**406**	**2**	**-**	**1,052**	**4,694**	**22,417**
Allocations	165	-	-	-	815	1,345	2,325
Reversals	(1,473)	-	-	-	-	(1,527)	(3,000)
Uses	(895)	(8)	(2)	-	(1,348)	(2,841)	(5,094)
Other changes	(243)	-	-	-	(23)	(4)	(270)
Balance at 30 June 2011	**13,817**	**398**	**-**	**-**	**496**	**1,667**	**16,378**
Current	*16,263*	*406*	*2*	-	*1,052*	*4,694*	*22,417*
Non-current	-	-	-	-	-	-	-
Balance at 31 December 2010	**16,263**	**406**	**2**	**-**	**1,052**	**4,694**	**22,417**
Current	*13,817*	*398*	-	-	*496*	*1,667*	*16,378*
Non-current	-	-	-	-	-	-	-
Balance at 30 June 2011	**13,817**	**398**	**-**	**-**	**496**	**1,667**	**16,378**

In relation to the risk provisions, it should be reported that the companies of the Ansaldo STS Group operate in sectors and markets where many issues - both those initiated by the Group or those initiated by third parties against the Group - are resolved only after a considerable time-lag, especially where the party being dealt with is a government body.
To the best of our current knowledge, the various disputes that could give rise to a liability on the part of the Group that are not covered by a specific provision can be resolved in a satisfactory manner without a significant impact on results.
Provisions have been made for any quantifiable liability that is likely to arise.

In particular, the risk provisions at 30 June 2011 amounted to EUR 16,378 thousand decreasing by EUR 6,039 thousand compared with 31 December 2010.

As to litigation, no particular change has been reported from the 2010 financial statements.

In the context of the arbitration between the General Contractor CEPAV UNO and the sub-supplier Consortium Saturno (including ASTS) towards TAV, for the reciprocal breach of contract in relation to the construction of the railway line Milan-Bologna, it should be pointed out that an agreement was reached whereby the consortia have waived their reciprocal claims. In virtue of this composition, the litigation came to an end.

10.19 Severance pay and other employee liabilities

The amount and the changes in the severance pay provision and in the defined-benefit pension plans are reported below:

(EUR thousand)	**30.06.2011**	30.06.2010
Severance pay provision	19,419	21,383
Defined-benefit pension plans	10,885	10,538
Total	**30,304**	**31,921**

	Severance pay provision		Defined-benefit plans	
(EUR thousand)	**30.06.2011**	30.06.2010	**30.06.2011**	30.06.2010
Present value of obligations	19,419	21,383	10,885	10,538
Fair value of the plan assets	-	-	-	-
Unrecognised actuarial gains/(losses)	-	-	-	-
Total	**19,419**	**21,383**	**10,885**	**10,538**

(EUR thousand)	Severance pay provision	Defined-benefit plans
Balance at 31 December 2010	**20,774**	**10,558**
Costs for the period	457	481
Contributions paid	(1,122)	(720)
Other movements	-	(11)
Actuarial (gains)/losses in equity	690	577
Balance at 30 June 2011	**19,419**	**10,885**

The amount recognised in the Income Statement breaks down as follows:

	Severance pay provision		**Defined-benefit plans**	
(EUR thousand)	**30.06.2011**	30.06.2010	**30.06.2011**	30.06.2010
Costs of benefits paid	110	38	263	219
Interest costs	347	360	218	198
Total	**457**	**398**	**481**	**417**

The main actuarial assumptions are as follows:

	Severance pay provision		**Defined-benefit plans**	
	30.06.2011	30.06.2010	**30.06.2011**	30.06.2010
Discount rate (annual)	3.60%	2.94%	3.60%	2.94%
Rate of salary increases	N.A.	N.A.	2.47% - 3.58%	2.27% - 3.66%
Rate of turnover	4.36% - 9.24%	3.34% - 9.78%	4.36% - 9.24%	3.34% - 9.78%

10.20 Other current and non-current liabilities

	30.06.2011		31.12.2010	
(EUR thousand)	**Current**	**Non-current**	Current	Non-current
Due to employees	33,749	5,511	31,985	5,503
Deferred income	12	-	49	-
Payables for indirect taxes and other amounts due to tax authorities	8,745	-	11,641	-
Payables to social security institutions	13,545	-	13,570	-
Other payables to other third parties	23,877	4,407	27,458	4,823
Total other liabilities to third parties	**79,928**	**9,918**	**84,703**	**10,326**
Other liabilities to related parties	27	-	27	-
Total	**79,955**	**9,918**	**84,730**	**10,326**

Other current and non-current liabilities towards third parties came to EUR 89,846 thousand, a decrease of EUR 5,183 thousand (EUR 95,029 thousand at 31 December 2010), mainly due to the variation in payables for indirect taxes as detailed in the table. Other current and non-current liabilities towards related parties are substantially in line with the figures recorded at 31 December 2010.

