CONSOLIDATED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31/12/2005

IMPRESA PIZZAROTTI & C. S.p.A.
Head office in Noceto (PR) Frazione Pontetaro – Via Emilia 2
Share Capitale Euro 70,000,000 fully paid up
Registered in the Parma Companies Register
Company Register n° 43991
VAT N° 00533290342

The Company's management and coordination activities are
directed by MIPIEN S.p.A.

IMPRESA PIZZAROTTI & C SPA

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Social Offices

Board of Directors

LUIGI ROCCA	Chairman of the Board of Directors
LUCA SASSI	Vice-President and General Manager
FRANCO NOBILI	Vice-President
ALDO BUTTINI	General Manager
MAURIZIO FRATONI	Director
BRUNO MELARDI	Director

Statutory Auditors

PIERLUIGI PERNIS	President
AUGUSTO SCHIANCHI	Statutory Auditor
ALBERTO VERDERI	Statutory Auditor

Auditing Company

PRICEWATERHOUSECOOPERS SPA

Impresa Pizzarotti & C.. S.p.A.
Via Emilia n. 2 Pontetaro di Noceto - Parma
Share Capital Euro 70,000,000 fully paid up
Parma Company Register nr. 01755470158
Registered at the Chamber of Commerce in Parma n. 43991
Fiscal Code 01755470158 VAT nr. 00533290342
Company's management and coordination activities are directed by Mipien S.p.A.

Directors' Report in accordance with art. 40 D.Lgs. 9 April 1992 n.127

Consolidated Financial Statements

The consolidated financial statements for the year ended 31 December 2005 are accompanied by this Directors' Report that has been prepared by the Board of Directors composed of the following members:

Dott. Luigi Rocca	Chairman of the Board of Directors
Dott. Ing. Luca Sassi	Vice-President and General Manager
Dott. Franco Nobili	Vice-President
Dott. Ing. Aldo Buttini	General Manager
Geom. Maurizio Fratoni	Director
Rag. Bruno Melardi	Director

The current Board of Directors will remain in office until the approval of these financial statements.

The most important events that have occurred during the year are described below.

On 10th May 2005 the Extraordinary Meeting of the Shareholders deliberated a gratuitous share capital increase for Impresa Pizzarotti & C SpA that was increased to 70 millions of Euro through the use of a portion of 2004 profits and of the available reserves for a total of 10 millions of Euro.

On 24th June 2005, Impresa Pizzarotti negotiated a purchase contract with CON.I.COS. Partecipazioni Generali S.p.A. relating to a stake of shares representing 89.99% of Garboli SpA (formerly Garboli Conicos Spa Impresa Generale Costruzioni). Subsequent to this acquisition Impresa Pizzarotti launched an obligatory take-over bid which was concluded on 5th september 2005 consequentially increasing its shareholding to 90.9%.

On 10th August 2005, the Meeting of the Shareholders of Garboli SpA summoned a new Board of Directors, representing the majority shareholding, called to approve the half yearly report for the period ending 30th june 2005. Subsequent to such approval, that came about on 22nd November, an extremely negative situation emerged that was also characterised by items of an extraordinary nature and/or relating to value adjustments not connected to the operating activities of the period for a total of 30.6 millions of Euro, that highlighted a net loss of 55.8 millions of Euro as at 30 June 2005.

Such result, as well as creating the conditions for article 2447 of the Civil Code, highlights a highly critical situation, in terms of company operating conditions that have demanded urgent measures and significant adjustments, thereby requiring an appropriate re-capitalisation in such a manner as to bring the company to a more appropriate debt/equity ratio in line with the other companies listed on the stock exchange that operate in the same fields.

Therefore, on 27th December 2005 the Extraordinary Meeting of the Shareholders deliberated a share capital increase of 68.8 millions of Euro through the issuance of 27,000,000 millions of new shares each having a price of 2.55 Euro (of which 1 relating to share capital and 1.55 to paid-in surplus), to be offered to the shareholders in the form of 1 new share for every old share held. During the meeting, Pizzarotti subscribed 89.99% of the deliberated share capital contextually paying an amount of 61.96 thousands of Euro leaving a remaining 10.01% to the stock market for the purpose of reconstituting the floating securities.

The competent authority in charge of supervising and controlling the stock market – Consob - launched a judicial enquiry that caused the impeachment of the 2004 financial statements at the High Court in Milan sustaining the non-compliance with the norms that regulate the preparation of the financial statements and declaring their disapproval of certain items relating mainly to the valuation of work in progress; similar considerations had been made by the Board of Directors of Garboli during the preparation of the half-yearly report. The lawsuit is under way and Garboli has notified a statement of constitution and response thereby adhering to and adopting the request of “Consob” (authority in charge of supervising and controlling the companies listed on the stock market); Impresa Pizzarotti has deposited a statement of adhesive intervention in the sentence.

On 31st march 2006 and 5th May 2005 the Board of Directors and the Meeting of the Shareholders respectively finally approved the financial statements for the year ending 31st December 2005 that show a loss of 72 millions of Euro of which approximately 40 millions of Euro are represented by items having an extraordinary nature and/or relating to value adjustments not connected to the operating activities for the year and that are substantially related to 2004.

Business Trend

The consolidated financial statements show a net profit of 6.3 millions of Euro.

The financial position varies from a positive balance of approximately 64 millions of Euro in 2004 to a negative balance of approximately 56 millions of Euro in 2005.

The variation highlighted above is substantially attributable to the acquisition of the majority shareholding of Garboli SpA and to the re-capitalisation that was deemed necessary in order to recover the financial stability of the company in the light of the future commitments connected with new high speed railway to be constructed between Milan and Verona in the near future.

The above mentioned acquisition completes the growth programme for external lines that had been commenced in prior years, that our company has decided to undertake in order to face the difficulties encountered in the acquisition of new contracts, strictly connected to increasing tension in the constructions market.
The business trend, both in Italy and abroad, has worsened in terms of production compared with budget expectations that has gone from 629 millions of Euro in 2004 to 521 millions of Euro in

2005 subtantially as a consequence of the delayed or lack of start up of the most important contracts held in the work orders portofolio. Such factor has evidently impacted on the results for the period that has been negatively influenced by an increase in the impact of indirect costs and general overheads. The results for the period have also been negatively influenced by the first consolidation of Garboli even although limited to the results of the second half of 2005, which is the period in which Pizzarotti obtained the majority shareholding.

The above mentioned delay in the start up of certain contracts is connected to the long terms required in order to obtain the necessary authorisations. It becomes extremely difficult to prepare any kind of forecast for such issues in spite of the innovations introduced by recent law.

The most important contract that is under way derives from a participation in the "Cepav Uno" consortium for the Milan-Bologna high-speed railway portion. The contract has given reduced levels of production compared with expectations as a consequence of the on-going existence of obstacles that cause the slowing down of the works in general on the Milan-Bologna portion of the railway.

Such circumstances have generated a delay in the programmed production of the Cepav Uno consortium. The "TAV" has acknowledged the attempt to find a solution in connection with the contentious jurisdiction matured so far in accordance with art. 31 bis, law nr. 109/94, of which the outcome was however negative. As a consequence the consortium has undertaken arbitrary proceedings, in an attempt to solve the controversy that has arisen between the parties.

Our company, together with other companies operating in the same field of activity, is part of the "Associazione Temporanea di Impresa" (Temporary Association of Companies) that has been awarded with the concession of project work, construction and management of the Brescia-Milan motorway portion (BRE.BE.MI).

During the initial months of 2004, the project company, whose shareholders are composed of constructors, has signed, together with a consortium whose members are the same constructors, a preliminary project and construction contract, based on the lump sum formula – "on stream", for a total amount of 670 millions of Euro.

Our company holds a 3.1% share in the project company, concessionary of the motorway, and a 50% share in the constructors consortium, and has signed the preliminary contract as General Contractor.

The instructions issued by the competent Territorial Entities and by the V.I.A. Special Commission belonging to the Ministry of the Environment relating to the preliminary project have caused construction costs to increase significantly.

On 29th July 2005, C.I.P.E. approved the preliminary project, collected the prescriptions of the competent entities and defined the admissible cost limit to be 1,580 millions of Euro. Subsequent to the above mentioned approval, ANAS, the conceding entity, identified a form of absorption of the extra costs deriving from the above mentioned prescriptions, that is still subject to comparison with the concessionary company.

As regards the shareholding in the CEPAV 2 consortium, the following events should be noted.

During the second half of the year, the client began examining the project prepared by the general contractor.

This process, which is characterised by particularly complicated aspects, continued for the whole of 2005, and is expected to be completed by the end of the first six months of 2006.
The continuation of the judicial enquiry, together with the lack of implementation of the anticipated activities, in accordance with the instructions of the client, as provided for in the above mentioned C.I.P.E. deliberation, has brought about a delay in the starting up of the work sites, with a significant negative impact on the production levels of the company.

2005 saw the start up of the works relating to the motorway connection between Catania and Syracuse. Our company operates as general contractor, with all means, in the realisation of this important infrastructure having a value of approximately 490 millions of Euro.
As at 31 December 2005 production was approximately equal to 11% of the total amount of the project.

The most important works acquired by the Group during 2005 are the following:

- Anas SpA – A3 Salerno-Reggio Calabria motorway, Altilia-Falerno portion for an amount equal to 284,700,000 Euro;
- Department of the Navy – building maintenance in the Livorno military base for a total amount of 20,058,062 Euro;
- Algeria – Ministère des Travaux Wilaya d'Oran – Ville d'Oran eschangeur Ouest, addendum to the works. Amount of the works: 4,485,950 Euro.
- Rete Ferroviaria Italiana S.p.A. – Ferrovie dello Stato S.p.A. –doubling of the "Pontremolese" railway line – Garfagnana connection – for a total amount of 16,010,164 Euro;
- Azienda Unità Sanitaria Locale di Sassuolo – (MO) – New general hospital – outpatients department building – for a total amount of 5,484,000 Euro;
- LTF Lyon Turin Ferroviarie – Modane railway line, our portion of the work totals 18,730,761 Euro;
- Immobiliare Nuova Sede Srl – new Cassa di Risparmio di Firenze agency, our portion of the works totals 16,066,751 Euro;
- Consorzio Sofregaz – Marseille natural gas terminal of Fos Cavaou, our portion of the works total 15,000,000 Euro;
- Prefabricated Sector: Unieco s.c.r.l. – railway sleepers per the Milan-Bologna high speed railway line for a total of 51,300,000 Euro;
- Department of the navy - expansion of service building at the Aviano (PD) base for a total of 10,225,611 Euro.

During 2006, and up to the approval of the current financial statements, the following further contracts have been acquired:

- Algeria Agence nationale des Barrages et Transferts – construction of the Kef Eddir dam – our portion of the work totals 36,200,000 Euro;
- St Raphael Costa Azzurra Société Le Roc, construction of a hotel resort for a total of 26,400,000 Euro;
- Compagnia Strade e Autostrade della Romania, modernization of a portion of a national road – our portion of the work equals 10,000,000 Euro.

