CONSOLIDATED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31/12/2006

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

FRANCO NOBILI	Chairman of the Board of Directors
LUCA SASSI	Vice-President and General Manager
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
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Directors' Report

The consolidated financial statements for the year ended 31 December 2006 are accompanied by this Directors' Report that has been prepared by the Board of Directors which is composed of the following five members:

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

The extraordinary meeting of the Board of Directors that was held on 19th March 2007 appointed Dott Franco Nobili as Chairmain of the Board of Directors. He is now bestowed with the honour as well as the duty to continue in the role covered for many years with authority and rigour by the late Dott Luigi Rocca, the previous chairman of the Board who passed away at the beginning of the year.

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.

The 2006 consolidated financial statements closed with a positive balance, net of taxes, totalling 11.1 millions of Euro (6.4 millions of Euro in 2005) against a consolidated production of 673 millions of Euro (521 millions of Euro in 2005).

The "EBITDA" is equal to 55.7 millions of Euro (35.3 millions of Euro in 2005) and the net financial position shows a negative balance totalling 73.7 millions of Euro (negative balance of 56.7 millions of Euro in 2005); against the net financial position indicated above there is a VAT credit owing to the Group amounting to 36.2 millions of Euro that impacts on the financial balance for the same amount.

Net equity totals 257 millions of Euro (246 millions of Euro in 2005).

Industrial production, although in the presence of a positive development of production volumes compared with prior year, has shown a net negative difference as opposed to the expectations that was mainly determined by the non-commencement of important contracts, by delays in production in connection with the Catania-Syracuse contract and by the lack of production deriving from the abnormal progress of the contracts relating to the Milan-Bologna portion of the high speed railway.

In particular it should be noted that the delays undergone compared with the work schedules in connection with the quadruplication of the Milan-Bologna railway tracks, are due to events that do not depend on the responsibility of the Cepav 1 consortium and have generated significant extra costs, with negative margins. Cepav 1 presented significant claims against such extra costs, in which your company participates, deducted from the arbitration that is under way.

For consistency in the application of the accounting principles always adopted by your company, no items were allocated in the assets relating to future sums recognized subsequent to claims lodged. The positive result before taxes amounting to 22 millions of Euro has benefitted from litigations solved relating to prior contracts, supported by arbitration awards or executive sentences.

Unfortunately it is not possible for us to not to record a continuous outbreak of the negative behaviour of the public contractors when it comes to dealing with construction companies.
The lack of fairness on the part of the public contractor is shown by the fact that each contract is concluded only years after the completion of the works subsequent to lengthy judicial procedures which are necessary in order to complete the contentious procedures which characterise almost all of the contracts involving public administration.

As well as the above, payments are delayed, in spite of the existence of executive sentences, which contribute to further increasing problems in the management of construction companies and go to add additional damages subsequent to the financial charges that become due until the date payment is actually made. Recently a four year plan has been approved that shows a constantly increasing trend, both in terms of production as well as EBITDA, on the basis of the existing backlog, that does not take account of the Milan-Verona works.

Below are a series of comments relating to the expectations connected to the most important works in your company's portfolio.

The situation that had been provisionally halted in prior year in connection with the Bre.Be.Mi. contract subsequent to the absorption modalities of the extra costs proposed by Anas and not accepted by the concessionary, was overcome during the initial months of current year. In fact, the Ministry, together with the new assignor, CAL, (company founded between Anas and Regione Lombardia) has identified a new method of amortisation of the entire investment, agreed with the concessionary, in line with current legislation in force, that has brought to the stipulation of a renewed agreement, coherent with current laws, in the field of motorway concessions.
A new impulse has therefore been given to the project work activity and to the consequential authorisation process on the basis of a rigorous chrono-programme aimed at the taking off of the activities, on property, during the first months of 2009.
The BBM consortium, in which your company holds 50% of the shares as "constructing partner" of the concessionary, will carry out about 70% of the works, on the basis of a general contractor contract, whose basic conditions are being currently updated in order to make the prior "term sheet" coherent with the new agreement.

Another important event recorded in the period is represented by the declaration of public interest recognised in the proposal formulated by an A.T.I. in which your company holds shares, in connection with the project work, the partial financing, the construction and the management of the new “D” line of the Rome sub-way.
The positive reply from the contractor came about subsequent to a complex competitive procedure in which the most important Italian players of the sector were involved. The amount of the investment is equal to some 2.4 billions of Euro and your company is involved in 50% of the contract.

The final project work activities are about to be concluded in the Anas A3 Sarc Altilia Falerna – Sarc 4- lot that your company will execute as general contractor. The contract programme has been substantially respected and the product presented that was submitted to a preliminary examination by Anas, is about to obtain final approval which will allow the taking off of activities on land during the second six months of current year.

The works relating to the Anas Sarc asr 49/04 – Sarc0 -maxi lot were delivered during the month of February of last year; mobilization is almost complete and the works relating to the foundations of the viaducts and of the tunnels are about to start. The transferral from the executive project work to the detailed project work on land has given way to an adjustment of the economical situation, with no increase in costs.

As regards the investment held in “Garboli”, there is currently a residual public purchase offer in accordance with art 108 of legislative decree nr. 58/98, with n° 125,213 shares of Garboli SpA, corresponding to 0.513% of the share capital, representative of the total shares in circulation, not owned by your company. The result of the increase in share capital deliberated by the subsidiary Garboli during 2006 was not in fact sufficient to achieve the reinstatement of the minimum retail stake required in order to maintain listing on the stock exchange.
Subsequent to what is prescribed by Consob, your company has therefore commenced the OPA mentioned above and it is expected that you will avail yourselves of the entitlement provided for by article 111 of TUF – the so-called “squeeze-out” – since you already possess a share which is greater than the 98% limit. The period of adhesion to the public offering ended on 25th May 2007, with settlement of the shares scheduled for the 30th May 2007. Borsa Italiana will provide for delisting of the shares of Garboli as of 31st May 2007.

As well as having undertaken certain judicial initiatives against certain members of the previous management, your company has adhered to the impeachment of the 2004 financial statements initiated by Consob against the former Garboli Conicos SpA Impresa Generale Costruzioni (today Garboli SpA) and its administrators and legal representatives, with the aim of obtaining the cancellation of the above mentioned 2004 financial statements from the High Court of Milan, thereby sustaining the non-compliance of the regulations that discipline the preparation of financial statements.
The contents of the sentence will be the basis of the consequential further judicial initiatives that the company can adopt against physical and juridical persons, considered to be responsible for the damages sustained subsequent to the false representations of the economical and financial situations of Garboli Conicos SpA Impresa Generale Costruzioni (today Garboli SpA) listed on the stock exchange and acquired by your company in June 2005. Subsequent to these proceedings, your company expects to obtain at least a partial recovery subsequent to the damages sustained and that have involved significant capital injections. However, subsequent to the important re-capitalization process the subsidiary can now be considered as being definitively normalised.

Unfortunately, the main objective of the acquisition of Garboli now looks even farther away after the cancellations of the agreements issued by the “Ente Ferrovie dello Stato SpA” during 1991 to TAV SpA and of the related transactions agreed between TAV SpA and the General Contractors in connection with the high speed railway portions not yet commenced, amongst which there is also the Milan-Verona portion of the works.

The government, unable to fulfil its contractual obligations relating to the financing of these strategic works, has decided to cancel the contracts with specific legislative decrees and precisely with law nr. 40 published in the “Gazzetta Ufficiale” on 2nd April 2007.

Consorzio Cepav 2, a consortium in which both our company and the subsidiary Garboli SpA holds an investment, for a total investment amounting to 24% at Group level, has commenced a series of judicial initiatives aimed at protecting its rights; in particular and for the second time, the consortium has activated the arbitration clause with the objective of ascertaining the right to the maintenance in force of the contract. The Arbitration Committees are being constituted since the parties have each nominated their respective arbitrators.

Consorzio Cepav 2 has also notified to RFI SpA, TAV SpA and the Ministry of Transport and the Presidency of the Council of Ministers a series of recourses with the “TAR” of the Lazio region with the aim of obtaining the annulment subsequent to suspension of the provisions established by the Ministry of Transport and RFI SpA in accordance with law n. 40 of 2nd April 2007. With the same recourse, but in a subordinated manner, a request was made for the cancellation of the revocation, subsequent to the possible proposition of the request for the prejudicial pronouncement of the High Court of Justice of the European Community in accordance with article 234 of the EEC Agreement, that is to say, subsequent to presentation to the Constitutional High Court of the constitutional illegitimacy issue in accordance with art. 23 law 11th March n. 87.

Without wanting to enter into the technical and legal details, the Board of Directors has carefully evaluated the implications of the said legislative procedure, compared with the total values entered into the assets item as regards the High Speed Milan-Verona contract, both as regards goodwill as well as the surplus values originally paid in connection with work in progress relating to the project work. On the basis of the evaluations made, on a prudential basis, it was considered not necessary to perform specific operations, both in the light of the expected results of the four years plan, recently approved as regards “Garboli”, both as regards the expected relief from damages deriving from the cancellation of the convention, even in the unexpected event that the same could be quantified in accordance with the provisions of art 13 of the above mentioned law.