10.21 Trade payables

(EUR thousand)	**30.06.2011**	31.12.2010
Due to suppliers	301,734	348,539
Total due to suppliers	**301,734**	**348,539**
Due to related parties	52,756	54,594
Total	**354,490**	**403,133**

Trade payables decreased by EUR 48,643 thousand compared with 31 December 2010; the variation is connected with the movement for the period in addition to the decrease in the value of trade receivables.

There are no trade payables with residual maturity after 5 years.

10.22 Derivatives

The table below details the asset and liability positions related to derivative instruments.

	30.06.2011		31.12.2010	
(EUR thousand)	**Derivative assets**	**Derivative liabilities**	Derivative assets	Derivative liabilities
Trading	-	-	-	-
Fair value hedge	176	221	3,388	1,061
Cash Flow hedge	2,410	5,245	5,639	6,678
Instruments to hedge exchange rate risk	**2,586**	**5,466**	**9,027**	**7,739**

Derivative assets showed a decrease of EUR 6,441 thousand. This change is mainly attributable to the lower exposure of the US subsidiary Ansaldo STS USA and to a tendential reduction in the average maturity of instruments.
The decrease in the fair value of derivative liabilities, equal to EUR 2,273 thousand, is attributable to the variation in the fair value of the transactions made by the subsidiaries of the Asia Pacific area.

Determination of fair value

At 30 June 2011, the Ansaldo STS Group did not hold listed derivative instruments. The fair value of non-listed derivative instruments is measured with reference to the financial valuation techniques. Specifically, the fair value of exchange rate futures contracts is calculated based on the market exchange rate at the reference date and the rate differentials between the relevant currencies. The fair value of swaps is calculated by discounting future cash flows using market parameters.

The Group, though exposed to the risk linked to the trend of interest rates, does not make use of policies to hedge the risk connected with the rate variability.

10.23 Guarantees and other commitments

Leases

The Group holds a number of operating leases for the purposes of acquiring the use of property, plant and equipment. The minimum future payments are as follows:

(EUR thousand)	***Operating leases***	***Finance leases***
Within 1 year	4,623	-
2 to 5 years	5,634	-
Beyond 5 years	24	-
	10,281	**-**

Guarantees

At 30 June 2011, the Group had the following outstanding guarantees:

Signature commitments at 30 june 2011 (EUR thousand)

Direct guarantees and indemnities issued by third parties on behalf of the Group in favour of customers and other third parties	Signalling Business Unit	Transportation Solutions Business Unit	Total
Unsecured guarantees issued by Finmeccanica (Parent Company Guarantees) and Finmeccanica Finance SA (advance payment bonds, performance bonds, retention money bonds) in favour of customers for commercial transactions	96	541,314	541,410
Unsecured guarantees issued by Ansaldo STS (Parent Company Guarantees), in favour of customers for commercial transactions	77,731	-	77,731
Sureties and bonds (advance payment bonds, performance bonds, bid bonds, retention bonds) issued by credit institutions or insurance companies in favour of customers for commercial transactions	801,402	809,304	1,610,706
of which: counter-guaranteed by Finmeccanica	*27,178*	*120,234*	*147,412*
of which: counter-guaranteed by Ansaldo STS	*757,385*	*689,070*	*1,446,455*
Direct guarantees and indemnities by Finmeccanica and Ansaldo STS, credit institutions or insurance companies in favour of other third parties for non-contractual/commercial guarantees (financial, fiscal transaction)	36,901	7,973	44,874
of which: counter-guaranteed by Finmeccanica	-	*7,973*	*7,973*
of which: counter-guaranteed by Ansaldo STS	*36,479*	-	*36,479*
Total	**916,130**	**1,358,591**	**2,274,721**