During 2005, and for the third consecutive year, the real estate market showed a positive trend as regards sales volumes, profits and related margins, thereby confirming budget expectations.

In the real estate development sector, 2005 saw the presentation of urbanistic plans relating to the "Diana Due" area (A4 norm schedule) and the "Via Langhirano" (Bf.13 norm schedule) in the

Parma region. Also, the vast area known as “Porta della città”, acquired in 2004 and the ex-Salvarani plant area have been included as being subject to variation in the local structural plan adopted by the Parma area and it is therefore expected that in 2006 these areas will definitively be destined as regards the latter, to commercial and management areas and as regards the former to a large distribution commercial area.

The recovery of numerous farm-houses in the Montaione estate in Tuscany has commenced.
The master plan relating to the work to be carried out at the “ex Officine Adige”, owned by Aida, in which our companies has shareholdings, was presented to the town council of Verona. The project has been adopted in the variation proposal of the General Urban Development Plan, currently under approval.

The following acquisitions have been made: the area pertaining previously to the Rossi e Catelli plant in Parma (in partnership with ING Real Estate), the two areas located on the Maddalena island for the realization of tourist resorts and the Via Mantova area in Parma, destined for commercial party usage.

The amount relating to the development initiatives, including the recent acquisitions, totals approximately 390 millions of Euro.

In 2006, the real estate sector must devote maximum concentration on the commitment involving the completion of the development activities which are introductory to the opening of new work sites, which are expected to take off during the first six months of 2007. As regards further development, our attention will be focused above all on the acquisition of properties for the installation of mixed areas in the Milan area and in the hinterland and for the installation of commercial areas in Rome and in the surrounding area.

As regards project financing, we would highlight three initiatives in particular:

- Umberto I Hospital in Siracusa: the Hospital has accepted the proposed project of the Pizzarotti-Siram group of companies and is currently awaiting confirmation on the part of the Regional Health Authorities in order to proceed with the public utility statement and to the appointment of a Promoter. The value of the initiative is of approximately 120 millions of Euro.
- Palaeventi building in Parma: the proposed project of the Pizzarotti-Coopsette group of companies has been promoted by the Technical Commission of the Parma town council; subsequent to the necessary technical times required for the identification of the area, one will proceed with the appointment of the Promoter. The value of the initiative is of approximately 20 millions of Euro;
- Misericordia Hospital in Parma: having overcome the timing required for the appeals made to the TAR (Regional Administrative Court), this procedure is now under way and subsequent to approval obtained from the supervising entity, a public tender will be launched, in which Pizzarotti has already been appointed as Promoter. The value of the initiative is approximately 15 millions of Euro.

As regards prefabricated units, 2005 has confirmed expectations in terms of production, reaching 42 millions of Euro.
Profits have been slightly penalised due to the strong recession of the market that as a consequence underwent a decisive reduction in prices subsequent to the significant competition encountered. The recession of the private market, especially in Northern Italy, has not manifested any counter trend during 2005.

As regards the Ponte Taro plant, our attention was focused mainly on the infrastructural market, from which the major part of the work orders come from. The orders acquired at the year end already cover 60% of expected production for 2006.

The new San Nicola di Melfi unit was completed in October 2005. It has been confirmed that this unit is amongst the most modern and competitive in Europe.
The subsidiary Traversud that owns the plant has already acquired from R.F.I. the qualifications for the production of the following sleepers: L=260, L=240 and L=230. Traversud has been awarded a part of an European tender totalling approximately 6 millions of Euro as well as 60,000 sleepers for the private market.

Production developed for the foreign market totals approximately 62 millions of Euro and is growing compared with prior years thereby witnessing a progressive move of work site activities towards foreign countries, characterised by market conditions that are becomimg more practicable.

It should also be remembered that the statutory financial statements proposed for the approval of the Meeting of the Shareholders uses the completion method for the evaluation of the work in progress in accordance with paragraph 5 article 60 D.P.R. 22 December 1986 n. 917. The consolidated financial statements that show a net positive result of 6.3 millions of Euro, represent in a more realistic manner the trend of company management because it evaluates the value of production of the contracts in a proportional manner according to their effective progress. The company prepares the consolidated financial statements that represent in a more objective manner the economical and financial situation of the company, as can be determined from the following table:

Main Consolidated Figures
(in thousands of Euro)

	2005	**2004**
Value of production	521,432	629,146
Operating Result	14,996	63,610

Profit before tax	19,242	63,734
Consolidated net profit for the year	6,369	32,369
Consolidated Net Equity for the year	245,735	233,160
Cash flow	26,305	67,029
Net financial position	-56,717	64,240
Work orders in portfolio as at 31 December	1,832,000	1,476,601
Average number of employees	1,896	1,117

The work orders portfolio as at 31 December does not include the value of the contract relating to the high speed railway portion between Milan and Verona “Cepav 2”.

It should be noted that the increase in net equity for the year was impacted by the positive result as well as by the effect deriving from the revaluation performed in accordance with law 266/2005 of the shares held in Banca Popolare di Milano.

The expectations of the home market are influenced by the financial restrictions of the country that will, in the short term, limit the capacity of expenses sustained for investments. Other countries have been in a position to complete important infrastructural plans by using the private financing lever.

The strategic works plan that is connected to the so-called “Objective law”, had provided for project financing in our country also, as a method whereby it would have been possibile to increase investment volumes, without increasing costs for the state.

Unfortunately, such law turned out to be a mere enunciation of a principle, rather than an effective political intention aimed at improving the system.

Our company invested in project financing, elaborating innovative projects that unfortunately have not yet encountered success on the part of the public client. It is hoped that, at a practical level, the new government will make recourse to private capital in order to finance strategic works, whose lack of realisation continues to limit the country’s competitive capacity.

The situation remains strangely tense in the so-called “new market” also and this causes the main players to pay more attention to work order volumes and turnover rather than to improving the economical results. On the other hand, even in the acquisition of new contracts, our company continues to evaluate possibile relapses in terms of net results considering these as a priority as opposed to other indicators.

The company has improved its Quality System, already in compliance with the ISO UNI EN 9001-2000 norms, to an integrated model system of quality, security and environment, in this manner the “UNI EN ISO 14001 Environment Management System” and “OHSAS 18001 Security Management System” certificates have been obtained; there certificates are currently being issued.

During 2005 the Company renewed the statement of qualification to execute public works in accordance with D.P.R. 34/2000 with Protos SOA SpA. The statement relating to services in connection with project and construction works up to the VIII classification was issued on 26/01/2006, and is valid for three years, up to 25/01/2009, in 19 categories of works of which 13 for unlimited amounts (7 for general works and 6 for specialised works).

During 2005 the company commenced the procedure for enrolment in the General Contractor qualification system, in accordance with D.L. 10 january 2005 n° 9, that was concluded on 16/01/2006 when the certificate was obtained from the Ministry of Infrastructures and Transport per classification III (beyond 700 millions of Euro) that enables the company to take part in tenders for General Contractors for any amount.

The company holds 1,444,800 own shares each having a nominal value of 1 Euro for a total purchase price of 2,324,056 Euro as specified in the Notes to the Accounts.

As at 31/12/2005, the Company prepared the Document with Security Programmes (DPS), in accordance with DLgs 196/2003.

For other information provided for by article 2428 of the Civil Code, reference should be made to the Notes to the Accounts.

7 June 2006

The Chairman of the Board of Directors
Dott Luigi Rocca

IMPRESA PIZZAROTTI & C. SPA
Via Emilia 2 - Fraz. Pontetaro - Noceto (PR)
Share Capital : Euro 70,000,000.= fully paid
Company Register of Parma: n° 01755470158
Chamber of Commerce of Parma: n° 43991 Company Register
Fiscal Code n° 01755470158 VAT N° 00533290342
This company is subordinated to the management and coordination of Mipien SpA

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31/12/2005

Amounts in thousands of Euro

ASSETS	31/12/05	31/12/04
B) FIXED ASSETS		
I - INTANGIBLE FIXED ASSETS		
1) Setting-up and business expansion costs	21,290	13,413
2) Costs for research, development and advertising	0	0
3) Patents and technical know how	248	72
4) Concessions, licences and trademarks	831	559
5) Goodwill	3,336	4,638
7) Consolidation difference	0	28
8) Other	133,964	25,432
TOTAL INTANGIBLE FIXED ASSETS (I)	**159,669**	**44,143**
II - TANGIBLE FIXED ASSETS		
1) Land and buildings	21,076	20,379
2) Plant and machinery	24,558	23,500
3) Industrial and commercial equipment	3,433	4,356
4) Other assets	3,449	3,713
5) Assets under construction	-	-
TOTAL TANGIBLE FIXED ASSETS (II)	**52,516**	**51,948**
III - FINANCIAL FIXED ASSETS		
1) Investments in:		
a) subsidiary companies	287	255
b) associated companies	21,294	17.281
d) other companies	39,090	25,959
Total investments (1)	60,671	43,495
2) Financial receivables:		
a) from subsidiary companies:		
- due within one year	346	192
Total due from subsidiary companies (a)	346	192
b) from associated companies:		
- due within one year	12,853	14,204
- due after one year	2,144	2,131
Total due from associated companies (b)	14,997	16,335
c) from parent companies:		
- due within one year	2,000	2,000
Total due from parent companies (c)	2,000	2,000
d) from other companies:		
- due within one year	21,715	2,188
- due after one year	1,004	6,053
Total due from other companies (d)	22,719	8,241
Total financial receivables (2)	40,062	26,768

ASSETS	31/12/05	31/12/04
4) Own shares	2,324	2,324
TOTAL FINANCIAL FIXED ASSETS (III)	**103,057**	**72,587**
TOTAL FIXED ASSETS (B)	**315,242**	**168,677**
C) CURRENT ASSETS		
I - INVENTORIES		
1) Raw materials and supplies	3,420	2,213
2) Work in process and semi-finished goods	28,552	16,800
3) Work in process on order	240,329	92,281
4) Finished goods	48,585	35,476
5) Payments on account	17,009	7,138
TOTAL INVENTORIES (I)	**337,895**	**154,508**
II – RECEIVABLES:		
1) Trade receivables:		
- due within one year	110,395	161,789
- due after one year	12,439	13,249
Total trade receivables (1)	122,834	175,039
2) Receivables from subsidiary companies:		
- due within one year	3,667	3,814
- due after one year	0	0
Total receivables from subsidiary companies (2)	3,667	3,814
3) Receivables from associated companies:		
- due within one year	24,493	34,092
- due after one year	0	0
Total receivables from associated companies (3)	24,493	34,092
4) Receivables from parent companies		
- due within one year	17,255	4,381
- due after one year	0	0
Total receivables from holding companies (4)	17,255	4,381
4bis) Tax receivables :		
- tax receivables due within 1 year	7,305	2,103
- tax receivables due after 1 year	418	278
Total tax receivables (4bis)	7,723	2,381
4ter) Prepaid taxes:		
- prepaid taxes due within 1 year	7	0
- prepaid taxes due after 1 year	2,910	1,275
Total prepaid taxes (4ter)	2,917	1,275
5) Others:		
- due within one year	16,477	13,378
- due after one year	468	635
Total recievables from others (5)	16,945	14,013
TOTAL RECEIVABLES (II)	**195,834**	**234,994**