All judicial initiatives have been undertaken in close coordination with all the other consortium companies involved by the same legislative procedure. In particular, and with reference to the Cepav 2 Consortium, account was also taken of the positive results expected from the partial arbitrary award relating to the first arbitration which is under way and is aimed at the recognition of the costs and damages sustained by the consortium company subsequent to the extraordinary length of time required for the obtaining of all the necessary authorisations which was dealt with directly by the client.

The related pronouncement involves the following:

- that TAV pays to the Consortium company the price of all the project work commissioned to the same (with the exception of Rev. 0 of the project) for the carrying out of the Convention in the amount determined during the further course of justice;

- that TAV reimburses to the Consortium company the damages caused subsequent to the delayed convening of the services Conference relating to the period that goes from 15th December 1996 to the 30th October 2000, in the amount determined during the further course of justice;

The activities relating to the judicial enquiry by the Arbitration Board continues with the aim of quantifying the amount due with the assistance of technical advice. For this purpose, it has been decided to postpone the date of issue of the arbitration award to the month of October 2007.

In the current circumstances on the basis of available information and of the above considerations, the Board of Directors has decided that there are reasons to believe that the total amounts included in the books in connection with the Milan-Verona High Speed contracts will reasonably be recovered even although normal uncertainties do exist.

Expectations relating to the constructions sector in Italy do not offer much space for optimism; problems relating to the public finance persist and there is a scarce probability of new works being realized, not even on the basis of a private/public partnership, carried out with success in countries where we are called to compete on a global basis.

The Company has launched several important initiatives in this field, for a total investment of some 2 billions of Euro, through the establishment of the promoter's proposal (ex art. 37 bis relating to law nr. 109/94). Some of these proposals have recently become the object of interest for certain competent awarding entities; contacts are under way in connection with the updating of the same in view of the much hoped for declaration of public interest, which is premonitory to the subsequent negotiated procedure.

There is no government activity aimed at decreasing the problem relating to the competitive limits that are represented by the infrastructural gaps in our country. Therefore the company is increasingly focusing its attention on foreign markets, adopting a prudent selection of companies, consolidating its position in those markets in which the Company already operates.
The multi-year plan shows a constantly increasing trend as regards the Company's portion of works abroad.

The increasing trend of the foreign division implies that there is a concrete evolution of the services offered by the Company, which have been showing constant improvement for some time now, and these services are aimed at resolving the complex requirements of a sector that is characterised by very different scenarios in which it operates.

The main contracts acquired by the Group during 2006, and updated during the initial months of 2007, are the following:

- Aptransit San Gottardo SA – lot 812 - ceneri basic tunnel – preparatory works (approximately 18 millions of Euro);
- Azienda Ospedaliera di Parma – enlargement of Emergency Unit (approximately 11.5 millions of Euro);
- Parma Town Council – project work and execution of new northern bridge between Via Reggio and Via Europa (approximately 71 millions of Euro);
- "Dipartimento del Territorio del Cantone Ticino" – lot 0211-g10 Vedeggio – Cassarate main tunnel, portion in loose material (approximately 25 millions of Euro);

- Ministry of Transport, Construction and Tourism – National Romanian Company – motorways and roads – Cluj Regional Management – sector 1 – construction of road in Cluj, portion from pk 0+000 to pk 9+600 (approximately 37 millions of Euro);
- Ministry of Transport, Construction and Tourism – National Romanian Company – motorways and roads – Cluj Regional Management – sector 2 – construction of road in Cluj, portion from pk 9+600 to pk 18+700 (approximately 17 millions of Euro);
- Oo.Pp. Superintendency for the Lombardia and Liguria regions – construction of new Savona Prison 1° Lot (approximately 33 millions of Euro);
- RFI Rome – supply of sleepers Type RFI 230 60 Uic Armament (approximately 1.4 millions of Euro);
- Compania Nationala de Autostrazi si Drumuri Nationale sa – Execution of 19 Km of motorway from Bucarest to Ploiesti (approximately 153 millions of Euro);
- LTF – Lyon-Turin Railways – continuation of works at the Saint Martin La Porte station (approximately 50 millions of Euro);
- Agency in charge of the Management of the Bouregreg Valley – Morocco- construction of the Oudayas tunnel (approximately 40 millions of Euro);
- ANTB –Agence Nationale del Barrages et Transferts – Construction of the “Barrage de Kef Edir” in the Wilaya de Tipaza (approximately 72.4 millions of Euro);
- Romanian National Company of Motorways and National Roads – rehabilitation of Road DH56a – Contract nr. 4r18 – Bucura Simian (approximately 20 millions of Euro);
- BBT Innsbruck – basic Brennero tunnel – execution of exploratory area in the portion Aica-Mules including the Mules window (approximately 78 millions of Euro).

As regards the real estate activity, 2006 was concluded in a positive manner and the expected results were achieved in terms of margins; as well as the above, at the beginning of 2007, PROMETEUS SRL (company share 50%) sold the “TORRI” building located in the Naples area, thereby realising a surplus value.

The activity relating to the real estate sector in 2006, in line with the consistent trend in prior years, has registered the development of the initiatives that are under way.

In particular, we would highlight the completion of the town planning iter of the following initiatives:

- “Centro Commerciale Fiera” (50% portion): completion of the town planning iter, it is now possible to proceed with the accomplishment phase;
- “Centro Commerciale Via Traversetolo (50% portion): the technical and administrative activities are under way in order to acquire the construction permits;
- “Centro Polifunzionale – Porta di Parma –“ (50% portion): town planning scheme completed (PSC), inclusion in the operating scheme (POC) for the accomplishment of the urbanistic project work (PUA) will take place soon;
- Residential area “ex Rossi & Catelli” (50% portion): completion of iter with the approval of the POC last November; the accomplishment phase has commenced subsequent to the presentation of the projects that are introductory to the stipulation of the urbanistic convention;
- Requalification of “Ex officina Adige Verona” (20% portion): last October the Town Council definitively approved the Requalification Plan of the whole area. Now the operative phase can commence.

All of the five operations described above will, in the medium period, will lead to a total presumed business volume of approximately 1 billion Euro, with a portion of the works relating to the Company totalling some 450 millions of Euro.

The activity relating to project financing continued in 2006.

Up to the present day, the old and new contracts, that are currently in the phase of completion as regards contract awarding, that represent possible concessions to be undersigned are the following:

- Roma Metropolitane S.r.l. – Rome subway line D from the Fermi station to the Prati Fiscali station, 2° tranche (approximately 2,860 millions of Euro);
- Ospedale della Misericordia – Parma – presumed amount 16.5 millions of Euro;
- Palaeventi – Parma (portion 50%) – presumed amount 21 millions of Euro;
- Ospedale Toscani (portion 30%) – presumed amount 420 millions of Euro;
- Ospedale Siracusa (portion 50%) – presumed amount 120 millions of Euro.

As regards prefabricated products, the year 2006 confirmed budget expectations in terms of production, equal to 50 millions of Euro; the margin obtained was less than expected due to the significant recession of the market the consequence of which has been a decisive reduction in prices in connection with the strong competition encountered. The recession in the private market, especially in the northern area, has not shown any counter-tendency during the year and no improvements are expected in 2007.

In particular, a stagnation is expected in the sector relating to railway prefabbricated products even although there are some positive signals subsequent to the recent deliberations made by the competent Italian railway authorities (RFI) that should hopefully lead to the unblocking of investments in the railway line maintenance sector.

During 2006, the improvement programme relating to the S Nicola di Melfi (PT) and Lucignano (AR) plants was completed, and these results are to be considered more than positive. The efficiency achieved in the plants from a productive capacity point of view as well as in terms of cost containment will be able to bring about positive results as soon as the above mentioned investments are released.

We would also focus your attention on the fact that the statutory accounts, presented for approval at the shareholders' meeting, uses the completed contract method, in accordance with paragraph 5, article 93 D.P.R. 917/86.
The consolidated financial statements represent the results obtained by the company since they take account of the value of production of the contracts in a manner which is proportional to their effective progress.

Main Consolidated Figures
(in thousands of Euro)

	2006	**2005**
Value of production	672.9	521.4
Gross operating result	55.7	35.3
Operating Result	26.4	15.0
Profit before tax	22.0	19.2
Consolidated net profit for the year	11.1	6.4
Consolidated Net Equity for the year	256.6	245.7
Cash flow	36.7	26.3
Net financial position	(73.7)	(56.7)
Work orders in portfolio	2,287.5	1,832.0
Average number of employees	2,177	1,896

In 1996 Impresa Pizzarotti was amongst the first construction companies in Italy to obtain the certification of its Quality System, compliant with the ISO UNI EN 9001-2000 norms. In 2005 the company adjusted the certificated System by adding to the quality, security in the working environment, achieving in 2006, respectively in May and September, the “UNI EN ISO 14001-2004 Environment Management System” and “OHSAS 18001-1999 Security Management System”.