11 Notes to the income statement

11.1 Transactions with related parties

For the six months ended 30 June 2011 (EUR thousand)	Revenue	Other operating income	Costs	Finance income	Finance costs	Other operating expenses
Parent company						
Finmeccanica SpA	-	-	1,400	6	-	-
Subsidiaries						
Alifana Scrl	-	-	77	-	-	-
Alifana Due Scrl	1,189	-	967	-	-	-
Associates						
Metro 5 SpA	5,083	-	370	-	-	-
International Metro Service Srl	-	-		-	-	-
Pegaso Scrl	21	-	1,481	-	-	-
Joint Ventures (*)						
Balfour Beatty Ansaldo Syst. JV SDN BHD	183	-	38	-	-	-
Kazakhstan TZ-Ansaldo STS Italy LLP	1,725	-	-	-	-	-
Consortiums						
Consortium Saturno	5,172	49	1,523	-	-	-
Consortium Ascosa quattro	139	-	26	-	-	-
Consortium Team in liq.	-		-	-	-	-
Consortium Ferroviario Vesuviano	34	-	23	-	-	-
Consortium Cris	-	-	16	-	-	-
Consortium Cesit	-	-	-	-	-	-
Consortium SanGiorgio Volla	5	-	-	-	-	-
Consortium SanGiorgio Volla 2	1,065	-	-	-	-	-
Other Group companies						
Ansaldo Energia SpA	-	-	(2)	-	-	-
Ansaldo Breda SpA	7,094	-	1,436	-	-	-
Aeronautica Macchi SpA	-	-	(1)	-	-	-
Fata Logistic SpA	-	-	1,160	-	-	-
Fata SpA	-	-	108	-	-	-
Finmeccanica Finance	-	-	-	474	-	-
Finmeccanica Group Service	-	-	653	-	-	-
Finmeccanica North America Inc.	-	-	108	-	-	-
Elsag Datamat SpA	325	-	2,988	-	-	-
Hr Gest SpA	-	-	-	-	-	-
Selex Communication SpA	-	-	3,482	-	-	-
Westland Industries LTD	15	-	-	-	-	-
Galileo Avionica SpA	-	-	(41)	-	-	-
Electron Italia Srl	46	-	9	-	-	-
Selex Service Management SpA	-	-	181	-	-	-
I.M. Intermetro SpA	3	-		-	-	-
Metro Service SpA	-	-	17,544	-	-	-
Other ICP FNM	4	-	1	-	-	-
Oto Melara SpA	-	-	(1)	-	-	-
MEF - other						
Ferrovie dello Stato Group	67,066	-	367	-	-	-
Enel Group	-	-	16	-	26	-
Eni Group	-	-	385	-	-	-
Total	**89,169**	**49**	**34,314**	**480**	**26**	**-**

(*) Amounts refer to the portion not eliminated for proportionate consolidation

For the six months ended 30 June 2010 (EUR thousand)	Revenue	Other operating income	Costs	Finance income	Finance costs	Other operating expenses
Parent company						
Finmeccanica SpA	-	-	900	-	196	-
Subsidiaries						
Alifana Scrl	-	-	69	-	-	-
Alifana Due Scrl	4,762	-	6,315	-	-	-
Associates						
Metro 5 SpA	7,644	-	-	-	-	-
International Metro Service Srl	112	-	-	-	-	-
Pegaso Scrl	72	-	1,026	-	-	-
Metro Service	-	-	20,529	-	-	-
Joint Ventures (*)						
Balfour Beatty Ansaldo Syst. JV SDN BHD	1,565	-	-	-	(23)	-
Consortiums						
Saturno	22,294	-	1,353	-	-	-
Ascosa quattro	112	-	-	-	-	-
Team in liq.	-	-	-	-	-	-
SanGiorgio Volla 2	876	-	-	-	-	-
Cons. Ferroviario Vesuviano	1,772	-	28	-	-	-
Cons. Cris	-	-	60	-	-	-
Cesit	-	-	-	-	-	-
SanGiorgio Volla	103	-	-	-	-	-
Other Group companies						
Ansaldo Energia SpA	-	-	37	-	-	-
Ansaldo Breda SpA	4,823	-	1,692	-	-	-
Fata Logistic SpA	-	-	1,048	-	-	-
Finmeccanica Finance SA	-	-	-	396	-	-
Finmeccanica Group Service SpA	-	-	499	-	-	-
Elsag Datamat SpA	703	-	6,119	-	-	-
Hr Gest SpA	-	-	-	-	-	-
Selex Communication SpA	-	-	2,023	-	-	-
Westland Industries LTD	36	-	-	-	-	-
Galileo Avionica SpA	-	-	-	-	-	-
Electron Italia Srl	259	-	672	-	-	-
Selex Service Management SpA	-	-	122	-	-	-
I.M. Intermetro SpA	-	38	-	-	-	-
Oto Melara SpA	-	-	-	-	-	-
MEF - other						
Ferrovie dello Stato Group	87,915	-	706	-	-	-
Enel Group	-	-	54	-	-	-
Eni Group	-	-	254	-	-	-
Total	**133,048**	**38**	**43,506**	**396**	**173**	**-**

(*) Amounts refer to the portion not eliminated for proportionate consolidation

11.2 Revenue

(EUR thousand)	For the six months ended 30 June 2011	2010
Revenue from sales	191,745	482,270
Revenue from services	15,976	49,206
	207,721	**531,476**
Change in contract work in progress	272,343	(79,818)
Revenue from third parties	480,064	451,658
Revenue from related parties	89,169	133,048
Total revenue	**569,233**	**584,706**

Total revenue decreased by EUR 15,473 thousand; specifically, revenue from third parties amounted to EUR 480,064 thousand at 30 June 2011 compared with EUR 451,658 thousand at 30 June 2010, with an increase of EUR 28,406 thousand and revenue from related parties recorded a decrease of EUR 43,879 thousand compared with the previous financial year, mainly attributable to a drop in revenue in relation to Consortium Saturno and the Ferrovie dello Stato Group.
The trend of revenue detailed by business sector is commented in the previous notes.