ASSETS		31/12/05	31/12/04
III – NON CURRENT FINANCIAL ASSETS:			
4)	OTHER INVESTMENTS	0	4,537
6)	OTHER SECURITIES	114,833	101,080
TOTAL FINANCIAL ASSETS (III)		**114,833**	**105,617**
IV- CASH AND BANK BALANCES:			
1)	Bank and postal accounts	104,708	84,889
3)	Cash-in-hand	148	107
TOTAL CASH AND BANK BALANCES (IV)		**104,856**	**84,997**
TOTAL CURRENT ASSETS (C)		**753,419**	**580,116**
D) PREPAYMENTS AND ACCRUED INCOME			
- Other prepayments and accrued income		12,318	4,373
TOTAL PREPAYMENTS AND ACCRUED INCOME (D)		**12,318**	**4,373**
TOTAL ASSETS		**1,080,979**	**753,165**

LIABILITIES	31/12/05	31/12/04
LIABILITIES		
A) SHAREHOLDERS' EQUITY		
I - Share capital	70,000	60,000
II - Paid in capital reserve	0	0
III - Revaluation reserve	5,814	0
IV - Legal reserve	5,374	5,058
V - Statutory reserves	721	0
VI - Reserve for own shares in portfolio	2,324	2,324
VII - Other reserves:		
- other reserves	5,251	5,356
- extraordinary reserves	0	4,660
VIII – Profit (loss) brought forward	149,487	123,417
IX - Translation reserve	-160	-24
IX -NET PROFIT (LOSS) FOR THE YEAR	6,369	32,369
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP (1)	**245,180**	**233,160**
SHARE CAPITAL, RESERVES AND PROFIT ATTRIBUTABLE TO MINORITY INTERESTS (2)		
- Share capital and reserves attributable to minority interests	748	0
- Profit (loss) attributable to minority interest	-193	0
TOTAL SHAREHOLDERS' EQUITY (A)	**245,735**	**233,160**
B) PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES:		
2) Taxation	85,486	72,052
3) Other	8,400	1,221
Total provisions for contingencies and other charges (B)	**93,886**	**73,273**
C) EMPLOYEES' LEAVING INDEMNITY	**13,210**	**8,330**

LIABILITIES	31/12/05	31/12/04
D) ACCOUNTS PAYABLE		
4) Bank overdrafts and bank borrowings:		
- due within one year	50,337	90,767
- due after one year	76,037	41,589
Total accounts payable to banks (4)	276,406	126,374
5) Other borrowings:		
- due within one year	12,718	9,385
- due after one year	3,903	6,650
Total other borrowings (5)	16,621	16,035
6) Payments received on account:		
- due within one year	43,232	15,362
- due after one year	40,212	49,239
Total payments received on account (6)	83,444	64,601
7) Trade payables:		
- due within one year	191,308	126,646
- due after one year	15,315	11,185
Total trade payables (7)	206,623	137,831
8) Accounts payable on bills accepted and drawn:		
- due within one year	0	0
- due after one year	0	0
Total accounts payable on bills accepted and drawn (8)	0	0
9) Amounts payable to subsidiary companies:		
- due within one year	8,578	7,264
- due after one year	0	0
Total amounts payable to subsidiary companies (9)	8,578	7,264
10) Amounts payable to associated companies:		
- due within one year	90,059	50,179
- due after one year	0	0
Total amounts payable to associated companies (10)	90,059	50,179
11) Amounts payable to parent companies:		
- due within one year	1,025	474
- due after one year	0	0
Total amounts payable to parent companies (11)	1,025	474
12) Tax liabilities:		
- due within one year	3,895	2,290
- due after one year	2,126	0
Total tax liabilities (12)	6,021	2,290
13) Social security charges payable:		
- due within one year	2,196	2,315
- due after one year	0	0
Total social security charges payable (13)	2,196	2,315

LIABILITIES	31/12/05	31/12/04
14) Other payables:		
- due within one year	28,568	23,228
- due after one year	323	206
Total other payables(14)	28,891	23,434
TOTAL ACCOUNTS PAYABLE (D)	**719,865**	**430,796**
E) ACCRUED EXPENSES AND DEFERRED INCOME		
- Other accrued expenses and deferred income	8,283	7,606
Total (E)	**8,283**	**7,606**
TOTAL LIABILITIES	**1,080,979**	**753,165**
MEMORANDUM AND CONTINGENCY ACCOUNTS		
I) Guarantees	352,884	339,376
II) Other commitments and contingencies	1,063,400	926,258
TOTAL MEMORANDUM AND CONTINGENCY ACCOUNTS	**1,416,284**	**1,265,634**

CONSOLIDATED INCOME STATEMENT		31/12/05	31/12/04
A)	**VALUE OF PRODUCTION**		
1)	Revenues from sales and services	398,641	565,306
2)	Variances in inventories of semi-finished and finished goods	24,861	12,202
3)	Variances of work in process	74,098	27,593
4)	Increase of fixed assets for own works	1,742	575
5)	Other revenues and income:		
	- other revenues and income	22,089	23,470
	Total other revenues and income (5)		
TOTAL VALUE OF PRODUCTION (A)		**521,432**	**629,146**
B)	**COST OF PRODUCTION:**		
6)	Raw materials, consumables and supplies	75,085	100,240
7)	Services	323,960	346,926
8)	Rentals and leasing expenses	20,200	24,172
9)	Personnel expenses:		
	a) wages and salaries	43,462	38,242
	b) social security costs	13,011	12,030
	c) employees' leaving indemnity	2,301	2,102
	e) Other personnel costs	1,140	2,015
	Total personnel expenses (9)	59,914	54,389
10)	Amortisation, depreciation and write-offs:		
	a) amortisation of intangible fixed assets	8,784	22,983
	b) depreciation of tangible fixed assets	11,152	11,677
	d) write-off of receivables included in the current assets	211	352
	Total amortisation, depreciation and write-offs (10)	20,147	35,012
11)	Variances in inventories of raw materials, supplies and consumables	695	-469
12)	Provision for risks	0	1,000
13)	Other provision	200	0
14)	Other operating expenses	6,235	4,267
TOTAL COST OF PRODUCTION (B)		**506,436**	**565,536**
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A - B)		**14,996**	**63,610**
15)	Income from investments:		
	- other	3,823	123
Total income from investments (15)		3,823	123
16)	Other financial income:		
	a) from receivables classified as non-current assets:		
	- subsidiary companies	0	338
	- associated companies	2110	230
	- holding company	110	90
	- other	8	8
	Total (a)	329	666
	b) From securities included in fixed assets	0	0

CONSOLIDATED INCOME STATEMENT	31/12/05	31/12/04
c) From securities included in current assets	2,674	3,409
d) other income:		
- from subsidiaries	0	0
- from associated companies	0	0
- from parent companies	0	0
- from other income	2,015	2,489
Total (d)	2,015	2,489
Total other financial income (16)	5,018	6,564
17) Interests and other financial charges:		
- from subsidiary companies	0	0
- from associated companies	0	0
- from holding companies	0	-10
- other interest and financial charges	-10,855	-7,283
17bis) Income/losses on exchange	-95	947
Total interests and other financial charges (17)	-10,950	-6.347
TOTAL FINANCIAL INCOME AND CHARGES (C)	**-2,109**	**-340**
D) ADJUSTMENTS TO FINANCIAL ASSETS VALUE:		
18) Revaluations		
a) of investments	4,297	0
c) of securities included in current assets	5,793	0
19) Write-offs of:		
a) investments	-187	-23
c) securites included in current assets	-227	-213
Total Adjustments (D)	**9,676**	**-236**
E) EXTRAORDINARY INCOME AND EXPENSES:		
20) Income:		
- other extraordinary income	2,980	75
21) Expenses:		
- other extraordinary charges	-6,301	-54
TOTAL EXTRAORDINARY ITEMS (E)	**-3,321**	**21**
PROFIT BEFORE TAXATION (A-B+C±D±E)	**19,242**	**63,734**
22) Income tax	-13,066	-31,365
23) NET PROFIT	**6,176**	**32,369**
- MINORITY INTERESTS	**-193**	**0**
26) NET PROFIT (LOSS) FOR THE GROUP	**6,369**	**32,369**

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THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dott Luigi Rocca

Impresa Pizzarotti & C. Spa

Notes to the consolidated accounts as at 31 December 2005

STRUCTURE AND CONTENTS OF THE FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with current laws and have been drawn up on the basis of the financial statements of the parent company and of the subsidiaries approved by the Meeting of the Shareholders of the same with reference to 31st December 2005; if the final financial statements have not yet been approved by the annual general meeting then the draft financial statements are approved by the relevant Board of Directors.

The financial statements have been reclassified and, if necessary modified and adjusted in order to be in accordance with the accounting principles of the Group and in order to eliminate any items of a fiscal nature.

As regards the information pertaining to the business trend, with reference also to operations performed during the year with the parent company and its subsidiaries, as well as the expected outcome and any important events occuring after the year end, reference should be made to what is described in the Directors' report where such information is illustrated.

As well as the above and for completeness of information, these notes contain a table including the movements in net equity, the reconciliation between net equity and profit for the year resulting from the statutory accounts and profit resulting from the consolidated financial statements and the cash flow statement.

The consolidated financial statements and the current notes to the accounts have been prepared in thousands of Euro.

GROUP ACTIVITY AND STRUCTURE

Impresa Pizzarotti & C. S.p.A., is the holding company of a group operating in the public sector and third party subcontracting. The Group is also involved in the construction of prefabricated residential and industrial structures and construction of buildings for resale; through the subsidiary Sogi Spa, the Group is also involved in the electrical and mechanical plants construction.

The Company is part of the Mipien Group and its parent company is Mipien SpA, whose head office is located in Milan in Galleria de Cristoforis 3, share capital 10,320,000 Euro, fully paid up.

The consolidated financial statements include the financial statements of group holding company Impresa Pizzarotti & C Spa and of the companies in which the Group holding company directly or indirectly holds majority controlling interests.

The consolidated companies as at 31 December 2005 are detailed below:

Company Name	Head office	Note	Currency	Share Capital	Shareholding
Companies consolidated using the integrated method					
SO.G.I. S.p.A.	Parma		Euro	2,550,000	100%
PIZZAROTTI B.V.	Holland		Euro	2,100,000	100%
PIZZAROTTI SA	Lugano (CH)		CHF	600,000	100%
BELPASSO HOUSING S.p.A.	Parma		Euro	30,000,000	100%
TRAVERSUD SRL	Melfi (PZ)		Euro	1,550,000	51%
GARBOLI S.p.A.	Milan		Euro	24,331,979	100%
Companies consolidated using the proportional method					
CONSORZIO C.M.C. ESTERO PIZZAROTTI - CBK HYDROPOWER J.V.	Ravenna		Euro	51,000	50%

In 2005, the consolidation area underwent the following variations:

- inclusion of Garboli Spa, acquired on 26 June 2005, as described in the Directors' Report to which reference should be made, and included in the current consolidated financial statements as of the date of acquisition thereby impacting on the economical results for the second half of 2005;
- inclusion of Traversud Srl that began its operating activities during the year;
- exclusion of the consortium company Nuovo Polo Fieristico Scrl, not consolidated subsequent to the non-existence of the significant economical effects that had brought to its consolidation in 2004, since the company has substantially completed the related contract.