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 20 categories of works of which 14 for unlimited amounts (7 for general works and 7 for specialised works).

At the beginning of 2006, 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 31/12/2006, the Company prepared the Document with Security Programmes (DPS), in accordance with D.Lgs 196/2003.

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

26 May 2007

The Chairman of the Board of Directors
Dott Franco Nobili

IMPRESA PIZZAROTTI & C. SPA
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This company is subordinated to the management and coordination of Mipien SpA

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31/12/2006

Amounts in thousands of Euro

ASSETS	31/12/06	31/12/05
B) FIXED ASSETS		
I - INTANGIBLE FIXED ASSETS		
1) Setting-up and business expansion costs	24,222	21,290
2) Costs for research, development and advertising	0	0
3) Patents and technical know how	274	248
4) Concessions, licences and trademarks	957	831
5) Goodwill	2,034	3,336
7) Consolidation difference	0	0
8) Other	133,931	133,964
TOTAL INTANGIBLE FIXED ASSETS (I)	**161,418**	**159,669**
II - TANGIBLE FIXED ASSETS		
1) Land and buildings	41,308	21,076
2) Plant and machinery	25,208	24,558
3) Industrial and commercial equipment	5,886	3,433
4) Other assets	2,947	3,449
5) Assets under construction	-	-
TOTAL TANGIBLE FIXED ASSETS (II)	**75,349**	**52,516**
III - FINANCIAL FIXED ASSETS		
1) Investments in:		
a) subsidiary companies	270	287
b) associated companies	19,367	21.294
d) other companies	29,547	39,090
Total investments (1)	49,184	60,671
2) Financial receivables:		
a) from subsidiary companies:		
- due within one year	258	346
Total due from subsidiary companies (a)	258	346
b) from associated companies:		
- due within one year	4,346	12,853
- due after one year	2,236	2,144
Total due from associated companies (b)	6,582	14,997
c) from parent companies:		
- due within one year	2,083	2,000
Total due from parent companies (c)	2,083	2,000
d) from other companies:		
- due within one year	25,277	21,715
- due after one year	972	1,004
Total due from other companies (d)	26,249	22,719
Total financial receivables (2)	35,172	40,062

ASSETS	31/12/06	31/12/05
4) Own shares	2,324	2,324
TOTAL FINANCIAL FIXED ASSETS (III)	**86,680**	**103,057**
TOTAL FIXED ASSETS (B)	**323,448**	**315,242**
C) CURRENT ASSETS		
I - INVENTORIES		
1) Raw materials and supplies	5,963	3,420
2) Work in process and semi-finished goods	38,141	28,552
3) Work in process on order	248,830	240,329
4) Finished goods	52,585	48,585
5) Payments on account	12,682	17,009
TOTAL INVENTORIES (I)	**358,201**	**337,895**
II – RECEIVABLES:		
1) Trade receivables:		
- due within one year	160,988	110,395
- due after one year	9,697	12,439
Total trade receivables (1)	170,685	122,834
2) Receivables from subsidiary companies:		
- due within one year	9,471	3,667
- due after one year	0	0
Total receivables from subsidiary companies (2)	9,471	3,667
3) Receivables from associated companies:		
- due within one year	37,284	24,493
- due after one year	0	0
Total receivables from associated companies (3)	37,284	24,493
4) Receivables from parent companies		
- due within one year	37,558	17,255
- due after one year	0	0
Total receivables from holding companies (4)	37,558	17,255
4bis) Tax receivables :		
- tax receivables due within 1 year	2,513	7,305
- tax receivables due after 1 year	246	418
Total tax receivables (4bis)	2,759	7,723
4ter) Prepaid taxes:		
- prepaid taxes due within 1 year	7,946	7
- prepaid taxes due after 1 year	2,182	2,910
Total prepaid taxes (4ter)	10,128	2,917
5) Others:		
- due within one year	14,891	16,477
- due after one year	805	468
Total receivables from others (5)	15,696	16,945
TOTAL RECEIVABLES (II)	**283,581**	**195,834**

ASSETS		31/12/06	31/12/05
III – NON CURRENT FINANCIAL ASSETS:			
2)	Investments in Associated Companies	7,357	0
6)	Other securities	112,054	114,833
7)	Other financial assets	10,377	0
TOTAL FINANCIAL ASSETS (III)		**129,788**	**114,833**
IV- CASH AND BANK BALANCES:			
1)	Bank and postal accounts	108,688	104,708
3)	Cash-in-hand	145	148
TOTAL CASH AND BANK BALANCES (IV)		**108,833**	**104,856**
TOTAL CURRENT ASSETS (C)		**880,403**	**753,419**
D) PREPAYMENTS AND ACCRUED INCOME			
- Other prepayments and accrued income		12,233	12,318
TOTAL PREPAYMENTS AND ACCRUED INCOME (D)		**12,233**	**12,318**
TOTAL ASSETS		**1,216,084**	**1,080,979**

LIABILITIES	31/12/06	31/12/05
LIABILITIES		
A) SHAREHOLDERS' EQUITY		
I - Share capital	70,000	70,000
II - Paid in capital reserve	0	0
III - Revaluation reserve	5,814	5,814
IV - Legal reserve	5,374	5,3748
V - Statutory reserves	721	721
VI - Reserve for own shares in portfolio	2,324	2,324
VII - Other reserves:		
- other reserves	343	5,251
- extraordinary reserves	0	0
VIII – Profit (loss) brought forward	160,764	149,487
IX - Translation reserve	(426)	(160)
IX -NET PROFIT (LOSS) FOR THE YEAR	11,137	6,369
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP (1)	**256,051**	**245,180**
SHARE CAPITAL, RESERVES AND PROFIT ATTRIBUTABLE TO MINORITY INTERESTS (2)		
- Share capital and reserves attributable to minority interests	556	748
- Profit (loss) attributable to minority interest	(46)	(193)
TOTAL SHAREHOLDERS' EQUITY (A)	**256,561**	**245,735**
B) PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES:		
2) Taxation	100,837	85,486
3) Other	10,347	8,400
Total provisions for contingencies and other charges (B)	**111,184**	**93,886**
C) EMPLOYEES' LEAVING INDEMNITY	**12,141**	**13,210**

LIABILITIES	31/12/06	31/12/05
D) ACCOUNTS PAYABLE		
4) Bank overdrafts and bank borrowings:		
- due within one year	194,903	93,645
- due after one year	117,257	182,761
Total accounts payable to banks (4)	312,160	276,406
5) Other borrowings:		
- due within one year	6,603	12,718
- due after one year	20,359	3,903
Total other borrowings (5)	26,962	16,621
6) Payments received on account:		
- due within one year	59,626	43,232
- due after one year	25,048	40,212
Total payments received on account (6)	84,674	83,444
7) Trade payables:		
- due within one year	229,600	191,308
- due after one year	15,421	15,315
Total trade payables (7)	245,021	206,623
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	11,076	8,578
- due after one year	0	0
Total amounts payable to subsidiary companies (9)	11,076	8,578
10) Amounts payable to associated companies:		
- due within one year	98,429	90,059
- due after one year	0	0
Total amounts payable to associated companies (10)	98,429	90,059
11) Amounts payable to parent companies:		
- due within one year	970	1,025
- due after one year	0	0
Total amounts payable to parent companies (11)	970	1,025
12) Tax liabilities:		
- due within one year	6,776	3,895
- due after one year	0	2,126
Total tax liabilities (12)	6,776	6,021
13) Social security charges payable:		
- due within one year	4,165	2,196
- due after one year	13	0
Total social security charges payable (13)	4,178	2,196

LIABILITIES	31/12/06	31/12/05
14) Other payables:		
- due within one year	35,959	28,568
- due after one year	273	323
Total other payables(14)	36,232	28,891
TOTAL ACCOUNTS PAYABLE (D)	**826,478**	**719,865**
E) ACCRUED EXPENSES AND DEFERRED INCOME		
- Other accrued expenses and deferred income	9,720	8,283
Total (E)	**9,720**	**8,283**
TOTAL LIABILITIES	**1,216,084**	**1,080,979**
MEMORANDUM AND CONTINGENCY ACCOUNTS		
I) Guarantees	356,314	352,884
II) Other commitments and contingencies	982,159	1,063,400
TOTAL MEMORANDUM AND CONTINGENCY ACCOUNTS	**1,338,473**	**1,416,284**