11.3 Other operating income

(EUR thousand)	For the six months ended 30 June 2011	2010
Grants for research and development costs	905	173
Gains on disposal of property, plant and equipment and intangible fixed assets	-	-
Reversals to provision for doubtful accounts	50	40
Reversals to provisions for risks and charges	2,996	1,570
Insurance reimbursements	3	10
Royalties	676	540
Finance income and foreign-exchange gains on operating items	5,685	3,111
Tax receivable for R&D	2,114	2,294
Other operating income	570	1,773
Other operating income from third parties	**12,999**	**9,511**
Other operating income from related parties	**49**	**38**
Total	**13,048**	**9,549**

Other operating income from third parties amounted to EUR 12,999 thousand compared with EUR 9,511 thousand recorded in the corresponding period last year; the rise of EUR 3,488 thousand is mainly attributable to the increase in finance income and foreign-exchange gains on operating items. Other operating income from related parties are not very significant.

11.4 Raw materials and consumables used and purchase of services

(EUR thousand)	For the six months ended 30 June 2011	2010
Purchase of materials	105,554	106,411
Change in inventories	1,834	6,151
Purchase of services	218,753	212,779
Rent and operating leases	10,478	8,808
Total raw materials and consumables used and purchase of services from third parties	**336,619**	**334,149**
Total raw materials and consumables used and purchase of services from related parties	**34,314**	**43,506**
Total raw materials and consumables used and purchase of services	**370,933**	**377,655**

Total raw materials and consumables used and purchase of services at 30 June 2011 recorded a decrease of EUR 6,722 thousand from the same period in 2010 to be associated with the reduction in production volume.

11.5 Personnel costs

(EUR thousand)	For the six months ended 30 June 2011	2010
Wages and salaries	118,178	117,742
Costs for stock grant plans	1,860	2,083
Pension and social security	26,206	25,790
Pension and social security charges for stock grant	95	522
Severance pay provision costs	110	38
Costs related to other defined-benefit plans	263	219
Costs related to other defined-contribution plans	1,956	4,053
Recovery of personnel costs	(170)	(291)
Employee disputes	-	(46)
Restructuring costs	1,419	706
Other costs	2,024	1,645
Total personnel costs	**151,941**	**152,461**

The workforce at 30 June 2011 came to 4,189 resources with a decrease of 151 units compared with the 4,340 units reported at the end of the first semester of the previous financial year and of 28 units compared with the 4,217 units reported at 31 December 2010; this item is broken down as follows:

Signalling: 3,184 employees
Transportation Solutions: 565 employees
Staff: 440 employees

The average size of the Group workforce employed in the first semester 2011 was equal to 4,169 resources against 4,306 resources reported in the first semester 2010.

"Personnel costs" for the first semester 2011 was equal to EUR 151,941 thousand, substantially in line with EUR 152,461 thousand in the first semester 2010. The net change of EUR 520 thousand includes the effects of the volume, mix and fluctuations in exchange rates that as a matter of fact balance each other.

The stock grant cost is recognised in the year when the services are rendered, therefore it relates to the portion pertaining to the first semester of the shares attached to objectives for the year 2011 to be delivered in December 2012 after these objectives are achieved. This cost is determined on the basis of the estimated number of shares to be granted and the fair value at the date of approval by the Remuneration Committee; on 18 February 2011, this value was equal to EUR 10.8 per share.

Severance pay provision costs and costs relating to other defined-benefit plans relate to the "service cost" only, and interest costs are now classified under "finance costs".

As shown in the table relating to the personnel costs, we should report that the restructuring costs as of 30 June 2011 refer to the existing reorganisation plan of the subsidiaries Ansaldo STS USA and Ansaldo STS Ireland.

11.6 Amortisation, depreciation and impairment

(EUR thousand)	For the six months ended 30 June 2011	2010
Amortisation/Depreciation:		
- intangible assets	1,463	1,444
- property, plant and equipment	4,972	5,083
	6,435	**6,527**
Impairment:		
- operating receivables	136	1
- other assets	-	-
	136	**1**
Total amortisation, depreciation and impairment	**6,571**	**6,528**

Amortisation and Depreciation are in line with those recorded in the corresponding period last year.

11.7 Other operating expenses

(EUR thousand)	For the six months ended 30 June 2011	2010
Allocations to provisions for risks and charges	309	818
Losses on disposal of receivables	-	-
Association dues	223	377
Capital loss on the disposal of property, plant and equipment and intangible assets	213	13
Foreign exchange charges on realization of operating items	1,186	333
Exchange rate alignment on operating items	1,835	701
Restructuring costs paid	-	93
Interest and other operating expenses	1,624	1,352
Indirect taxes	1,471	2,111
Other operating expenses	2,025	672
Total other operating expenses from third parties	**8,886**	**6,470**
Total other operating expenses from related parties	-	-
Total other operating expenses	**8,886**	**6,470**

Other operating expenses amounted to EUR 8,886 thousand with an increase of EUR 2,416 thousand mainly due to finance costs and foreign-exchange losses on operating items.