Dormant subsidiaries have not been included in consolidation due to their immateriality. In the same manner, consortium entities and joint ventures through which the Pizzarotti Group has performed a portion of its activities during the year and that operate mainly as intermediaries between the client and the consortium partners, without realizing any gain, have also been excluded from consolidation; this was done because profits pertaining to the Group have already been highlighted in the "Revenues from sales and services" item and costs have been included in the "Production costs for services" items, therefore in this case, inclusion would also have been immaterial.

CONSOLIDATION CRITERIA AND TECHNIQUES

As regards the financial statements of the consolidated companies, these have been consolidated using the global integration method which involves taking account of all the items relating to assets and liabilities and the profit and loss account, highlighting the portion relating to the minority shareholders in specific consolidated net equity and profit and loss items. The exception to this is Consorzio CMC Estero Pizzarotti-CBK Hydropower J.V. which is consolidated using the proportional method.

The principal consolidation criteria adopted are the following:

- the book value of consolidated shareholdings is written off against the corresponding value in net equity and the assumption of the resulting assets and liabilities resulting from the respective balance sheets. Any positive differences emerging on the date of acquisition are attributed, where possible, to the single asset and liability items to which they refer and any possible residual portion is included in a specific assets item called "consolidation difference" that is amortized on the basis of the expected future period of utility of the asset.

- profits brough forward and the other reserves matured by the consolidated companies after the date on which the company was included for the first time in consolidation are included as an increase of the respective reserves of the group holding company;
- the portions of net equity a net result attributable to to minorities are included in a specific item of the balance sheet and profit and loss account;
- payables and receivables, income and costs and all those significant operations that have taken place between consolidated companies have been eliminated, as well as unrealised profits differing from work in progress ordered by third parties external to the Group. Payables and receivables, income and costs relating to Consorzio CMC Estero Pizzarotti-CBK Hydropower J.V., have been eliminated in the measure of 50% considering consolidation performed using the proportional method;
- dividends distributed by consolidated companies are eliminated and allocated to reserves;
- the financial statements of the foreign company included in consolidation, Pizzarotti SA Lugano, has been translated at the current year end exchange rate for the balance sheet and at the average yearly rate as regards the profit and loss account. The exchange difference emerging between the average exchange rate and the year end exchange rate for the profit and loss account has been allocated to a specific item in consolidated Net Equity entitled: "Translation Reserve". The following are the exchange rates used:
  CHF average exchange rate : 1.5483
  CHF year end exchange rate: 1.5551

Possible settlement taxes that should be absolved in order to transfer the reserves and the undivided profits of the consolidated shareholdings to the holding company have not been accounted as no events that should trigger taxation are expected.

ACCOUNTING PRINCIPLES AND EVALUATION CRITERIA

The criteria used for the preparation of the financial statements as at 31 December 2005 are in accordance with current law and with the accounting principles issued by the National Council of Chartered Accountants and Accountants, integrated, where necessary by the IAS/IFRS international accounting principles; these do not differ from the same used for the preparation of the prior year financial statements, in particular as regards valuation methods and consistency.

Prudence has been applied in valuing the components of the financial statements. The accruals method of accounting has been followed on the basis that the Group is a going concern as well as taking account of the economical function of the assets and liabilities element considered.

The most significant accounting principles used by the group holding company for the preparation of the consolidated financial statements are the following:

Intangible Fixed Assets

Intangible assets are recorded at historical cost and are amortised over the period during which they are estimated to benefit the business.

Setting up and business expansion costs having a multi-annual utility are stated at cost and amortized using the direct method in accordance with the percentage of completion of the single job to which they refer with the authorisation of the Statutory Auditors.

Goodwill is amortized partially in 5 years and partially in 10 years on the basis of the estimated future income capacity of the contract works acquired.
Other intangible assets include: costs for share capital increase, costs for maintenance on miscellaneous and third party premises and licensing costs and concession rights that are amortized in

3 or 5 years on a straight line basis and acquisition costs for contracts that are amortized on the basis of the percentage of work in progress.

Tangible Fixed Assets

Tangible fixed assets are stated at purchase or internal construction cost. This includes direct and indirect production costs. For certain Group companies, the cost and accumulated depreciation of specific fixed asset categories have been revalued, where appropriate, in accordance with Italian legislation dated 1975 and 1983. Additionally, buildings have been revalued in accordance with legislation approved in 1991. The net amount of such revaluations have been recorded as revaluation reserves, that have been fully utilized in previous years to increase share capital. Depreciation is calculated on a straight-line basis over the estimated economic life of the asset using the following annual rates reduced by 50% for assets purchased during the year:

	Percentage
Industrial Buildings	3
Plant and machinery	10 - 12,5 - 25
Industrial and commercial equipment	25 - 40
Other assets	12 - 25

Assets having significant value and used on the basis of financial leasing contracts have been included in the consolidated financial statements according to the so-called “financial method”. On the basis of such criterion, that equalizes such operations to financing operations, the cost of the assets relating to the finance lease is included amongst tangible assets and is subject to depreciation in accordance with the rates previously mentioned, whilst the residual debt is included within liabilities. Interest related to the finance lease is charged to the profit and loss account.

The Parent Company and the subsidiary Belpasso Housing S.p.A. hold leasing contracts on assets leased to third parties on the basis of contracts having the same duration. Such leasing operations, on the basis of the characteristics of the above mentioned contracts, are considered as “operative” and therefore the accounting treatment applied is the one established by the international accounting principles, thereby including the leasing instalments in the “B8” item : “rental and leasing expenses” since these operations are similar to rental operations and the related not yet due instalments are included in the memorandum and contingency accounts.

Investments

Investments in non-consolidated subsidiaries and affiliated companies are valued according to the equity method or at cost for those less significant or dormant. However, cost approximates the value resulting from applying the equity method.
Immaterial or dormant investments and shareholdings where no significant influence is exercised by the parent company, are stated at cost and written off, as appropriate, to reflect permanent impairments. Own shares are stated at cost and the relevant reserve for the same amount is included in the shareholders' equity.

Raw materials, supplies and finished goods

Inventories are stated at the lower of cost and market; cost is determined using the LIFO method with the exception of spares, represented by fungible goods on site, where weighted average cost is used.

Work in progress

Buildings under construction and for resale are stated at the lower of cost and market value.

Recognition of profit and loss on construction contracts
Profit on construction contracts is recognized using the percentage of completion method, stated on the basis of the physical measurement of work actually completed at the balance sheet date, taking into account the contractual price and revisions thereto.
Losses on contracts are fully provided for in the period in which they become reasonably foreseeable, except when they are expected to be recovered through claims presented or to be presented to the customer.
Matured but uninvoiced revenues are posted in the balance sheet as work in process on order.
Revenue on long-term contracts also take into account potential contractual risks and foreseen liabilities. These are fully provided for when they become known. Indirect contract costs (mainly relating to project design, site installation costs and contract acquisition charges) are recorded in intangible fixed assets and are depreciated on the basis of work in progress.

Reserves and Claims
Additional sums claimed from the buyer are recognized as revenue and included in the work in process only when the amounts involved and their acceptance are supported by arbitration awards lodged and transactions defined. The subsidiary company Garboli Spa, had, in prior years, recorded a portion of the claims made to the contracting entities on the basis of criteria that were certainly less restricting against which, furthermore, subsequent to a re-examination of the specific situation of each claim, an appropriate provision was created in order to consider the presumable realization value. When additional sums are claimed related to works on order which have been already completed, these are classified as receivables.

Receivables and payables
Receivables both of a financial as well as of a commercial nature from customers, subsidiaries and others are included in the consolidated financial statements and are stated at their estimated realizable value. Payables are stated at nominal value which is in line with the foreseeable payment value.

Liquid Cash Funds
Liquid cash funds are stated at their nominal value.

Securities
Securities and financial assets that cannot be considered investments are valued at the lower of purchase cost and market value taking into account, for securities listed in foreign stock exchanges, stock market trends in the period preceding the preparation of the financial statements. Capitalization certificates are indicated at purchase cost and are increased by the interests accrued in prior periods and not yet paid, whilst the portion which is due and has not yet been paid at the end of the current period is included in “accrued income”.

Employees' leaving indemnity
This is calculated to reflect the amounts due to employees based on labour contracts and legal requirements currently in force.

Payments received on account
This caption includes advance payments on contracts, which are short and medium to long term in nature according to the estimated period in which they will be deducted from the receivable balances generated by progress billings in accordance with contract terms.

Taxation
Income taxes are calculated on the basis of estimated taxable profits, in accordance with current fiscal legislation and the relevant liability is classified under the caption "Tax liabilities". Deferred income taxes are calculated, when applicable, on the consolidation adjustments taking into account the potential tax benefit associated with carryforward losses and the foreseeable period of reversal of timing differences.

Accounting for foreign currency balances and transactions
The monetary assets and liabilities of countries that do not adhere to the European Monetary Union are stated at the spot cash exchange rate on the closing date of the year and the related profit or loss on exchange rates are allocated to the profit and loss account and any possible net profit is accrued to an appropriate reserve in the Shareholder's equity which is not distributable until realized.

Provision for liabilities and risks
Provision for liabilities and risks relate to specific liabilities or charges which are not yet payable, but whose existence is certain or else will probably arise, regarding which, at the balance sheet date, there is uncertainty as to the amount or date of the payment which will eventually have to be made.

Prepayments and accrued income, accrued expenses and deferred income
These are stated on an accrual basis.

Cost and income recognition
Profit, income, costs and charges are stated in the financial statements in accordance with the principle of competence, through the recording of accruals and deferrals, taking account of what has been mentioned previously with reference to the moment of revenue recognition in connection with the works in progress. Dividends are stated on a competence basis within the limits of what has been deliberated by the shareholders' meeting of the non-consolidated subsidiary and affiliated companies before the approval of the financial statements by the parent Company. Operations performed between group companies occurred at normal market conditions.

Operations not included in balance sheet
The operations not included in the balance sheet based on derivative contracts with the aim of providing coverage for liabilities are valued in accordance with the general principle of evaluative coherence and, as a consequence, in a coherent manner with regard to the liabilities covered. The economical flow of funds deriving from contracts stipulated with the aim of providing coverage for liabilities, are included in the profit and loss account in accordance with timing competence criteria, in a homogeneous manner compared with the income components of the liabilities covered. The non-hedging operations are valued on a "mark to market" basis through inclusion in a specific provision for risks and charges.