CONSOLIDATED INCOME STATEMENT	31/12/06	31/12/05
A) VALUE OF PRODUCTION		
1) Revenues from sales and services	576,755	398,641
2) Variances in inventories of semi-finished and finished goods	52,751	24,861
3) Variances of work in process	(5,207)	74,098
4) Increase of fixed assets for own works	5,822	1,742
5) Other revenues and income:		
- other revenues and income	42,801	22,089
Total other revenues and income (5)	42,801	22,089
TOTAL VALUE OF PRODUCTION (A)	**672,922**	**521,432**
B) COST OF PRODUCTION:		
6) Raw materials, consumables and supplies	129,550	75,085
7) Services	385,818	323,960
8) Rentals and leasing expenses	23,693	20,200
9) Personnel expenses:		
a) wages and salaries	50,063	43,462
b) social security costs	14,081	13,011
c) employees' leaving indemnity	2,523	2,301
e) Other personnel costs	1,368	1,140
Total personnel expenses (9)	68,035	59,914
10) Amortisation, depreciation and write-offs:		
a) amortisation of intangible fixed assets	11,845	8,784
b) depreciation of tangible fixed assets	13,771	11,152
d) write-off of receivables included in the current assets	916	211
Total amortisation, depreciation and write-offs (10)	26,532	20,147
11) Variances in inventories of raw materials, supplies and consumables	994	695
12) Provision for risks	2,493	0
13) Other provision	358	200
14) Other operating expenses	9,071	6,235
TOTAL COST OF PRODUCTION (B)	**646,544**	**506,436**
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A - B)	**26,378**	**14,996**
15) Income from investments:		
- other	6,654	3,823
Total income from investments (15)	6,654	3,823
16) Other financial income:		
a) from receivables classified as non-current assets:		
- subsidiary companies	0	0
- associated companies	211	211
- holding company	107	110
- other	12	8
Total (a)	330	329
b) From securities included in fixed assets	0	0

CONSOLIDATED INCOME STATEMENT	31/12/06	31/12/05
c) From securities included in current assets	1,929	2,674
d) other income:		
- from subsidiaries	0	0
- from associated companies	0	0
- from parent companies	0	0
- from other income	2,599	2,015
Total (d)	2,599	2,015
Total other financial income (16)	4,858	5,018
17) Interests and other financial charges:		
- from subsidiary companies	0	0
- from associated companies	0	0
- from holding companies	(613)	0
- other interest and financial charges	(17,791)	(10,855)
17bis) Income/losses on exchange	1,999	(95)
Total interests and other financial charges (17)	(16,404)	(10.950)
TOTAL FINANCIAL INCOME AND CHARGES (C)	**(4,892)**	**(2,109)**
D) ADJUSTMENTS TO FINANCIAL ASSETS VALUE:		
18) Revaluations		
a) of investments	1,490	4,297
c) of securities included in current assets	1,285	5,793
19) Write-offs of:		
a) investments	(274)	(187)
c) securities included in current assets	(305)	(227)
Total Adjustments (D)	**2,196**	**9,676**
E) EXTRAORDINARY INCOME AND EXPENSES:		
20) Income:		
- other extraordinary income	24	2,980
21) Expenses:		
- other extraordinary charges	(1,669)	(6,301)
TOTAL EXTRAORDINARY ITEMS (E)	**(1,645)**	**(3,321)**
PROFIT BEFORE TAXATION (A-B+C±D±E)	**22,037**	**19,242**
22) Income tax	(10,946)	(13,066)
23) NET PROFIT	**11,091**	**6,176**
- MINORITY INTERESTS	**(46)**	**(193)**
26) NET PROFIT (LOSS) FOR THE GROUP	**11,137**	**6,369**

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THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dott. Franco Nobili

Impresa Pizzarotti & C. Spa

Notes to the consolidated accounts as at 31 December 2006

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 2006; 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 15,000,000 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 2006 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%
TRAVERSUD SRL	Melfi - Pz		Euro	1,550,000	51%
GARBOLI SpA	Milan		Euro	24,423,565	99%
Sarl Pizzarotti Algérie	Algiers		DZD	2,000,000	100%
Companies consolidated using the proportional method					
CONSORZIO C.M.C. ESTERO PIZZAROTTI - CBK HYDROPOWER J.V.	Ravenna		Euro	51,000	50%

In 2006, the consolidation area underwent the following variations:

- exclusion of Belpasso Housing SpA, merged into the holding company who had a majority shareholding;
- inclusion of Sarl Pizzarotti Algérie, founded during the year.

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 investments 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 and the net result attributable 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 : 1.5729
  - CHF year end exchange rate: 1.6097

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 2006 are in accordance with current law and with the accounting principles issued by the National Council of Chartered Accountants, integrated, where necessary by the IAS/IFRS 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; 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 including 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 financial method. On the basis of such criterion, that equalizes such operations to financing operations, the cost of the assets relating to the financial 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 financial lease is charged to the profit and loss account.

The Parent Company holds 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 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 spare parts, 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 progress only when the amounts involved and their acceptance are supported by arbitration awards lodged and transactions defined. In prior years the subsidiary company Garboli Spa had 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.

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
Employees' leaving indemnity is calculated to reflect the amounts due to employees based on labour contracts and Italian 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 31/12/2005	Increase	Amortisation	Value as at 31/12/2006
Seeting up and business expansion costs	21,290	12,237	-9,305	24,222
Patents and technical know-how	248	178	-152	274
Concessions, licences and trademarks	831	499	-373	957
Goodwill	3,336	0	-1,302	2,034
Miscellaneous	133,964	680	-713	133,931
Intangible fixed assets	**159,669**	**13,594**	**-11,845**	**161,418**

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:

	31.12.06	*31.12.05*
Site installation and contract acquisition	15,722	14,302
Project costs	8,500	6,988
TOTAL	**24,222**	**21,290**

- **Goodwill**

Goodwill amounts to 2,034 thousands of Euro (3,336 thousands of Euro as at 31 December 2005); the variation is due to amortisation.

- **Other intangible assets**

These amount to 133,931 thousands of Euro (133,964 thousands of Euro as at 31 December 2005). Mainly, these items include "cost for contract acquirement" equal to some 132 millions of Euro, 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. As thoroughly examined in the Directors' Report, to which specific reference should be made, the Board has carefully examined the issues relating to the recoverability of the above values; such analysis has not highlighted the necessity to apply any depreciation for long lasting losses in value.

Tangible Fixed Assets

Tangible fixed assets as at 31 December 2006, net of the related amortisation provision, total 75,349 thousands of Euro and are summarized as follows:

	31 December 2006			31 December 2005		
	Cost	**Accumulated depreciation**	**Net book value**	**Cost**	**Accumulated depreciation**	**Net book value**
Land and buildings	54,439	-13,131	41,308	33,641	-12,565	21,076
Plant and machinery	62,135	-36,927	25,208	56,979	-32,421	24,558
Industrial and commercial equipment	19,117	-13,231	5,886	15,105	-11,672	3,433
Other assets	8,872	-5,925	2,947	10,376	-6,927	3,449
TOTAL	**144,563**	**-69,214**	**75,349**	**116,101**	**-63,585**	**52,516**

Movements in tangible fixed assets are the following:

	Value as at 31/12/2005	Increases	Depreciation	Decreases	Disposals	Value as at 31/12/2006
Land and buildings	21,076	21,389	-1,299	-59	201	41,308
Plant and machinery	24,558	12,475	-8,758	-2,138	-929	25,208
Industrial and commercial equipment	3,433	4,575	-2,459	-63	400	5,886
Other assets	3,449	932	-1,255	-507	328	2,947
TOTAL	**52,516**	**39,371**	**-13,771**	**-2,767**	**0**	**75,349**

The “increases” item also includes the value of the two buildings owned by the subsidiary Garboli SpA, completed during the year and denominanted : “Villa Claretta” and “Spina 2”; the same are used as accomodation for students and prisoners on the basis of a thirty year concession to the Town Councils of Grugliasco and Turin.
As regards the Grugliasco complex – Villa Claretta – in October, a real estate leasing operation was completed, whilst as regards the Spina 2 initiative, dealings are under way for a redefinition of the terms and conditions of the current mortgage. The values are exposed net of all contributions received during the phase of realisation.

Subsequent to application of the laws relating to monetary revaluation, n. 576/75, 72/83 and 413/91 the remaining fixed assets as at 31 December 2006 have been revalued by approximately 2,375 thousands of Euro (2,423 thousands of Euro as at 31 December 2005).

Financial Fixed Assets

Financial fixed assets at 31 December 2006 amount to 86,680 thousands of Euro with a decrease of 16,377 thousands of Euro with regard to prior year. The main captions and variations in respect of prior year are detailed below.