11.8 Work performed by the Group and capitalised

(EUR thousand)	For the six months ended 30 June 2011	2010
Work performed by the Group and capitalised	(300)	(340)

Capitalised costs are substantially attributable to the French subsidiary Ansaldo STS France and relate to costs for internally produced tangible and intangible assets (staff, materials, services).

11.9 Net finance income/(costs)

	For the six months ended 30 June					
	2011			2010		
(EUR thousand)	Income	Cost	Net	Income	Cost	Net
Dividends	-	-	-	-	-	-
Interest and commissions	1,165	1,147	18	533	1,335	(802)
Exchange-rate differences	8,814	9,845	(1,031)	23,346	18,387	4,959
Income from fair-value measurement recognised in Income Statement	5,028	3,048	1,980	3,334	10,689	(7,355)
Interest on severance pay provision	-	347	(347)	-	360	(360)
Interest on other defined-benefit plans	-	218	(218)	-	198	(198)
Other finance income (costs)	-	549	(549)	-	103	(103)
Total net finance income and costs	**15,007**	**15,154**	**(147)**	**27,213**	**31,072**	**(3,859)**
Total finance income and costs from related parties	**480**	**(26)**	**506**	**396**	**173**	**223**
Total	**15,487**	**15,128**	**359**	**27,609**	**31,245**	**(3,636)**

At 30 June 2011, net finance costs from third parties totalled EUR 147 thousand recording an improvement compared with the figures recorded at 30 June 2010, mainly ascribable to the net effect generated by the following movements:

- Negative exchange-rate differences for EUR 1,031 thousand (at 30 June 2010 these were positive for EUR 4,959 thousand) as a result of the revaluation of foreign positions;
- Significant improvement in the fair value recognised in the Income Statement on derivatives entered into in order to hedge underlying assets in foreign currency, that even if they meet the requirements to contain the adjustment of the underlying, are not fully effective. The overall effect at 30 June 2011 is positive for EUR 1,980 thousand (negative for EUR 7,355 thousand at 30 June 2010).
- Positive variation in interests and commissions paid to credit institutes that go from a net negative balance of EUR 802 thousand at 30 June 2010 to a net positive balance of EUR 18 thousand for the first semester 2011.

Related party transactions mainly refer to the relationships with the ultimate Parent company Finmeccanica and the related concern Finmeccanica Finance for interest on current accounts and deposits.

11.10 Share of profit (loss) of equity accounted investments

	For the six months ended 30 June					
	2011			2010		
(EUR thousand)	**Income**	**Cost**	**Net**	Income	Cost	Net
Share of profit (loss) of equity accounted investments	8	4	4	983	-	983
Total	**8**	**4**	**4**	**983**	**-**	**983**

As shown in the table above, the share of profit of equity accounted investments did not have significant effects in the period ended 30 June 2011.

11.11 Income taxes

Income taxes break down as follows:

	For the six months ended 30 June	
(EUR thousand)	**2011**	2010
I.Re.S (corporate income tax)	11,501	16,828
IRAP (regional tax on productive activities)	3,625	4,330
Income from consolidation	-	-
Other taxes on profit (foreign companies)	2,563	2,006
Taxes relating to previous years	-	(59)
Provisions for disputes over taxes	-	-
Net deferred taxes	2,738	(1,494)
Total	**20,427**	**21,611**

Income taxes decreased by EUR 1,184 thousand compared with the same period in the previous financial year. Specifically, this change is attributable to: the decrease in the I.Re.S. and IRAP charge for the period (EUR 5,327 thousand and EUR 705 thousand respectively), both attributable to a lower taxable basis compared with the previous financial year.
This effect has been mitigated by greater taxes due by foreign companies (EUR 557 thousand) and by a net negative effect generated by the movement of deferred taxation (EUR 2,738 thousand).