Balance Sheet

Intangible fixed assets
The movement in intangible fixed assets is the following:

	Value at 31/12/2004	Increase	Amortisation	Value as at 31/12/2005
Intangible fixed assets	44,143	124,310	(8,784)	159,669

The intangible fixed assets are made up of the following items::

■ **Setting up and business expansion costs**
These include the following multi-year utility costs:

	31.12.05	***31.12.04***
Site installation and contract acquisition	14,302	6,575
Project costs	6,988	6,838
TOTAL	21,290	13,413

The variation is determined by the amortisation relating to the contract regarding the construction of the Milan-Bologna high speed railway line and by new capitalizations relating to the project work of the Catania-Syracuse motorway construction.

■ **Patents and technical know-how and intellectual property rights**
These amount to 248 thousands of Euro (72 thousands of Euro as at 31 December 2004); the variation is mainly due to amortisation and to the consolidation of Garboli Spa.

■ **Concessions, licences and trademarks**
These amount to 831 thousands of Euro (559 thousands of Euro al 31 December 2004); the variation is due to amortisation and to the new investments undertaken for the implementation of the management accounting system.

■ **Goodwill**
Goodwill amounts to 3,336 thousands of Euro (4,638 thousands of Euro as at 31 December 2004); the variation is due to amortisation.

■ **Other intangible assets**
These amount to 133,964 thousands of Euro (25,432 thousands of Euro as at 31 December 2004).
Mainly, these items include “cost for contract acquirement” relating to the value sustained for the acquisition on the part of the Group of a portion equal to 24% of Cepav 2 consortium; this value is made up of goodwill paid upon acquisition of asset deals as well as of the allocation of merger and consolidation differences and to a lesser extent relates to costs capitalised of a pre-operative nature. The amortisation of the above values, coherently with the nature of the same, will be allocated in future years based on the percentage of work in progress of the Cepav 2 contract. A minor part of such values had been amortised in prior year as a prudential measure in connection with the presumed early take-off of the works which did not subsequently take place. The recoverability of such values depends on the concrete realization of the works themselves and the Directors, even in the presence of the uncertainties determined as of the date of the start of the works relating to Cepav 2, and inherent to the type of work we are dealing with, believe that the expected margins, although

valued on a prudential basis, and in the medium term, could allow a complete absorption. As already mentioned in the Directors' Report there are still uncertainties as regards the start up of the works given the complex authorisation process which is still under way and that can in no way be determined by the Consortium itself.

Tangible Fixed Assets

Tangible fixed assets as at 31 December 2005, net of the related amortisation provision, total 52,516 thousands of Euro and are summarized as follows:

	31 December 2005			31 December 2004		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Land and buildings	33,641	-12,565	21,076	30,624	-10,245	20,379
Plant and machinery	56,979	-32,421	24,558	55,046	-31,546	23,500
Industrial and commercial equipment	15,105	-11,672	3,433	15,178	-10,822	4,356
Other assets	10,376	-6,927	3,449	10,001	-6,288	3,713
TOTAL	**116,101**	**-63,585**	**52,516**	**110,849**	**-58,901**	**51,948**

Movements in tangible fixed assets are the following:

	Value as at 31/12/2004	Changes in consolidation	Depreciation	Additions	Disposals	Value as at 31/12/2005
Land and buildings	20,379	0	-860	1,884	-327	21,076
Plant and machinery	23,500	3,206	-6,818	7,714	-3,044	24,558
Industrial and commercial equipment	4,356	-871	-2,276	2,701	-477	3,433
Other assets	3,713	604	-1,198	1,210	-880	3,449
TOTAL	**51,948**	**2,939**	**-11,152**	**13,509**	**-4,728**	**52,516**

Subsequent to application of the laws relating to monetary revaluation, n. 576/75, 72/83 and 412/912 the remaining fixed assets as at 31 December 2005 have been revalued by approximately 2,423 thousands of Euro (2,438 thousands of Euro as at 31 December 2004).

Financial Fixed Assets

Financial fixed assets at 31 December 2005 amount to 103,057 thousands of Euro with an increase of 30,470 thousands of Euro with regard to prior year. The main captions and variations in respect of prior year are detailed below.

Shareholdings

Below is a detail of shareholdings:

	31/12/2005	31/12/2004
Shareholdings in subsidiaries	287	255
Shareholdings in affiliated companies	21,294	17,281
Shareholdings in other companies	39,090	25,959
TOTAL	**60,671**	**43,495**

During the year and in accordance with what is prescribed by art. 2426 of the civil code, the value of certain shareholdings that had previously been subjected to write offs for a total amount of 4,297 thousands of Euro, has been restored within the limit of the original cost of acquisition. As well as this and with specific reference to the shares of Banca Popolare di Milano, a revaluation of the balance sheet values has been performed in accordance with law 266/2005 as described below.

Shareholdings totalling 96 thousands of Euro have been written off in order to align the same with the corresponding net equity.

Below is a detail of the shareholdings in subsidiaries :

Shareholdings in subsidiaries	Head office	Share capital	Net equity	% held	Balance sheet vaue
CIN SCRL (liq.)	PARMA	13	14	66.6	9
COOP TORRI SCRL (liq.)	PARMA	10	10	100	10
CUNEO SCRL (liq.)	PARMA	10	10	80	8
MEBO SCRL (liq.)	PARMA	10	10	80	8
POGGIO RENATICO SCRL (liq.)	PARMA	10	10	80	8
FONDOVALLE SCRL (liq.)	PARMA	10	10	60.6	9
JONICA SCRL (liq.)	PARMA	10	10	99.9	10
CONSORZIO C.C.E. (liq.)	PARMA	3	3	53.8	2
COSALPA SCRL	PARMA	10	10	52.02	6
MANTOVA SCRL	PARMA	10	10	86.96	9
CONSAMA SCRL (liq.)	PARMA	10	10	80	8
NATURNO SCRL (liq.)	PARMA	10	10	70	8
SIGONELLA SCRL	PARMA	10	10	100	10
FALC 2000 SCRL	PARMA	46	46	100	46
CIRCUMFER SCRL (liq.)	NAPLES	46	33	85.72	25
CONFER SCRL	NAPLES	46	46	85.98	34
SITAPI SCRL (liq.)	PARMA	10	10	32.5	4
CONSORZIO VESPUCCI	PARMA	20	20	60	12
PARSITAL	IRAN	50	50	30	12
CONS.BONIM (liq.)	ROME	10	10	92	10
EUROPE HOUSE ABUJA SCRL	ROME	10	10	61.11	6
GA.LI 2002 SCRL	MONDOVI	10	10	67	8
IRMINIO SCRL	ROME	10	10	80	8
OTTAVIANO SCRL (in liq.)	ROME	10	10	60	6
REP-FER SCRL (in liq.)	ROME	10	10	51	5
TAURANO 2000 SCRL	ROME	10	10	60	6
TOTAL SUBSIDIARIES					**287**

Below is a detail of shareholdings in affiliated companies:

Shareholdings in affiliated	Head office	Share capital	Net equity	% held	Balance sheet vaue
AUTOSILO CONSERVATORIO (liq.)	PARMA	22	1	50	6
SERETRA SRL **	PARMA	25	34	40.3	10
DIANA 2 SRL	PARMA	76	39	26.3	44
FLEMING SRL	PARMA	65	1,378	50	815
OBIETTIVO2 SRL	Villafranca di Verona	20,000	21,779	20	5,040
INSVAI SRL (liq.) **	PADUA	46	29	40	6

PARCO FARNESE SRL	PARMA	51	8.993	50	4,056
PROMETEUS SRL	NAPLES	5,000	11,961	50	5,980
EUCLIDE SRL	PARMA	10	72	40	284
AS SCRL (liq.) **	VICENZA	10	10	28.5	3
COLACI SCRL	PARMA	10	10	28.5	2
CCTN SCRL (liq.)	NAPLES	10	10	50	5
CONCAPUA SCRL (liq.) **	RAVENNA	25	-71	50	0
VALLETTA PUGGIA SCRL (liq.)	GENOVA	10	10	30	3
RUGULA SCRL	RAVENNA	15	15	50	8
COIRME SCRL (liq.)	PARMA	10	10	50	5
COENZA SCRL	PARMA	10	10	50	5
CONSARO SCRL (liq.)	PARMA	10	10	42	4
MOVEFER SCRL **	Nocera Inferiore (SA)	51	49	24	0
COREPOL SCRL (liq.)	PARMA	10	10	43	4
CORIVALT SCRL (liq.) **	Sesto S.Giovanni	10	10	20	0
COVIPAR SCRL (liq.)	PARMA	46	46	42	13
DUE MARI SCRL (liq.) **	Lamezia Terme (CZ)	10	7	50	2
EDILGI SCRL **	TURIN	10	10	26.6	3
FAMAGOSTA SCRL (liq.) **	MILANO	10	10	34.5	4
FESCOF SCRL **	Carpi (MO)	30	31	33.3	10
CONSORZIO FIDEP (liq.)	NAPLES	10	6	28.5	3
MALPENSA 2000 SCRL (liq.)	PARMA	10	10	56.90	5
CONS.FERROVIARIO VESUVIANO **	NAPLES	153	155	40	63
SOCOTEL SCRL	NAPLES	10	10	48.8	5
SNAMCO SCRL (liq.)	PARMA	10	-56	50	0
NUOVA MOVEFER SCRL **	Nocera Inferiore (SA)	51	51	23.9	12
COSVITER SCRL	PARMA	10	10	50	5
CONS.COINPRO **	Casagiove (CE)	10	10	24	2
SERESA SCRL	LA SPEZIA	10	10	47.5	4
CO.FE.P.S. SCRL (liq.)	PARMA	10	10	50	5
CONSORZIO ACOP (liq.) **	MASSA	7	7	40	3
NOS SCRL	PARMA	10	10	44.2	5
PRAMOLLO SCARL (liq)	PARMA	10	10	50	5

CONSORZIO VAL D'ENZA	PARMA	25	25	50	13
MODENA SCRL	S.DONATO MIL.SE	400	400	40.6	163
GESPAR SPA	PARMA	6,011	16,915	37,44	4,006
CONSORZIO B.B.M.	PARMA	50	50	50	25
CONSORZIO GOLENA TARO	REGGIO EMILIA	10	10	33	4
NPF SCRL	MILANO	40	40	25	10
CONSORZIO C.M.C. DI RAVENNA-PIZZAROTTI CASECNAN JV **	RAVENNA	51	-166	50	0
AVOGADRO SCRL **	NOVARA	10	9	35	0
CAPRARA SCRL**	BOLOGNA	10	1.161	29	3
CEFIBE SCRL **	MILANO	10	10	20	2
CESEC SCRL (in liq.) **	ROME	10	9	30.81	3
COCEP **	BOLOGNA	10	10	34.43	3
COGENCO CONSORZIO GENERAL CONTRACTOR **	PARMA	200	200	30	60
CONACO-CUR (in liq.) **	ROME	5	-30	49.38	0
CONS. UMBRIA SANITA' **	PERUGIA	10	10	31	158
EDILMI SCRL (in liq.) **	ROME	10	257	40	21
G.R.C. SCRL **	TURIN	26	17	50	13
JV GARBOLI-TIRRENA SCAVI **	LUCCA	10	10	50	5
IL TIRONE SPA **	MESSINA	100	35	36	44
METRO TRE SCRL **	ALESSANDRIA	50	50	21.69	11
OLBIA 90 SCRL (in liq.) **	ROME	10	10	35	4
OLIMPICO 90 SCRL **	MILANO	46	-43	26.31	0
R.P. 90 SCRL **	ROME	10	9	28.01	3
ROMA LIDO SCRL **	ROME	10	10	46.23	37
SEIFRA SCRL **	ROME	510	516	48.40	250
STAZIONI METRO VAL SCRL **	TURIN	10	10	33	3
UICA SCRL **	ROME	31	31	21.74	3
VILLAGGIO OLIMPICO MOI SCRL **	ROME	10	10	33.33	3
ASSOCIAZIONE IGI **	ROME	ND	ND	20	10
CENTRO SERVIZI SALERNO SCRL **	NAPLES	ND	ND	50	5
CONS. CONEP (in liq.) **	ROME	ND	ND	50	3
TOTAL AFFILIATED COMPANIES					**21,294**

With reference to the evaluation of the shareholdings, it should be noted that the higher value attributed in the balance sheet to the shareholdings held in the affiliated companies Fleming Srl, Obiettivo 2 Srl and Euclide Srl is justified by a higher value of the assets and/or properties of these companies, considered sufficient to guarantee the recovery of the value of the shareholding.