Investments

Below is a detail of investments:

	31/12/2006	**31/12/2005**
Investments in subsidiaries	270	287
Investments in affiliated companies	19,367	21,294
Investments in other companies	29,547	39,090
TOTAL	**49,184**	**60,671**

Changes in investments during the year are detailed below:

	31/12/2005	Increases	Decreases	Disposals	Net value	31/12/2006
Subsidiaries	287	16	-31	-2	0	270
Affiliates	21,294	4,019	-51	-5,928	33	19,367
Other companies	39,090	3,175	-959	-11,603	-156	29,547
TOTAL	**60,671**	**7,210**	**-1,041**	**-17,533**	**-123**	**49,184**

The column indicating an increase in the investments in affiliated companies mainly includes the subscribing of 50% of the share capital of Parmaresidenziale Srl, when the company was constituted, as well as subsequent payments made in terms of capital account for a total of 3,305 thousands of Euro; the company operates in the real estate sector and it deals with the acquisition, the project work, the realisation and sale of a residential building complex in the Parma area.
These also include the subscription of 50% of share capital of the new consortium company called Consorzio Pizzarotti Todini Kef Eddir for a total of 50 thousands of Euro constituted for the realisation of the Kef Eddir dam in Algeria.
During the year a number of shares of the Banca Popolare di Sondrio were undersigned for a countervalue of 3,175 thousands of Euro that have been classified amongst the investments in other companies.

In December, the subsidiary Garboli SpA sold almost all of its investments in Progeni SpA, a company dealing in project work, (959,000 shares out of 960,000 held), and all of the shares held in the consortium Nico Sarl; both companies were founded subsequent to the works relating to the requalification of the Niguarda Cà Grande hospital in Milan. The above sale generated a gain of 1.8 millions of Euro.

Other changes include the reclassification amongst the investments in current assets of the value of the shares held in Prometeus, sold at the beginning of 2007, and of the value of the shares held in Banca Popolare di Milano, no longer considered as an asset. In accordance with what is prescribed by art. 2426 of the Italian Civil Code, the investment held in Prometeus has been restored within the limit of the original cost of acquisition for a total amount of 1,377 thousands of Euro.
Certain investments have been subjected to direct depreciation or through allocation to a specific provision for a total of 383 thousands of Euro in order to align the book value with the corresponding quota of net equity. Revaluations of investments totalling 113 thousands of Euro were allocated in the same manner as described above.

Below is a detail of the investments in subsidiaries :

Investments in subsidiaries	**Head office**	**Share capital**	**Net equity**	**% held**	**Balance sheet vaue**
CIN SCRL (in liq.)	PARMA	14	14	66.6	9
CUNEO SCRL (in liq.)	PARMA	10	10	80	8
POGGIO RENATICO SCRL (in liq.)	PARMA	10	10	80	8
FONDOVALLE SCRL (in liq.)	PARMA	10	10	60.63	9

COSALPA SCRL	PARMA	10	10	52.02	5
MANTOVA SCRL	PARMA	10	10	86.96	9
CONSAMA SCRL (in liq.)	PARMA	10	10	80	9
NATURNO SCRL (in liq.)	PARMA	10	10	70	7
SIGONELLA SCRL (in liq.)	PARMA	10	10	100	10
FALC 2000 SCRL (in liq.)	PARMA	46	46	100	46
CIRCUMFER SCRL (liq.)	NAPLES	46	33	85.72	25
CON.FER SCRL	NAPLES	46	46	85.99	34
SITAPI SCRL (in liq.)	PARMA	10	10	100	3
CONSORZIO VESPUCCI	PARMA	20	20	60	12
LINEA PER SORRENTO SCARL	PARMA	20	20	82	17
SO.CO.TEL SCRL (in liq.)	PARMA	10	10	81.48	5
CONS.BONIM (liq.)	ROME	10	10	92	10
EUROPE HOUSE ABUJA SCRL (in liq.)	ROME	10	10	61.11	7
GA.LI 2002 SCRL (in liq.)	MONDOVI	10	10	67	7
IRMINIO SCRL	ROME	10	10	60	6
OTTAVIANO SCRL (in liq.)	ROME	10	10	80	8
CONSARO SCRL (in liq.)	PARMA	10	10	52	5
REP-FER SCRL (in liq.)	ROME	10	10	51	5
TAURANO 2000 SCRL	ROME	10	10	60	6
TOTAL SUBSIDIARIES					**270**

Below is a detail of investments in affiliated companies:

Investments in affiliated	Head office	Share capital	Net equity	% held	Balance sheet vaue
DIANA 2 SRL	PARMA	76	78	26.3	44
PARMARESIDENZIALE 1 SRL	PARMA	100	6,545	50	3,305
FLEMING SRL	PARMA	65	885	50	815
OBIETTIVO2 SRL	Villafranca di Verona	20,000	21,585	20	5,040
PARCO FARNESE SRL	PARMA	51	8,236	50	4,118
EUCLIDE SRL	PARMA	10	61	40	284
PARSITAL	IRAN	50	50	30	12
ASSI STRADALI SCRL (in liq.)	VICENZA	10	11	28.57	3
COLACI SCRL	PARMA	10	10	28.55	2
CONCAPUA SCRL (in liq.)	RAVENNA	25	-80	50	0
VALLETTA PUGGIA SCRL (in liq.)	GENOVA	10	10	30	3
RUGULA SCRL	RAVENNA	15	15	50	8
CORIVALT SCRL (in liq.)	SESTO	10	10	20	0
COVIPAR SCRL (in liq.)	PARMA	46	46	42	13
DUE MARI SCRL (in liq.) (*)	LAMEZIA TERME (CZ)	10	6	50	2
EDILIZIA GIUDIZIARIA SCRL (in liq.)	TURIN	10	10	26.6	3
FESCOF SCRL	Carpi (MO)	31	31	33.3	10
CONSORZIO FIDEP (liq.)	NAPLES	11	5	28.57	3
MALPENSA 2000 SCRL (liq.)	PARMA	10	10	35.46	3

CONS.FERROVIARIO VESUVIANO	NAPLES	153	155	40	62
NUOVA MOVEFER SCRL	Nocera Inferiore (SA)	52	52	26.62	12
COSVITER SCRL (in liq.)	PARMA	10	11	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 (in liq.)	MASSA	7	4	40	3
NOS SCRL	PARMA	10	10	44.25	5
CONSORZIO VAL D'ENZA	PARMA	25	25	50	13
MODENA SCRL	S.DONATO MIL.SE	400	400	40.67	163
GESPAR SPA	PARMA	6,012	17,409	37,44	4,057
CONSORZIO B.B.M.	PARMA	50	50	50	25
CONSORZIO GOLENA TARO	REGGIO EMILIA	10	10	33.33	3
NPF SCRL	MILANO	40	40	25	10
CONSORZIO PIZZAROTTI TODINI K.E.	PARMA	100	100	50	50
CONSORZIO S GIORGIO VOLLA 2	NAPLES	72	72	28.58	25
CONSORZIO S GIORGIO VOLLA	NAPLES	72	72	28,58	25
CAPRARA SCRL	BOLOGNA	10	2.161	29	627
CEFIBE SCRL	MILANO	10	10	20	2
CESEC SCRL (in liq.)	ROME	10	Unavailable	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	-53	49.38	0
CONS. UMBRIA SANITA'	PERUGIA	10	10	31	158
EDILMI SCRL (in liq.)	ROME	10	21	40	21
G.R.C. SCRL	TURIN	26	26	50	0
JV GARBOLI-TIRRENA SCAVI	LUCCA	10	10	50	5
IL TIRONE SPA **	MESSINA	100	47	36	17
MALPENSA 2000 SCARL (in liq.)	PARMA	10	10	21.50	2
METRO TRE SCRL	Alessandria	50	50	21.69	11
OLBIA 90 SCRL (in liq.)	ROME	10	10	35	4
R.P. 90 SCRL	ROME	10	10	28.01	3
ROMA LIDO SCRL	ROME	10	10	46.23	37
SEIFRA SCRL	ROME	510	510	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	Unavailable	Unavailable	20	10
CENTRO SERVIZI SALERNO SCRL	NAPLES	Unavailable	Unavailable	50	5

CONS. CONEP (in liq.)	ROME	Unavailable	Unavailable	50	3
TOTAL AFFILIATED COMPANIES					**19,367**

As far as the companies indicated with a " ** " sign are concerned, the information shown relates to the latest financial statements available.

With reference to the evaluation of the investments, 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 investment.