Below is the analysis of the difference between the theoretical tax rate and the effective tax rate:

	For the six months ended 30 June					
	2011			2010		
(EUR thousand)	**Amount**		**%**	Amount		%
Result before taxes	**52,538**	**-**		**55,022**	**-**	
Tax calculated at the applicable tax rate	-	14,448	27.5%	-	15,131	27.5%
Permanent differences	3,494	961	1.8%	(13,818)	(3,800)	-6.9%
	56,032	**15,409**	**29.3%**	**41,204**	**11,331**	**20.59%**
Temporary differences taxed/deducted at 33% with deferred taxation at 27.5%	-	-		-	-	
IRES from prior years adjusted to the rate of 27.5%	-	-		-	-	
Rate differential on foreign taxes and/or for losses for the period	-	1,271	2.42%	-	-	
IRAP and other taxes calculated on a basis other than the result before taxes	-	4,814	9.16%	-	10,340	18.79%
Prior years' taxes	-	23	0.04%	-	(59)	-0.11%
Provisions for disputes over taxes	-	(1,090)	-2.07%	-	0,00	
Total effective taxes carried to Income Statement		**20,427**	**38.88%**		**21,612**	**39.28%**

The effective tax rate moved from 39.28% in the first semester 2010 to 38.88% in the first half 2011 and is substantially in line in the two comparative periods.

Deferred taxes and the related receivables and payables at 30 June 2011 were generated by the following temporary differences:

	Income Statement		Balance Sheet	
(EUR thousand)	Assets	Liabilities	Assets	Liabilities
Severance pay provision, pension funds	116		7,784	576
Goodwill	-	-	2,233	-
Property, plant and equipment and intangible assets	(221)	(145)	245	301
Provisions for risks and charges	(1,514)	-	10,468	-
Research subsidies	-	(156)	676	903
Provision relating to work in progress and Inventory write-down	37	-	8,241	-
Cash Flow Hedge	-	-	1,596	2
Past losses	(925)	-	5,994	-
Stock grant	-	-	83	-
Other	827	(757)	5,682	1,916
Total	**(1,680)**	**(1,058)**	**43,002**	**3,698**

Deferred tax assets deriving from the recognition of “Provisions for risks and charges” are mainly attributable to the Group parent Ansaldo STS SpA.
Deferred tax assets relating to the inventory write-down mainly refer to the subsidiary Ansaldo STS USA (EUR 7,906 thousand at 30 June 2011) .
Deferred tax assets relating to severance pay provision and pension plans refer for EUR 1,215 thousand to the Group parent Ansaldo STS SpA, for EUR 3,634 thousand to the French subsidiary Ansaldo STS Francia and for EUR 2,201 thousand to the Australian subsidiary.
The item “Other” mainly refers to the Group parent Ansaldo STS SpA (EUR 1,437 thousand) and to the American subsidiary Ansaldo STS USA (EUR 4,002 thousand).

Deferred tax assets and liabilities include deferred taxes accounted for, with direct counterpart in equity, on derivative instruments recognised with the “cash flow hedge” method and on actuarial losses/gains as a result of the adoption of the equity method for defined-benefit plans. The movement for the period of this equity item is as follows:

	31.12.2010	Reversal to the Income Statement	Fair value adjustments	Other changes	30.06.2011
Deferred taxes recognised directly in equity	**(428)**	**-**	**2,475**	**(190)**	**1,857**

12 Earnings per share

Earnings per share (EPS) are calculated:

- by dividing the net profit attributable to the holders of ordinary shares by the average number of ordinary shares for the period, less treasury shares (*basic* EPS);
- by dividing the net result by the average number of ordinary shares and the shares that potentially result from the exercise of all the options under stock option plans, less treasury shares (*diluted* EPS).

Basic EPS	**30.06.2011**	30.06.2010
Average shares during the period	119,973,555	119,928,995
Net profit	32,111	33,411
Basic EPS and diluted EPS	**0.27**	**0.28***

* Redetermined following the free share capital increase of 5 July 2010

For comparative purposes, the EPS index has been redetermined for the 2010 financial year and in particular the average number of ordinary shares pertaining to the year has been recalculated.
It turned out to be necessary following the first tranche of the share capital increase dated 5 July 2010, when no. 20,000,000 newly-issued shares with a par value of EUR 0.50 were put into circulation and assigned freely to the Shareholders existing on that date, on the basis of one newly-issued share every five shares already owned.

13 Cash flow from operating activities

The cash flow from operating activities is shown in the table below:

(EUR thousand)	**30.06.2011**	30.06.2010
Profit	32,111	33,411
Share of profit (loss) of equity accounted investments	(4)	(983)
Income taxes	20,427	21,611
Costs of severance pay provision and other benefits	373	257
Costs for stock grant plans	1,703	2,605
Capital gains (losses) on disposals of real estate assets	213	13
Net finance income (costs)	(359)	3,636
Restructuring costs	815	706
Amortisation, depreciation and impairment	6,571	6,528
Allocation/Reversal to provisions for risks	(2,737)	(792)
Allocation/Reversal to provision for pending disputes	-	(46)
Allocations /Reversal of inventories and work in progress write-down	323	(3,042)
Total	**59,436**	**63,904**

Changes in working capital, net of the effects deriving from the acquisitions and disposals of consolidated companies and translation differences, break down as follows:

(EUR thousand)	**30.06.2011**	30.06.2010
Inventories	(20,790)	(3,033)
Contract work in progress and advances from customers	(45,390)	(137,616)
Trade receivables and payables	7,408	115,774
Total	**(58,772)**	**(24,875)**

Changes in other operating items, net of the effects deriving from the acquisitions and disposals of consolidated companies and translation differences, break down as follows:

(EUR thousand)	**30.06.2011**	30.06.2010
Payment of the provision for severance pay and other defined-benefit plans	(1,046)	(1,485)
Taxes paid	(27,957)	(15,359)
Changes in other operating items	(29,227)	2,396
Total	**(58,230)**	**(14,448)**

For information on changes in the Statement of Cash Flows, please refer to paragraph 2.3 relative to the Groups’ financial position.