As far as the companies indicated with a " ** " sign are concerned, the information shown relates to the period ended 31.12.2004.

Shareholdings in other companies	Head office	% held	Share capital	Value in the balance sheet
Aeroporto di Parma S.p.A.	Parma	1.23%	4.357	29
Metropolitana di Napoli S.p.A.	Napoli	6.24%	3.655	3.718
Bravosolution S.p.A.	Bergamo	7.36%	21.437	6.684
Brebemi S.p.A.	Brescia	3.1%	100.000	775
C.I.S. S.p.A.	Villafranca di Verona	5%	41.271	3.729
Aida S.p.A.	Villafranca di Verona	10%	23.000	3.505
SI.TRA.CI. S.p.a.	Cuneo	10.08%	6.334	588
Progeni S.p.A. (*)	Milan	9.60%	10.000	960
Banca Popolare di Milano S.p.A.	Milan	(***)	(***)	11.552
Banca Popolare di Verona e Novara	Verona	(***)	(***)	1.516
Shareholding held through trustee				5.539
Other minors				495
TOTALE				**39.090**

(***) Minority shareholding

As already described the shares held in Banca Popolare di Milano have been subjected to revaluation in order to restore the value of the shareholding, subject to write offs in prior years, within the limit of the original cost for an amount of 838 thousands of Euro; as well as this, a revaluation has been stated in accordance with law 266/2005 that has involved an adjustment of the book value to the average price for the month of December for a total of 6,185 thousands of Euro against a specific revaluation reserve for an amount of 5,814 thousands of Euro, net of substitute tax equal to 6% totalling 371 thousands of Euro, included in tax payables. During the year the company acquired a minority shareholding investment through a trustee company. Finally, it should be noted that Progeni SpA, established in 2005 and having a share capital of 10 millions of Euro, is a project company for the works to be performed at the Niguarda Ca Grande hospital.

Financial receivables

Financial receivables as at 31 December 2005 amount to 40,062 thousands of Euro and are detailed as follows:

	31/12/2005	31/12/2004
Receivables from subsidiaries	346	192
Recivables from affiliated companies	14,997	16,335
Receivables from parent company	2,000	2,000
Receivables from others	22,719	8,241
TOTAL	**40,062**	**26,768**

Receivables from subsidiaries

Financial receivables from subsidiaries include financing granted by Impresa Pizzarotti & C. S.p.A., mainly for the execution of works and for real estate initiatives, carried out at normal market conditions to the following companies:

Items	Value at 31/12/2005 before 12 months	Value at 31/12/2005 after 12 mesi	Total at 31/12/2005
CIRCUMFER SCRL	10	0	10
COOPTORRI SCRL	40		40
CONFER SCRL	21	0	21
SNAMCO SCRL IN LIQ.	7	0	7
SITAPI SCRL IN LIQ.	245	0	245
OTHER MINOR COMPANIES	23	0	23
TOTAL	**346**	**0**	**346**

Receivables from affiliated companies

Financial receivables from affiliated companies include financing granted by Impresa Pizzarotti & C. S.p.A. mainly for the execution of works and for real estate initiatives, carried out at normal market conditions to the following companies:

Items	Value at 31/12/2005 before 12 months	Value at 31/12/2005 after 12 mesi	Total at 31/12/2005
PROMETEUS SRL	6,491	0	6,491
DIANA 2 SRL	0	2,144	2,144
MOVEFER SCRL	522	0	522
NUOVA MOVEFER SCRL	1,230	0	1,230
GIE S.MARTIN LA PORTE	385	0	385
CP CASECNAN JV	3,595	0	3,595
OTHER MINOR COMPANIES	630	0	630
TOTAL	**12,853**	**2,144**	**14,997**

Receivables from parent company

These relate to financing granted by the group holding company to Mipien S.p.A. at normal market conditions.

Recivables from others

Receivables from others mainly include guarantee deposits paid by Impresa Pizzarotti & C. S.p.A., as well as financing granted by the same, at normal market conditions to associated companies and to other companies. This item is detailed below:

Items	Value at 31/12/2005 before 12 months	Value at 31/12/2005 after 12 months	Total at 31/12/2005
CONSORZIO CEPAV DUE	19,440	0	19,440
OTHER MINOR COMPANIES	2,275	0	2,275
GUARANTEE DEPOSITS	0	1,004	1,004
TOTAL	**21,715**	**1,004**	**22,719**

This item mainly includes financing granted to Cepav Due consortium , increased in the period as regards 4.8 millions of Euro for payments made by the Group Holding company and as regards 10 millions of Euro as a results of the consolidation of Garboli.

Own shares

As at 31 December 2005 the Group held n. 1,444,800 shares of the share capital of the Group Holding company, subsequent to the acquisition deliberated by the same on 30 April 1985 and carried out during the same year. The relevant reserve, for an amount of 2,324 thousands of Euro, is included in the shareholders' equity.

Inventories

Inventories are detailed as follows:

	31/12/2005	**31/12/2004**
Raw materials and consumables	3,420	2,813
Products under construction	28,552	16,800
Works in progress on order	240,329	92,281
Finished products and goods	48,585	35,476
On account payments	17,009	7,138
TOTAL	**337,895**	**154,508**

The variation is mainly attributable to the consolidation of Garboli that has brought a value of final inventory at year end totalling approximately 122 millions of Euro; the Group holding company also shows an increase in inventory connected to work in progress of the Milan-Bologna high speed railway line.

Products under construction

These are represented by real estate initiatives undertaken by the Group holding company and by the other consolidated companies.

The real estate activities of the Group as at 31 December 2005 are summarized as follows:

	31/12/2005	**31/12/2004**
Real estate initiatives		
Group holding company	28,552	16,800
Consolidated companies	0	0
TOTAL CONSOLIDATES COMPANIES	28,552	16,800
Affiliated companies (for the portion of the Group)	17,350	17,422
TOTAL	**45,902**	**34,222**

Work in progress on order

The increase in the “work in progress on order” is mainly attributable to the inclusion in consolidation of the subsidiary company, Garboli Spa, that has determined an increase totalling 119 millions of Euro.

As indicated by the accounting principles, the request for additional fees presented to the clients are considered, for the evaluation of constructions in progress, when their acknowledgement and quantification are supported by arbitration awards or by definitive transactions. Garboli Spa, the new subsidiary, in prior years had stated a part of the claims made to clients using criteria that were most certainly less restricting. Upon consolidation, in respect of claims posted in prior year by the subsidiary amounting to 33,959 thousands of Euro, subsequent to a re-examination of the specific situations pertaining to each claim, an appropriate reserve was posted for 12,308 thousands of Euro in order to consider the reduced estimated realisable value.

Receivables – Current assets

Receivables as at 31 December 2005, net of the related bad debt provision, total 195,834 thousands of Euro and are summarized as follows:

	31/12/2005	31/12/2004
Receivables from clients	122,834	175,038
Receivables from subsidiaries	3,667	3,814
Receivables from affiliated companies	24,493	34,092
Receivables from parent company	17,255	4,381
Tax receivables	7,723	2,381
On account tax payments	2,917	1,275
Receivables from others	16,945	14,013
TOTAL	**195,834**	**234,994**

Receivables from clients

Receivables from clients include additional amounts subsequent to arbitration awards for a total amount of 4,328 thousands of Euro (3,291 thousands of Euro as at 31/12/2004), excluding possible moratory interests, recorded in prior years. The highlighted decrease is attributable to the Group holding company and is strictly connected to the variation in final inventories in the absence of significant testing and consignement of projects during the year.
Receivables from clients are recorded net of a bad debt provision totalling approximately 5 millions of Euro.

Receivables from subsidiaries

Receivables of a commercial nature due from the subsidiaries and consortium entities are made up as follows:

Items	Value at 31/12/2005 before 12 months	Value at 31/12/2005 after 12 months	Total At 31/12/2005
Confer scarl	251	0	251
Sigonella scrl	283	0	283
Cosalpa scarl	435	0	435
Europe house Abuja scarl	1,724	0	1,724
GA.li 2002 scarl	198	0	198
Ottaviano scarl	185	0	185
Other subsidiaries	591	0	591
TOTAL	**3,.667**	**0**	**3,667**

Receivables from affiliated companies

Receivables of a commercial nature due from the affiliated companies and consortium entities are made up as follows:

Items	Value at 31/12/2005 before 12 months	Value at 31/12/2005 After 12 months	Total At 31/12/2005
Consorzio Ferroviario Vesuviano	2,257	0	2,257
Malpensa 2000 scarl	469	0	469
Movefer scarl	862	0	862
Nuova Movefer scarl	378	0	378
Seresa scarl	734	0	734
Cons. Val d’Enza	5,682	0	5,682
CP Casecnan j.v.	972	0	972
Cosviter scarl	1,137	0	1,137
Modena scarl	2,369	0	2,369
Cefibe scarl	967	0	967

Caprara scarl	385	0	385
Centro servizi Salerno scarl (liq.)	773	0	773
Roma lido scrl	1,937	0	1,937
Stazioni Metro val scarl	945	0	945
Villaggi olimpici MOI scarl	419	0	419
Cons. Umbria Sanità	733	0	733
Parco Farnese srl	839	0	839
Other affiliated companies	2,635	0	2,635
TOTAL	**24,493**	**0**	**24,93**

The subsidiary company Garboli Spa, to whom a receivable of 1,034 thousands of Euro is due from Olbia 90 Scrl, has accrued a provision for the same amount for the purpose of considering the risk of non-collectibility.

Receivables from parent company

Receivables due from the parent company Mipien S.p.A. are mainly represented by group VAT receivable in accordance with Art. 4 D.M. 13/12/79.