Investments in other companies	**Head office**	**% held**	**Share capital**	**Value in the balance sheet**
Metropolitana di Napoli S.p.A.	Napoli	6.24%	3.655	3.725
Bravosolution S.p.A.	Bergamo	7.36%	21.056	6.683
Brebemi S.p.A.	Brescia	3.1%	100.000	775
C.I.S. S.p.A.	Villafranca di Verona	5.21%	48.000	3.729
Aida S.p.A.	Villafranca di Verona	10%	23.000	3.507
SI.TRA.CI. S.p.a.	Cuneo	10.08%	4.291	433
Ferina S.p.A.	Rome	5%	10.000	5,539
Banca Popolare di Verona e Novara	Verona	(***)	(***)	1.516
Banca Popolare di Sondrio	Sondrio	(***)	(***)	3,175
Shareholdings in other minor companies				465
TOTAL				**29,547**

(***) Minority investment

Financial receivables

Financial receivables as at 31 December 2006 amount to 35,172 thousands of Euro and are detailed as follows:

	31/12/2006	**31/12/2005**
Receivables from subsidiaries	258	346
Recivables from affiliated companies	6,582	14,997
Receivables from parent company	2,083	2,000
Receivables from others	26,249	22,719
TOTAL	**35,172**	**40,062**

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 31/12/2006 before 12 months	Value at 31/12/2006 after 12 mesi	Total at 31/12/2006
CIRCUMFER SCRL	45	0	45
CONFER SCRL	21	0	21
OTHER MINOR COMPANIES	23	0	23
TOTAL	**258**	**0**	**258**

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 31/12/2006 before 12 months	Value at 31/12/2006 after 12 mesi	Total at 31/12/2006
DIANA 2 SRL	0	2,236	2,236
MOVEFER SCRL	522	0	522
SOCOTEL SCRL	368	0	368
NUOVA MOVEFER SCRL	1,230	0	1,230
CONCAPUA	129	0	129
COVIPAR SCRL	20	0	20
CONSORZIO FERROVIARIO VESUVIANO	34	0	34
COLACI SCRL	111	0	111
CONSORZIO KEF-EDDIR	100	0	100
VALLETTA PUGGIA SCRL	42	0	42
PARCO FARNESE SRL	1,250	0	1,250
OTHER MINOR COMPANIES	540	0	540
TOTAL	**4,346**	**2,236**	**6,582**

Receivables from parent company

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

Receivables 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 31/12/2006 before 12 months	Value at 31/12/2006 after 12 months	Total at 31/12/2006
CONSORZIO FERROVIARIO S GIORGIO VOLLA	1,529	0	1,529
CONSORZIO FERROVIARIO S GIORGIO VOLLA DUE	311	0	311
CONSORZIO CEPAV DUE	21,840	0	21,840
GUARANTEE DEPOSITS	0	972	972
OTHER MINOR COMPANIES	1,597	0	1,597
TOTAL	**25,277**	**972**	**26,249**

This item mainly includes financing granted to Cepav Due consortium.

Own shares

As at 31 December 2006 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:

	31/12/2006	31/12/2005
Raw materials and consumables	5,963	3,420
Products under construction	38,141	28,552
Works in progress on order	248,830	240,329
Finished products and goods	52,585	48,585
On account payments	12,682	17,009
TOTAL	**358,201**	**337,895**

Products under construction

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

Work in progress on order

The item "Work in progress on order" has not increased significantly in value; an appropriate reserve was posted by the subsidiary Garboli SpA already in the 2005 financial statements which as at 31 December 2006 totalled 15,598 thousands of Euro, reduced from the values in order to consider the reduced estimated realisable value.

Receivables – Current assets

Receivables as at 31 December 2006, net of the related bad debt provision, total 283,581 thousands of Euro and are summarized as follows:

	31/12/2006	31/12/2005
Receivables from clients	170,685	122,834
Receivables from subsidiaries	9,471	3,667
Receivables from affiliated companies	37,284	24,493
Receivables from parent company	37,558	17,255
Tax receivables	2,759	7,723
On account tax payments	10,128	2,917
Receivables from others	15,696	16,945
TOTAL	**283,581**	**195,834**

Receivables from clients

Receivables from clients include additional amounts subsequent to arbitration awards for a total amount of 5,147 thousands of Euro (4,328 thousands of Euro as at 31 December 2005). The increases that are mainly attributable to the Group holding company are connected to the development of product volumes during the year.
Receivables from clients are recorded net of a bad debt provision totalling approximately 7.3 millions of Euro of which 1.6 millions of Euro relating to moratory interests.

Receivables from subsidiaries

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

Items	Value at 31/12/2006 before 12 months	Value at 31/12/2006 after 12 months	Total At 31/12/2006
Confer scarl	245	0	245
Cuneo Srl	259	0	259
Consorzio Vespucci Sviluppo	4,588	0	4,588
Linea per Sorrento Scrl	903	0	903
Sigonella scrl	282	0	282
Cosalpa scarl	206	0	206
Europe House Abuja scarl	1,648	0	1,648
Irminio Scrl	596	0	596
GA.LI 2002 scrl	198	0	198
Ottaviano scarl	185	0	185
Taurano Scrl	173	0	173
Other subsidiaries	188	0	188
TOTAL	**9,471**	**0**	**9,471**

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 31/12/2006 before 12 months	Value at 31/12/2006 After 12 months	Total At 31/12/2006
Consorzio Ferroviario Vesuviano	2,086	0	2,086
Malpensa 2000 scarl	470	0	470
Movefer scarl	862	0	862
Nuova Movefer scarl	278	0	278
Seresa scarl	734	0	734
Consorzio Val d’Enza	11,635	0	11,635
Cosviter scarl	821	0	821
Modena scarl	1,802	0	1,802
A.S. Scarl	43	0	43
Parco Farnese Srl	117	0	117
Fescof Srl	162	0	162
Nos Scrl	114	0	114
Rugula Scrl	26	0	26
Miscellaneous receivables from affiliated companies in France	2,232	0	2,232
Covipar Scrl	160	0	160
Consorzio Pizzarotti Todini KEF-EDDIR	190	0	190
Consorzio Ferrov. S. Giorgio Volla due	213	0	213
Consorzio Ferrov. S. Giorgio Volla	213	0	213
Consorzio BBM	243	0	243
J.V. Cons Garboli-Tirrena	6,314	0	6,314
Cefibe scarl	967	0	967
Caprara scarl	78	0	78

Centro servizi Salerno scrl	567	0	567
Roma lido scrl	2,401	0	2,401
Stazioni Metro val scarl	120	0	120
Villaggi olimpici MOI scarl	668	0	668
Consorzio Umbria Sanità	532	0	532
Malpensa 2000 Scarl	404	0	404
Other affiliated companies	2,832	0	2,832
TOTAL	**37,284**	**0**	**37,284**

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 December 1979.

Tax receivables
As at 31 December 2006 tax receivables include amounts due from the tax authorities totalling 2,759 thousands of Euro, of which 246 thousands of Euro are overdue by more than 12 months.

Receivables for on account tax payments
This item mainly includes receivables for on account tax payments due on fiscal losses of Belpasso Housing, merged into the parent company, entered into the balance sheet on the basis of the evaluation made in connection with the reasonable certainty of their collectibility.

Other Receivables
Other receivables as at 31 December 2006 total 15,696 thousands of Euro.

Items	**31/12/2006**		**Total at 31/12/2006**	**Total at 31/12/2005**
	Before 12 months	**After 12 months**		
Receivables due from contracting entities	1,943	0	1,943	1,517
On account payments for eviction indemnity	2,466	337	2,803	2,777
Social security institutions	257	0	257	868
ITN SPA Financing	1,550	0	1,550	1,550
Receivables from others	8,675	468	9,143	10,233
TOTAL	**14,891**	**805**	**15,696**	**16,945**

Other receivables are stated net of a bad debt provision equal to 2.4 millions of Euro, accrued by the subsidiary Garboli Spa for the purpose of considering the risk of non-collectibility of certain receivables items.

Financial assets that cannot be considered investment and liquid funds
As at 31 December 2006 such items totalled 238,621 thousands of Euro and are detailed as follows:

	31/12/2006	31/12/2005
Shares in affiliated companies	7,357	0
Shares listed on the Italian market	16,348	5,012
Shares listed on foreign markets	0	39
Treasury bonds and debentures	95,706	109,782
Other financial receivables	10,377	0
Total financial activities	129,788	114,833
Liquid funds	108,833	104,856
Total financial activities and liquid funds	**238,621**	**219,689**

Liquid funds include current account and cash in hand.
The item relating to shares in affiliated companies includes the book value of Prometeus, sold at the beginning of 2007 and as such classified in short-term items; receivables relating to dividends and for financing towards this company were coherently classified on a short-term basis.

During the year, in accordance with what is prescribed by article 2426 of the Italian 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 1,284 thousands of Euro; losses subsequent to evaluation were also entered for a total amount of 305 thousands of Euro.

The net financial position is highlighted in the following table:

Net financial position	**2006**	**2005**
Liquid funds	108.8	104.9
Short term securities and financial receivables	129.8	114.8
Short term financial charges	-194.9	-93.6
Net short-term financial position	**43.7**	**126.0**
Medium and long term financial charges	-117.3	-182.8
Net medium and long term financial position	**-117.3**	-182.8
Total	**-73.5**	**-56.7**

Prepayments and accrued income
Prepayments and accrued income as at 31 December 2006 amount to 12,233 thousands of Euro (12.318 thousans of Euro as at 31 December 2005) 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	Legal Reserve	Reserve for own shares held	Other reserves of Parent Company	Profits brought forward	Translation reserve	Net Profit	Total net equity
At 31December 2004	**60,000**	**5,058**	**2,324**	**10,016**	**123,417**	**-24**	**32,369**	**233,160**
Allocation of profit		316			26,091		-26,407	**0**
Increase in share capital	10,000			-4,038			-5,962	**0**
Other movements				5,808	-21	-136		**5,651**
Profit for the year							6,369	**6,369**
At 31 December 2005	**70,000**	**5,374**	**2,324**	**11,786**	**149,487**	**-160**	**6,369**	**245,180**
Allocation of profit				-4,908	11,277		-6,369	**0**
Translation reserve						-266		**-266**
Profit for the year							11,137	**11,137**
Total as at 31/12/2006	**70,000**	**5,374**	**2,324**	**6,878**	**160,764**	**-426**	**11,137**	**256,051**

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 thousands of Euro 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.