14 Management of financial risks

The Group is exposed to financial risks associated with its operations, specifically related to these types of risks:
- market risks, related to exchange rate risk in respect of operations in areas using currencies other than the functional currency and to the risk of changes in interest rates;
- liquidity risks, relating to the availability of financial resources and access to the credit market;
- credit risks, resulting from normal commercial transactions or financing activities.

The Group specifically monitors each of these financial risks, with the objective of promptly minimising them, also through hedging derivatives. Below is an explanation of how the Ansaldo STS Group, based on its in-house directives, manages these types of risk.

Exchange rate risk management

As indicated in the directive "Treasury management", the exchange rate risk management of the Ansaldo STS Group focuses on the achievement of these objectives:
- limiting potential losses due to adverse fluctuations in the exchange rate as compared with the reporting currency of Ansaldo STS SpA and its subsidiaries. In this case losses are defined in terms of cash flow rather in accounting terms;
- limiting estimated or real costs connected to the implementation of exchange rate risk management policies.

The exchange rate risk should be hedged only if it has a relevant impact on cash flow as compared with the reporting currency.
The costs and risks connected with a hedging policy (hedge, no hedge, or partial hedge) should be acceptable both financially and commercially.
These instruments may be used to hedge exchange rate risk:
- Forward foreign exchange purchases and sales: exchange rate forwards are the most widely used instruments for cash flow hedges;
- Currency Swaps / Cross Currency Swaps: used together with exchange rate forwards, they are used to manage hedging dynamically by reducing the exchange rate risks of when cash flows occur earlier or later than expected in a currency other than the functional currency;
- Foreign currency funding/lending: foreign currency funding and lending is used to mitigate the exchange rate risk associated with the relevant credit or debit positions with bank counterparties or Group companies.

Using funding and lending in foreign currency as a hedging instrument must always be aligned with the overall treasury management and with the overall financial position of the Ansaldo STS Group (long and short term).
Generally, the purchase and sale of foreign currency is used in the case of exotic currencies where the capital market is not considered liquid or where alternative hedging instruments are not available or are only available at high cost.

Hedging of exchange rate risk

There are three types of exchange rate risk:
1. Economic risk:
   represented by the impact that currency fluctuations may have on capital budgeting decisions (investments, location of plants, procurement markets).
2. Transaction risk:
   the possibility that exchange rates could change during the period between the time at which a commitment to collect or pay in foreign currency at a future date (setting price lists, establishing budgets, preparing orders, invoicing) arises and the time at which such collection or payment occurs, thereby having a positive or negative impact on the exchange rate delta.
3. Translation risk:
   this relates to the impact that the translation of dividends or the consolidation of recognised assets and liabilities has on the financial statements of multinational companies whenever the consolidation exchange rates change from year to year.

The Ansaldo STS Group hedges transaction risks in accordance with the "Treasury Management" directive, which provides for the systematic hedging of commercial cash flows resulting from the assumption of contractual commitments of a specific nature as either buyer or seller, in order to ensure current exchange rates at the date of acquisition of long-term contracts and neutralising the effects of fluctuations in the reference exchange rates.

Cash Flow Hedge

Hedges are made at the time commercial contracts are finalised through plain vanilla instruments (swaps and forwards on foreign currencies) qualifying for hedge accounting under IAS 39. These hedges are carried as cash flow hedges. Accordingly, the changes in fair value of the hedging derivatives are recognised in a special cash flow hedge reserve once the effectiveness of the hedge is demonstrated. Should the hedges prove to be ineffective, i.e. they do not fall within the effective range between 80-125%, changes in the fair value of the hedging instruments are immediately recognised in the Income Statement as financial items and the cash flow hedge reserve accumulated up until the date of the last successful effectiveness test is reversed to profit and loss.

Fair Value Hedges

A fair value hedge involves the hedging of an exposure to changes in the fair value of a recognised asset or liability, an irrevocable unrecognised commitment or an identified portion of such asset, liability or irrevocable commitment, attributable to a specific risk and that could affect the Income Statement.
The Group hedges against changes in fair value with regard to the exchange rate risk for assets and liabilities.