Tax receivables

Tax receivables total 7,723 thousands of Euro (2,381 thousands of Euro at 31/12/2004) and relate to receivables from the tax authorities, of which 2,505 thousands of Euro relate to the Group holding company, 2,267 thousands of Euro to the subsidiary Garboli Spa, 2,739 thousands of Euro to the subsidiary Belpasso Housing Spa and 212 thousands of Euro to the affiliated company Consorzio CMC Estero Pizzarotti- CBK Hydropower J.V.

Receivables for on account tax payments

Receivables for on account tax payments total 2,917 thousands of Euro (1,275 thousands of Euro at 31/12/2004) mainly relating to the Group holding company.

Receivables from others

Receivables from others at 31 December 2005 total 16,945 thousands of Euro. These are mainly composed of receivables from non affiliated consortium companies, receivables from clients for amounts withheld on the liquidation of progress billings and receivables from clients for on account payments on eviction orders.

Items	Value at 31/12/2005 Before 12 months	Value at 31/12/2005 After 12 months	Total at 31/12/2005
RECEIVABLES DUE FROM CONTRACTING ENTITIES	1,517	0	1,517
ON ACCOUNT PAYMENTS FOR EVICTION INDEMNITY	2,399	378	2,777
SOCIAL SECURITY INSTITUTIONS	868	0	868
ITN SPA FINANCING	1,550	0	1,550
RECEIVABLES FROM OTHERS	10,143	90	10,233
TOTAL	**16,477**	**468**	**16,945**

Receivables due from others are stated net of a bad debt provision equal to 2,271 thousands of Euro, accrued by the subsidiary Garboli Spa.

Financial assets that cannot be considered investment and liquid funds
At 31 December 2005 such items totalled 220,233 thousands of Euro and are detailed as follows:

Shares listed on the Italian market	5,012
Shares listed on foreign markets	39
Treasury bonds and debentures	109,782
Total financial activities	114,833
Liquid funds	104,856
Total financial activities and liquid funds	219,689

Liquid funds include current account and cash in hand.
During the year, in accordance with what is prescribed by article 2426 of the civil code, the purchase value of certain shares previously subjected to write offs subsequent to a temporary lower market value which has currently been amply recovered, has been restored within the limit of the original purchase cost for a total of 5,793 thousands of Euro.

Prepayments and accrued income
Prepayments and accrued income as at 31 December 2005 amount to 12,318 thousands of Euro and are substantially made up of interests falling due on the date of the balance sheet on fixed rate bonds, commissions on guarantees and leasing instalments.

Net Equity
Movements in net equity for the year are summarized as follows:

	Share Capital	Monetary Revaluation Balances	Legal Reserve	Statutory	Other reserves	Reserve for own shares held	Profits brought forward	Translation reserve	Net Profit	Total
At 31December 2003	**60,000**	**0**	**4,664**		**2,502**	**2,324**	**88,791**	**-49**	**42,566**	**200,798**
Allocation of profit			394		7,514		34,633	25	-42,566	**0**
Other movements							-7			**-7**
Profit for the year ended 31 December 2003									32,369	**32,369**
At 31 December 2004	**60,000**	**0**	**5,058**	**0**	**10,016**	**2,324**	**123,417**	**-24**	**32,369**	**233,160**
Allocation of profit			316	721			31,332		-32,369	**0**
Transaction reserve								-136		**-136**
Share Capital Increase for Group Holding Company	10,000				-4,738		5,262			**0**
Revaluation reserve		5,814								**5,814**
Changes in consolidation										**0**
Other changes					-27					**-27**
Profit for the year as at 31 December 2005									6,369	**6,369**
Total as at 31/12/2005	**70,000**	**5,814**	**5,374**	**721**	**5,251**	**2,324**	**149,487**	**-160**	**6,369**	**245,180**

Share Capital

The share capital of the Group holding company is divided into 70,000,000 shares each having a nominal value of 1 Euro. Share capital includes an amount of 239 and 1,497 thousands of Euro relating to monetary revaluation reserves stated in the balance sheet subsequent to law n. 576 of 1975 and nr. 72 of 1983 and allocated to capital subsequent to increases respectively in 1978 and 1983. During 1991 the Group holding company increased its share capital by 10,329 thousands of Euro through the use of the extraordinary reserve and during 2000 by 20,658 thousands of Euro through use of the revaluation reserve, statutory reserves, other reserves and merger surplus. Finally, during 2005, the Group holding company increased its share capital by a further 10,000 thousands of Euro through use of the taxed reserve, extraordinary reserve, surplus reserve and profit for the year 2004.

Revaluation reserve

In accordance with law 266/2005, the company provided for the revaluation of the shares of Banca Popolare di Milano, acquired previously and included in the financial fixed assets in the financial statements as at 31 December 2004.

The above mentioned shareholding has been adjusted to market value, represented by the average prices for December 2005, for a total of 6,185 thousands of Euro, against an appropriate revaluation reserve amounting to 5,814 thousands of Euro net of 6% substitute tax equal to 371 thousands of Euro included amongst the tax payables.

Other reserves

The analysis of other reserves, differing from undivided profits, at 31 December 2005, is the following:

	Thousands of Euro
Amnesty reserve art. 33 c. 9 L. 413/91	2,309
Non distributable reserve	2,942
TOTAL	**5,251**

The reconciliation between net equity and profit results in the separate financial statements of Impresa Pizzarotti & C Spa at 31 December 2005 and the same included in the consolidated financial statements on the same date is the following:

	Net Equity	Profit (loss) For the year
Statutory accounts as at 31 December 2005	**84,417**	**-4,907**
Different evaluation of consolidated companies in respect of their book value	443	-1,422
Elimination of infra group profits	-795	39
Elimination of tax driven principles in the financial statements of the Group holding company and of the subsidiaries	243,457	25,650
Deferred taxes on the above adjustments, where applicable	-82,342	-12,991
Consolidated financial statements at 31 December 2004	**245,180**	**6,369**

Revaluation reserves, included the amounts allocated to share capital would be taxable if distributed to shareholders or used for other than loss coverage. No deferred taxes have been accrued against such positive balances because no operations that would trigger taxation are expected.

Provision for risks and charges

Provision for risks and charges at 31 December 2005 amount to 93,886 thousands of Euro.

	Value at 31/12/2004	Changes in consolidation	Increases	Decreases	Value at 31/12/2005
Tax provision	72,052	256	13,215	-37	85,486
Other provisions	1,221	5,413	1,766	0	8,400
TOTAL	73,273	5,669	14,981	-37	93,886

Deferred tax provision

At 31 December 2005 these total 85,486 thousands of Euro and include deferred taxes accrued subsequent to consolidation adjustments as highlighted in "accounting principles" in the "tax" item.

Other provisions

In 2004, the "Other Provisions" item was made up mainly of a contract risk provision accrued by the Group holding company totalling 1 million Euro. Subsequent to the consolidation of the subsidiary Garboli Spa, the above mentioned provisions were increased by more than 6 millions of Euro and include mainly: provision for risks on contracts totalling 2,333 thousands of Euro, provision for personnel costs totalling 659 thousands of Euro, provision for litigations totalling 714 thousands of Euro, IRS provision for risks amounting to 2,337 thousands of Euro. This last provision takes account of the "mark to market" evaluation of certain derivatives having a speculative nature and that present extremely contingent characteristics not having any connection with financial liabilities of the subsidiary.

Finally it should be noted that in May 2005, a general inspection took place by the Regional Tax Authorities that covered the years from 2002 to 2004, following which no formal notification has so far arrived. This inspection was concluded in December 2005 with a statement from which certain alleged regularities emerge: the issues raised relate to competence problems connected with costs and income relating to a contract as well as exceptions on the inventory accounting entries for the prefabricated sector. The Board of Directors, whilst considering these contestations to be groundless, has prudently accrued a provision for risks totalling 200 thousands of Euro against expenses to be presumably sustained during the course of the recourse.

Employees' leaving indemnity (TFR)

Movements in the above are represented in the following table:

	Value at 31/12/2004	Changes in consolidation	Increases	Decreases	Value at 31/12/2005
T.F.R.	8,330	6,028	2,301	-3,449	13,210

Debts

Bank indebtedness

As at 31 December the Group had unused overdraft facilities and endorsed credits for 262 millions of Euro.

Loans, included in the Debts towards Banks, payable after next year, total 140,229 thousands of Euro and are detailed as follows:

Thousands of Euro

- Efibanca loan – Interests 3.48%

Payable within 2008	4,171
- Mediocredito Centrale – loan - Interests 3.43%	
Payable within 2007	21,000
Bancamonte Parma loan – interests 2.70%	
Payable within il 2012	601
- Interbanca Loan – interests 3.40%	
Repayable within 2007	5,000
- Banca Popolare di Bergamo Loan – interests 3.49% - repayable within 2008	2,199
- Banca di Roma Loan – interests 3.16%	
Repayable within 2007	13,000
- Banca Antonveneta Loan – interests 2.95%	
Repayable within 2011	10,750
- Banca Antonveneta Loan – interests 3.2%	
Repayable within 2010	10,000
- Banca Nazionale del Lavoro Loan – interests 3.408%	
Repayable within 2010	52,000
- Unicredit Loan – interests 5.25% Repayable within 2021	13,900
- Banca Antonveneta Loan – interests 2.95%	
Repayable within 2009	7,608
TOTAL	**140,229**

Indebtedness due after 12 months, includes loans granted to the subsidiary Garboli Spa for a total of 16.5 millions of Euro and received at year end in the amount of 13.9 millions of Euro. This finance was granted subsequent to a concession contract for the construction and subsequent 30 year management of the “Spina2” and “Villa Claretta” winter Olympics village.
The remaining loans have been stipulated by the Group holding company and by certain subsidiaries that operate in the real estate sector and are guaranteed by mortgages and privileges on assets. The above mortgages are connected to real estate initiatives about to be sold; therefore, independently from the natural expiry date of the loan, these are to be considered medium or short tem depending on the sale of the assets.

Debts towards other financing entities
As at 31 December 2005, debts towards other financing entities total 16,621 thousands of Euro and are composed of debts towards leasing companies as highlighted in the previous point n. 5 “accounting principles adopted – tangible fixed assets” totalling 10,064 thousands of Euro and debts towards factoring companies totalling 6,557 thousands of Euro.

On account payments
On account payment received from clients at 31 December 2005 total 83,444 thousands of Euro. On account payments on contracts refer mainly to on account payments received from Cepav Uno consortium, in which the Group Holding company participates, in charge of the construction works of the Milan-Bologna high speed railway line and from Cepav Due consortium in which both the Group Holding Company and Garboli participate, in charge of the construction works of the Milan-Verona high speed railway line.