The relationship between the values of net equity and profit for the year indicated in the financial statements of Impresa Pizzarotti & C SpA as at 31 December 2006 and those included in the consolidated financial statements on the same date is the following:

	Net Equity at 31/12/2006	Profit for the year 2006	Net Equity at 31/12/2005
Statutory Accounts as at 31 December 2006	88,670	3,639	84,416
Different valuation of shares subsequent to consolidation compared with the book value of the shares themselves	3,829	6,182	-1,472
Elimination of intra-group profits	-756	39	-795
Elimination of items of a fiscal nature in the financial statements of the Parent Company and of the subsidiaries	261,735	16,362	245,373
Fiscal effect of the above adjustments, where applicable	-97,427	-15,085	-82,342
Consolidated financial statements as at 31 December 2006	**256,051**	**11,137**	**245,180**

The positive balances of the revaluation, including the amount allocated to the Parent Company's capital, go to make up the taxable income if these are distributed to the shareholders or used for purposes other than loss coverage. No taxes have been accrued against the above positive balances since at the present moment it is believed that no operations will be performed that could determine taxation of the same.

Provision for risks and charges

Provision for risks and charges as at 31 December 2006 amount to 111,184 thousands of Euro.

	Value at 31/12/2005	Increases	Decreases	Value at 31/12/2006
Tax provision	85,486	15,892	-541	100,837
Other provisions:				
Provision for risks on IRS	2,337		-50	2,287
Provision for risks on contentious issues	3,247	2,525	-225	5,547
Provision for risks on shares	140	147	-140	147
Other provisions	2,676	724	-1,034	2,366
TOTAL	93,886	19,288	-1,990	111,184

Deferred tax provision

As at 31 December 2006 these total 100,837 thousands of Euro and include deferred taxes accrued subsequent to consolidation adjustments as highlighted in "accounting principles" in the "tax" item.

Other provisions

Other provisions include provision for risks on IRS that takes account of the "mark to market" evaluation at the year end of two non-hedging derivative contracts relating to the subsidiary Garboli SpA, as described below; these provisions also include the provision for contentious issues that have increased by 2.5 millions of Euro during the year against certain risks connected to negative contentious issues that will probably not be resolved. The provision for risks on investments has been accrued during the year in order to take account of the losses recorded by certain non consolidated companies in which shares are held, that exceed their book value.

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. During 2006, the Fidenza tax authorities issued a notice of assessment relating to the years 2002 and 2003. The parties attempted to come to terms through the so called "assessment with consent", but no agreement was reached. The company has therefore presented an appeal both to the Fidenza tax authorities as well as to the Provincial Fiscal Commission. The Board of Directors, whilst considering these contestations to be groundless, has prudently accrued a provision for risks totalling 500 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 31/12/2005	Increases	Decreases	Value at 31/12/2006
T.F.R. Provision	13,210	2,523	-3,592	12,141

Debts

Bank indebtedness
Medium and long term loans and financing, included in the Debts towards Banks, payable after next year, total 95,758 thousands of Euro and are detailed as follows:

	Thousands of Euro
- Efibanca loan – Interests 4.37% Payable within 2008 – with collateral security	1,390
- Bancamonte Parma loan – interests 3.85% Payable within il 2012 – with collateral security	503
- Banca Popolare di Bergamo Loan – interests 4.74% - repayable within 2008	1,144
- Banca Antonveneta Loan – interests 4.21% Repayable within 2011	9,750
- Banca Antonveneta Loan – interests 4.12% Repayable within 2010	6,000
- Banca Antonveneta Loan – interests 4.27% Repayable within 2010	16,000
- Banca Nazionale del Lavoro Loan – interests 4.59% Repayable within 2010	39,000
- Unicredit Loan – interests 5.29% Repayable within 2027 – with collateral security on surface rights	10,251
- Banca Antonveneta Loan – interests 4.2% Repayable within 2009	5,220
- Banca Antonveneta Loan – interests 4.47% Repayable within 2011	6,500
TOTAL	**95,758**

Total debt relating to loans with collateral security totals 15,171 thousands of Euro.

Debts towards other financing entities
As at 31 December 2006, debts towards other financing entities total 26,962 thousands of Euro and are composed of debts towards leasing companies.

Debts to subsidiaries

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

Items	Value at 31/12/2006 before 12 months	Vaure at 31/12/2006 after 12 months	Total at 31/12/2006
FALC 2000 SCARL	125	0	125
SIGONELLA SCRL	792	0	792
CUNEO SCRL	74	0	74
SITAPI SCRL	212	0	212
CONSORZIO VESPUCCI	4,547	0	4,547
SOCOTEL SCRL	275	0	275
CONFER SCRL	155	0	155
CIRCUMFER SCRL	127	0	127
EUROPE HOUSE ABUJA SCARL	2,903	0	2,903
TAURANO SCARL	465	0	465
IRMINIO SCARL	431	0	431
GA.LI 2002 SCRL	194	0	194
REP-FER SCRL	261	0	261
OTHERS	515	0	515
TOTAL	**11,076**	**0**	**11,076**

Debts to affiliated companies

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

Items	Value at 31/12/2006 Before 12 months	Value at 31/12/2006 after 12 months	Total at 31/12/2006
SERESA SCARL	529	0	529
MALPENSA 2000 SCRL	328	0	328
NUOVA MOVEFER SCARL	1,284	0	1,284
MOVEFER SCARL	1,081	0	1,081
NOS SCRL	1,452	0	1,452
CONSORZIO PIZZAROTTI – TODINI KEF-EDDIR	2,272	0	2,272
VALLETTA PUGGIA SCRL	186	0	186
CONCAPUA SCRL	122	0	122
NUOVO POLO FIERISTICO SCRL	551	0	551
CONSORZIO FERROVIARIO VESUVIANO	1,413	0	1,413
CONSORZIO CP-CASECNAN	544	0	544
MODENA SCRL	4,394	0	4,394
PARCO FARNESE SSRL	147	0	147
CONSORZIO FERROVIARIO S GIORGIO VOLLA	1,065	0	1,065
CONSORZIO FERROVIARIO S GIORGIO VOLLA DUE	196	0	186
CONSORZIO BBM	180	0	180
COSVITER SCARL	624	0	624
CONS. VAL D’ENZA	8,688	0	8,688

CAPRARA SCARL	3,272	0	3,272
CEFIBE SCRL	996	0	996
CENTRO SERZI SALERNO SCARL	567	0	567
C.U.S.	216	0	216
J.V. GARBOLI-TIRRENA SCAVI	9,844	0	9,844
METRO TRE SCARL	1,294	0	1,294
ROMA LIDO SCARL	2,638	0	2,638
SEIFRA SCARL	47,117	0	47,117
STAZIONI METRO VAL SCARL	1,167	0	1,167
VILLAGGIO OLIMPICO MOI SCARL	5,689	0	5,689
MALPENSA 2000 SCARL	143	0	143
OLBIA 90 SCRL	82	0	82
OTHERS	358	0	358
TOTAL	**98,429**	**0**	**98,429**

Debts to Parent company

Debts towards the Parent Company Mipien are mainly composed of amounts due for services received and guarantee charges.

Tax payables

Tax payables total 6,776 thousands of Euro and include current taxes, IRPEF payables for employees and other taxes due.

The years up to 31 December 2001 have been defined for the purposes of direct taxes whilst the years ended up to 31 December 2000 have been defined for the purposes of VAT.

Other payables

Other payables are made up as follows:

Items	Value at 31/12/2006 Before 12 months	Value at 31/12/2006 after 12 months	Total at 31/12/2006	Total at 31/12/2005
Debts towards employees	5,742	0	5,742	5,856
Directors' and Statutory Auditors' fees	273	0	273	102
Payables relating to insurance premiums	2,555	0	2,555	0
Amount due for arbitrary awards	1,744	0	1,744	1,534
Other debts	25,645	273	25,918	21,399
TOTAL	**35,959**	**273**	**36,232**	**28,891**

Accrued expenses and deferred income

Accrued expenses and deferred income as at 31 December 2006 total 9,720 thousands of Euro (8,283 thousands of Euro as at 31 December 2005) and are mainly made up of income on rental instalments relating to the Mineo and Belpasso real estate initiatives, deferred income relating to ICI contributions received in connected with the Villa Claretta and Spina Due initiatives and accrued expenses on loans and financing.