Hedging transactions are carried out predominantly with the banking system. At 30 June 2011 the Group had contracts referring to various currencies in the following notional amounts:

(EUR thousand)	**Sell 06 11**	**Buy 06 11**	**30.06.2011**	Sell 12 10	Buy 12 10	31.12.2010
Euro	105,662	29,991	135,653	134,155	44,357	178,512
US dollar	37,149	6,465	43,614	56,555	25,722	82,277
GBP	9,576	-	9,576	7,986	-	7,986
Swedish krona	-	29,218	29,218	-	25,745	25,745
Canadian dollar	-	-	-	3,976	-	3,976
Australian dollar	22,440	3,278	25,718	11,023	6,580	17,603
Hong Kong Dollar	-	-	-	63	-	63
Japanese yen	-	-	-	3,506	-	3,506

At 30 June 2011, the net fair value of derivative financial instruments was negative in the amount of EUR 2,880 thousand.

Management of interest rate risk

The aforementioned directive states that the goal of the management of interest rate risk is to lessen the negative impact of changes in interest rates, which may affect the Group's Income Statement, the Balance Sheet and the weighted average cost of capital.
Interest rate risk management by Ansaldo STS Group is designed to achieve the following objectives:
- to stabilise the weighted average cost of capital;
- to minimise the weighted average cost of capital of Ansaldo STS Group over the medium to long term. To achieve this objective, interest rate risk management will focus on the impact of interest rates on debt funding and equity funding;
- to optimise the profit on financial investments within a general profit-risk trade-off;
- to limit the costs relating to the execution of interest rate risk management policies, including the direct costs tied to the use of specific instruments and indirect costs relating to the internal organisation needed to manage such risk.

In 2011, the Group managed this risk without the use of derivatives due to the short-term maturities of the payables.
Thus, at 30 June 2011, the Group had no open hedge positions to reduce interest rate risk.

Management of liquidity risk

In order to support efficient management of liquidity and contribute to the growth in its businesses, the Ansaldo STS Group has established a set of tools to optimise the management of financial resources. This objective was achieved by centralising treasury operations and maintaining an active presence on financial markets to obtain adequate short and medium-term credit lines.
Within this context Ansaldo STS has obtained short and long-term credit lines for endorsement facilities and for cash sufficient to meet the Group's needs.
At 30 June 2011, the Group shows a net financial liquidity of EUR 212,804 thousand.
At 31 December 2010, the net financial liquidity was equal to EUR 318,150 thousand.

Credit risk management

The Group is not exposed to significant credit risk, both as regards the counterparties of its commercial transactions and for financing and investing activities. Its primary customers are, in fact, government entities or off-shoots of such entities, concentrated in the euro area, the United States and Southeast Asia. The typical customer rating of the Ansaldo STS Group is therefore medium/high. Despite this, in the case of contracts with customers/counterparties with which the Group does not ordinarily do business, the customers' solvency is assessed at the time of the offer to highlight any future credit risks.
The nature of Ansaldo's customers means that collection times are longer (in some countries significantly longer) than in other businesses, creating significant outstanding past due positions.

15 Outlook

The business trend for the 2011 financial year should be positive notwithstanding the significant reduction in revenue and margins deriving from the riots in Libya, where in the course of 2011 the Company should have carried out a vast amount of activities that at the moment have been suspended.

Genoa, 26 July 2011

On behalf of the Board of Directors
The Chairman

Alessandro Pansa

16 Attestation of the Condensed Consolidated Half-Year Financial Statements pursuant to art. 81-Ter of consob regulation no. 11971 Of 14 may 1999 and amendments and integration thereof

1. The undersigned Sergio De Luca, Chief Executive Officer and Alberto Milvio, the Manager in charge of the preparation of the company accounting documents of Ansaldo STS SpA certify, in accordance with Art.154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998:
   - the appropriateness of the financial statements with regard to the nature of the business and
   - the effective application of administrative and accounting procedures in preparing the condensed consolidated half-year financial statements, for the period from 1 January 2011 through 30 June 2011.

2. No significant issues have arisen in this regard.

3. It is also certified that:
   3.1 the condensed consolidated half-year financial statements:
      a) are prepared in accordance with the International Accounting Standards recognised by the European Community pursuant to (EC) Regulation no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
      b) correspond to the entries in the documents, books and accounting records;
      c) provide a true and fair view of the performance and financial position of the issuer and all the companies included in the scope of consolidation.
   3.2 The interim report on operations contains a reliable analysis of the references to the important events that occurred in the first six months of the financial year and to their incidence on the condensed consolidated half-year financial statements, together with a description of the main risks and uncertainties for the remaining six months of the financial year.
   The interim report on operations also provides a reliable analysis of the information on the most significant related-party transactions.

Genoa, 26 July 2011

The Chief Executive Officer

Sergio De Luca

The Manager in charge of the preparation
of company accounting documents

Alberto Milvio

Strategic concept, Copywriting, Graphic design and composition

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