Debts to subsidiaries
These balances, mainly of a commercial nature, towards subsidiaries are composed as follows:

Items	Value at 31/12/2005 before 12 months	Vaure at 31/12/2005 after 12 months	Total at 31/12/2005
FALC 2000 SCARL	625	0	625
SIGONELLA SCRL	1,135	0	1,135
CUNEO SCRL	340	0	340
SITAPI SCRL	208	0	208
CONSORZIO VESPUCCI	605	0	605
EUROPE HOUSE ABUJA SCARL	3,874	0	3,874
TAURANO SCARL	252	0	252
IRMINIO SCARL	237	0	237
OTHERS	1,302	0	1,302
TOTAL	**8,,78**	**0**	**8,578**

Debts to affiliated companies

These balances, mainly of a commercial nature, towards affiliated companies are composed as follows:

Items	Value at 31/12/2005 Before 12 months	Value at 31/12/2005 after 12 months	Total at 31/12/2005
SERESA SCARL	529	0	529
MOVEFER SCARL	1,081	0	1.081
NUOVA MOVEFER SCARL	1,205	0	1.205
SOCOTEL SCARL	271	0	271
COSVITER SCARL	622	0	622
CONS.FERROVIARIO VESUVIANO	1,135	0	1.135
MODENA SCARL	8,502	0	8.502
CONS.VAL D'ENZA	5,531	0	5.531
CP CASECNAN JV	7,726	0	7.726
NPF SCARL	590	0	590
CAPRARA SCARL	2,776	0	2.776
CEFIBE SCRL	996	0	996
CENTRO SERZI SALERNO SCARL	567	0	567
C.U.S.	321	0	321
J.V. GARBOLI-TIRRENA SCAVI	1,356	0	1.356
METRO TRE SCARL	1,350	0	1.350
ROMA LIDO SCARL	2,907	0	2.907
SEIFRA SCARL	33,730	0	33.730
STAZIONI METRO VAL SCARL	3,693	0	3.693
VILLAGGIO OLIMPICO MOI SCARL	13,708	0	13,708
OTHERS	1,463	0	1,463
TOTAL	**90,059**	**0**	**90,059**

Debts to Parent company

Debts towards the Parent Company Mipien Spa at 31 December 2005 total 1,025 thousands of Euro and are mainly composed of amounts due for services received, guarantee charges and for Group VAT in accordance with Art. 4 D.M. 13/12/79.

Tax payables

Tax payables total 6,021 thousands of Euro and include current taxes, IRPEF payables for employees and other taxes due.

The years up to 31/12/01 have been defined for the purposes of direct taxes whilst the years ended up to 31/12/1999 have been defined for the purposes of VAT.

Other payables

Other payables are made up as follows:

Items	**Value at 31/12/2005 Before 12 months**	**Value at 31/12/2005 after 12 months**	**Total at 31/12/2005**	**Total at 31/12/2004**
Debts towards employees	5,856	0	5,856	3,530
On account payments received	2,393	0	2,393	58
Directors' and Statutory Auditors' fees	102	0	102	576
Aida s.p.a. share capital to be paid	0	0	0	3,325
Amount due for arbitrary awards	1,534	0	1,534	1,534
Other debts	18,683	323	19,006	14,411
TOTAL	**28,568**	**323**	**28,891**	**23,434**

The variation is mainly due to the consolidation of Garboli Spa.

Memorandum and contingency accounts

The composition of the above item is as follows :

Guarantees:

Items	**Amounts in thousands of Euro**
In favour of subsidiaries	12,192
In favour of affiliated companies	43,309
In favour of others	259,255
Mortgages	38,128
TOTAL	**352,884**

Other commitments and risks:

Items	Amounts in thousands of Euro
Guarantees to third parties from banks and insurance companies	624,539
Leasing instalments not yet due	154,877
TOTAL	**779,416**

Items	Amounts in thousands of Euro
From Parent Company	203,486
From suppliers	80,498
TOTAL	**283,984**

Profit and loss account

Value of production

The value of production goes from 629,146 thousands of Euro in 2004 to 521,432 thousands of Euro in 2005; this variance is commented in the Directors' Report.

Production split for geographic area:

Italy		459.362
Abroad		62.070
Algeria	10.148	
France	28.697	
Switzerland	23.225	

"Variance of work in progress on order and products in course of construction" represent the cumulative variance of work in process and works in progress on order commented in the corresponding items of the balance sheet, and have been united given their similar nature; "Other revenues and income" include rebilling to consortia for rentals and technical-administrative services and other income, including the gain on sale of fixed assets. The value of production includes income deriving from subsidiaries totalling 2,446 thousands of Euro and from affiliated companies totalling 18,999 thousands of Euro.

Costs of production

Cost of production amount to 506,436 thousands of Euro. In particular, the caption "Costs for Services" is detailed as follows:

	31/12/005	**31/12/2004**
Costs for work executed by third parties	158,929	188,376
Costs recharged by consortia and consortium companies	137,138	137,712
Costs relating to work executed abroad	27,893	20,838
TOTAL	**323,960**	**346.,26**

Costs for services include costs relating to subsidiaries totalling 9,854 thousands of Euro and to affiliated companies totalling 112,947 thousands of Euro.

Personnel costs

Group average headcount is the following:

	Year 2005		Year 2004	
	Group Holding Company	Total	Group Holding Company	Total
Management	48	64	50	54
Employees	330	599	336	398
Labourers	264	1,103	403	503
TOTAL	**642**	**1,766**	**789**	**955**

It should also be noted that the Group average headcount, including also those companies not included in consolidation, is equal to 1,896 (1,117 as at 31 December 2004). The variation in the number of employees and labourers is mainly connected to the entry into consolidation of Garboli Spa that has also impacted costs.

Depreciation and amortization

The highlighted decrease, compared with prior year, of the amortization relating to intangible fixed assets is mainly due to minor production in 2005 in the work sites relating to the Milan-Bologna high speed railway line, that has consequently caused a lower amortization of the related costs for starting up of the work sites. Another item that has impacted this value is the lack of start-up of certain contracts whose suspended costs had been prudentially amortized in connection with the supposed start up of the works which did not however take place.

Other operating costs

The increase in this item is due mainly to the extra costs pertaining to concessions, works management, security costs relating to the Catania-Syracuse contract against which it is expected that acknowledgement will be given in the work in progress statements. The entry into consolidation of Garboli Spa also impacted on this item.

Financial income and charges

Income from other shareholdings

This item relates to income deriving from the distribution of dividends and from income deriving from sales of shareholdings.

Income from securities listed in current assets

This item relates to various income deriving from the sale of securities included in current assets.

Income differing from previous income

Below is a detail of the split of other income included in item 16 d) of the profit and loss account:

	31 Decembe 2005	**31 December 2004**
Bank interests receivable	450	840
Interests receivable on extended payment terms and on investments	100	618
Utilisation of moratory interests provision	1,014	367
Moratory interests	0	659
Other	451	5
TOTAL	**2,015**	**2,489**

Financial charges

Below is a detail of the interests and the other financial charges included in item nr. 17 of the profit and loss account, relating to debts towards banks and others:

	31 December 2005	**31 December 2004**
Accrual to provision for moratory interests	120	375
Interests payable to banks	8,752	5,531
Interests payable to others	591	233
Capital losses on securities	63	376
Others	1,329	768
TOTAL	**10,855**	**7,283**

It should be noted that at year end there are some "Interest Rate Swap" contracts, stipulated by the Group Holding Company for the purpose of reducing the risk of rate fluctuation on operations that are strictly inter-related. The evaluation with the "mark to market" of such contracts would determine a positive value of approximately 1 million Euro which is not correctly highlighted given the covering nature of the operations themselves. The detail is the following:

HEDGING CONTRACTS

Operation	**National amount**		**Fair value**
	(amounts in Euro)	**(amounts in USD)**	**(amounts in Euro)**
Swap derivative	5,000,000		-41,043
Swap derivative	10,000,000		-19,200
Swap derivative		5,000,000	122,468
Swap derivative	15,000,000		-28,561
Swap derivative		50,000,000	687,527
Swap derivative	10,000,000		-40,798
Swap derivative	5,000,000		-188,944
Swap derivative	10,000,000		Unavailable
Swap derivative	5,000,000		-16,007
Swap derivative	8,000,000		-8,403
Swap derivative		10,000,000	106,445
Swap derivative		10,000,000	-124,388
Swap derivative	15,000,000		279,106
Swap derivative	12,750,000		-48,635
Swap derivative	9,000,000		-27,337
Swap derivative	10,320,000		381,120
Total	115,070,000	75,000,000	1,033,350

As regards Garboli, there are two derivative contracts that are not hedging contracts having a notional value of 24 millions of Euro and a negative fair value (mark to market) of 2.3 millions of Euro, accrued in the year to a specific provision.

Value adjustments to financial assets
This item totals 9,676 thousands of Euro and includes restored values both of shareholdings as well as of securities included in the current assets previously devalued as described in the paragraph dealing with shareholdings and financial assets.
Also included is the reduction of securities deemed necessary for the purpose of aligning the book values to the average prices for the month of December; these also include depreciation of investments held in companies in liquidation.

Extraordinary income and charges
Extraordinary income includes capital gains deriving from the re-negotiation of debts towards suppliers made by the subsidiary Garboli Spa.

Extraordinary charges include penalties for the delay in the completion of the works charged to the Group holding company on foreign contracts for which claims have been concluded during current year.

Income taxes for the period

Current income taxes	1,721
Deferred income taxes	11,345
Total	13,066

Other information

At 31 December 2005 the Group acquired contracts for approximately 1,832 millions of Euro; such value does not include the value of the contract relating to the Milan-Verona high speed railway.

Directors' and statutory auditors' fees

The total amount of directors' and statutory auditors' fees of the holding company in respect of their role in the consolidated subsidiaries is detailed as follows:

	Group Holding Company	Consolidated Companies
Directors' fees	1.000	44
Statutory Auditors' fees	44	101

Split of receivables and payables by geographical area

Credits and debts relating to foreign countries are summarized below:

	Algeria	Switzerland	France
Credits relating to working assets	4,579	9,417	357
Credits differing from working assets	318	3,749	
Suppliers	404	6,680	216
Tax debts	103	-	191
Social security debts	176	-	
Other debts	1,643	1,637	43

Statement of Sources and application of funds 2005 (in millions of Euro)

Statement of Sources and application of funds	2005
Group net result for the year	6.4
Third party net result for the year	-0.2
Amortization	19.9
Net provision variation	25.5
Current management cash flow	**51.6**
Variation in assets and liabilities for the period	
Receivables from clients	49.1
Miscellaneous receivables and accrued income and deferred assets	-17.9
Inventories	-183.4
Payables to suppliers	111.1
Other accrued expenses	28.6
Variation in net working capital	**-12.5**
Cash flow from activities for the year	**39.1**
Net increases in intangible fixed assets	-124.3
Net increases in tangible fixed assets	-11.7
Increase in financial fixed assets	-30.5
Cash flow from investment activities	**-166.5**
Changes in revaluation reserve	5.8
Other changes in Group net equity	-0.2
Changes in third party capital	0.7
Cash flow from financing activities	**6.4**
Net cash flow for the period	**-121.0**
Net financial position at the beginning of the year	**64.2**
Net cash flow for the period	**-121.0**
Net financial position at year end	**-56.7**

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Il President of the Board of Directors

Dott Luigi Rocca