Memorandum and contingency accounts
The composition of the above item is as follows :

Guarantees:

Items	Amounts in thousands of Euro
In favour of subsidiaries	11,092
In favour of affiliated companies	62,149
In favour of others	244,945
Mortgages	38,128
TOTAL	**356,314**

Other commitments and risks:

Items	Amounts in thousands of Euro
Guarantees to third parties from banks and insurance companies	555,801
Leasing instalments not yet due – Mineo and Belpasso initiatives	128,190
Other leasing instalments not yet due	744
TOTAL	**684,735**

Items	Amounts in thousands of Euro
From Parent Company	208,707
From suppliers	88,717
TOTAL	**297,424**

Profit and loss account

Revenues
The revenues go from 521,432 thousands of Euro in 2005 to 672,922 thousands of Euro in 2006; this variance is commented in the Directors' Report.

Revenue split for geographic area:

	31/12/2006		**31/12/2005**	
Italy		543,751		459,362
Abroad		129,171		62,070
Algeria	30,425		10,148	
France	66,976		28,697	
Switzerland	18,447		23,225	
Rumania	13,323		0	

"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 consortiums for rentals and technical-administrative services and other income, including the gain on sale of fixed assets. The increase of 8 millions of

Euro in the year relates to insurance reimbursements subsequent to damages and costs for repairs sustained during the year. The value of production includes income from subsidiaries totalling 9,297 thousands of Euro and from associated companies totalling 19,498 thousands of Euro.

Costs of production

Cost of production amount to 646,544 thousands of Euro. In particular, the caption "Costs for Services" is detailed as follows:

	31/12/006
Costs for work executed by third parties	176,604
Costs recharged by consortia and consortium companies	96,964
Costs relating to work executed abroad	56,020
General overheads for work sites and head office	56,230
TOTAL	**385,818**

The general overheads for work sites and head office include costs charged by the parent company for fiscal/management services totalling 1,391 thousands of Euro, costs sustained for aeromobile services charged by Aliparma Srl, in which the parent companies holds shares, for a total of 916 thousands of Euro.

Personnel costs

Group average headcount is the following:

	Year 2006		**Year 2005**	
	Group Holding Company	Total	Group Holding Company	Total
Management	49	62	48	64
Employees	344	624	330	599
Labourers	348	1,272	264	1,103
TOTAL	**741**	**1,958**	**642**	**1,766**

It should also be noted that the Group average headcount, including also those companies not included in consolidation, is equal to 2,177 (1,896 as at 31 December 2005).

Depreciation and amortization

The highlighted increase, compared with prior year, of the amortization relating to intangible fixed assets is mainly due to greater production in 2006 in the work sites relating to the Milan-Bologna high speed railway line, now close to completion, and to the work site relating to the Catania-Syracuse motorway, that, as a consequnce, have involved a greater depreciation value of costs relating to installation and disassembly of work sites.

Other operating costs

The increase in this item is mainly due 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.

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; this item also includes the gain realised by Garboli subsequent to the sale of the Progeni SpA and Nico Scrl 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 2006	31 December 2005
Bank interests receivable	549	450
Moratory interests	1,962	1,114
Other	88	451
TOTAL	**2,599**	**2,015**

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 2006	31 December 2005
Accrual to provision for moratory interests	193	120
Interests payable to banks	13,593	8,752
Interests payable to others	533	591
Capital losses on securities	46	63
Others	3,426	1,329
TOTAL	**17,791**	**10,855**

It should be noted that at year end there are some “Interest Rate Swap” contracts, stipulated by the Group Holding Company and by the subsidiary Garboli SpA 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 2.9 million Euro which is not correctly highlighted given the covering nature of the operations themselves. The detail is the following:

HEDGING CONTRACTS

	Notional amount	
Type of operation	**Value in €**	**Fair value in €**
IRS Financial derivative	5,000,000	-2,529
IRS Financial derivative	10,000,000	27,868
IRS Financial derivative	10,000,000	18,342
IRS Financial derivative	5,000,000	71,059
IRS Financial derivative	10,000,000	-140,289
IRS Financial derivative	5,000,000	-109,574
IRS Financial derivative	15,000,000	681,251
IRS Financial derivative	10,320,000	1,352,271
IRS Financial derivative	12,000,000	-4,909

IRS Financial derivative	8,500,000	3,878
IRS Financial derivative	20,000,000	765,258
IRS Financial derivative	19,000,000	43,064
IRS Financial derivative	7,576,000	74,000
IRS Financial derivative	8,500,000	73,000
TOTAL	**145,896,000**	**2,852,790**

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 2,196 thousands of Euro (9,676 thousands of Euro as at 31 December 2005) and includes restored values both of investments as well as of securities included in the current assets previously devalued as described in the paragraph dealing with investments 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 direct and indirect investments in provisions for risks necessary in order to align the book value with the corresponding portion of net equity.

Extraordinary income and charges

Extraordinary charges mainly include the negative outcome of a contentious issue that has resulted in a sentence in the court of appeal.

Income taxes for the period

Current income taxes	3,441
Deferred income taxes	7,505
Total	10,946

As already described previously the deferred taxes applicable to the adjustments to consolidation have been accrued in such a manner as to identify the tax charge and liability in accordance with competence criteria, also taking account of losses than can be fiscally brought forward by certain consolidated companies and of the expected related period of the temporary differences.

Other information

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 (in thousands of Euro):

	Group Holding Company	Consolidated Companies
Directors' fees	1,000	44
Statutory Auditors' fees	44	101

Statement of Sources and application of funds 2006 (in millions of Euro)

Statement of Sources and application of funds	2006	2005
Group net result for the year	11.1	6.4
Third party net result for the year	0.0	-0.2
Amortization	25.6	19.9
Net provision variation	16.2	25.5
Current management cash flow	**52.9**	**51.6**
Variation in assets and liabilities for the period		
Receivables from clients	-86.7	49.1
Miscellaneous receivables and accrued income and deferred assets	-0.9	-17.9
Inventories	-20.3	-183.4
Payables to suppliers	59.6	111.1
Other accrued expenses	12.7	28.6
Variation in net working capital	**-35.7**	**-12.5**
Cash flow from activities for the year	**17.3**	**39.1**
Net increases in intangible fixed assets	-13.6	-124.3
Net increases in tangible fixed assets	-36.6	-11.7
Increase in financial fixed assets	16.4	-30.5
Cash flow from investment activities	**-33.8**	**-166.5**
Other changes in Group net equity	-0.8	5.7
Changes in third party capital	0.6	0.7
Cash flow from financing activities	**-0.3**	**6.4**
Net cash flow for the period	**-16.8**	**-121.0**
Net financial position at the beginning of the year	**-56.7**	**64.2**
Net cash flow for the period	**-16.8**	**-121.0**
Net financial position at year end	**-73.5**	**-56.7**

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The President of the Board of Directors

Dott Franco Nobili

IMPRESA PIZZAROTTI & C SPA

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

AUDITORS' REPORT IN ACCORDANCE WITH
ARTICLE 2409-TER OF THE CIVIL CODE

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers SpA

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 2409-TER OF THE CIVIL CODE

To the Shareholders of
Impresa Pizzarotti & C SpA

1. We have audited the consolidated financial statements of Impresa Pizzarotti & C SpA as of 31 December 2006. These financial statements are the responsibility of Impresa Pizzarotti & C SpA's directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the generally accepted auditing standards. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to our report dated 13 June 2006.

3. In our opinion, the consolidated financial statements of Impresa Pizzarotti & C. SpA as of 31 December 2006 comply with the laws governing the criteria for their preparation; accordingly, they give a true and fair view of the financial position and of the results of operations of the Group.

4. Intangible assets include significant costs for the acquisition of contracts, related to the total acquisition cost, also through purchase of a subsidiary, of a 24% stake of consortium Cepav 2. As highlighted in the Directors' Report and as mentioned in the Notes to the Accounts, on 2nd April 2007, the "Gazzetta Ufficiale" (nr 77) published law nr. 40 which revokes the concessions granted to TAV SpA in 1991; this revocation impacted on all the conventional transactions deriving from or connected to the same that were stipulated by TAV SpA with the General Contractors on 15th October

1991, amongst which was the above mentioned Cepav Due. The Consorzio Cepav Due that had already previously adopted arbitrary proceedings against TAV for the recognition of the damages sustained also as a consequence of the contractual non-fulfilment, has also commenced further judicial initiatives, in strict coordination with other consortia that are involved in the same legislative proceedings, with the aim of protecting their own rights and those of the consortium members, as described in the Director's Report. The Directors have considerd the implications of the above mentioned legislative proceedings in connection with the recoverability of the above values; on the basis of the estimates made, although in the presence of normal uncertainties which are typical in the circumstances, they believe that the possibility of recovery of the related amounts included in the assets is reasonable.

Parma, 8 June 2007

PricewaterhouseCoopers SpA

Edoardo Orlandoni
(Partner)

This report has been translated from the original which was issued in accordance with Italian practice.