



CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31/12/2007

IMPRESA PTZZAROTTT & 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

VATN° 00533290342

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

31/12/2007

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Board of Directors

FRANCO NOBILI	Chairman of the Board of Directors
LUCA SASSI ALDO	Vice-President and CEO
BOTTINI SERGIO	CEO
BANDIERI	Director
CORRADO BIANCHI	Director
MAURIZIO FRATONI	Director
LD3IO GIORDANI	Director
BRUNO MELARDI	Director

Statutory Auditors

PIERLUIGI PERNIS	President
AUGUSTO SCHIANCHI	Statutory Auditor
ALBERTO VERDERI	Statutory Auditor

Auditing Company

PRICEWATERHOUSECOOPERS SPA

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

Directors' Report

The consolidated financial statements for the year ended 31 December 2007 are accompanied by this Directors' Report that has been prepared by the Board of Directors which is composed of the following eight 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
Dott, Ing, Sergio Bandieri	Director
Geom, Corrado Bianchi	Director
Geom, Maurizio Fratoni	Director
Dott, Ing, Lidio Giordani	Director
Rag, Bruno Melardi	Director

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

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

The 2007 consolidated financial statements shows a positive balance, net of taxes, totalling 23.4 millions of Euro (11.1 millions of Euro in 2006) against a consolidated production of 736.5 millions of Euro (672.9 millions of Euro in 2006).

The "EBITDA" is equal to 67.1 millions of Euro (55.8 millions of Euro in 2006) and the net financial position shows a negative balance totalling 88 millions of Euro (negative balance of 73.5 millions of Euro in 2006). The increase in the financial position is substantially due to the increase in production volumes and to the income support activities guaranteed to the contracts, some of which are currently under way and consequently require initial investments whose recovery is guaranteed by cash flows connected to construction activities. Real estate initiatives that are under way, both dealt with directly by the company, whose value at the year end totals 50 millions of Euro, as well as those dealt with by associated real estate companies, that have involved a net financial investment of 66 millions of Euro, have impacted the year end balance.

Net equity totals 279.6 millions of Euro (256.6 millions of Euro in 2006).

*

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 delays in production in connection with the Catania-Syracuse contract and by the non-commencement and/or by the abnormal progress of the contracts relating to the Salerno-Reggio Calabria motorway portion.

In particular it should be noted that the delays undergone compared with the work schedules in connection with the SA-RC contracts, due to factors that do not depend on the responsibilities of the General Contractor, have generated significant extra costs that will lead to negative margins.

For consistency in the application of the accounting principles always adopted by your company, no items were booked in the assets relating to future sums recognized subsequent to claims lodged. The positive result before taxes has benefitted from litigations solved relating to prior contracts, supported by arbitration awards or executive sentences. The tax burden for the year has benefitted from the variation of the tax rates that has impacted on the deferred tax provision accrued in the balance sheet.

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

The preparatory works relating to the commencement of the Brescia-Milan railway are progressing in accordance with the chrono-programme; the final project work is about to be completed subsequent to an agreement reached with great difficulty between representatives of the territory on the one hand and representatives of the railways on the other. The BBM consortium, in which your company holds a 50% share, will be the "construction partner" of the concessionary, and will directly execute approximately 70% of the works, on the basis of a General Contractor contract, the essential conditions of which are being updated currently, in order to make the prior term sheet coherent with the new convention.

The project relating to the new "D" line of the Rome sub-way has recorded in the period, the preparation of the preliminary project, through intense coordination work between the granting company and the designated promoter. The negotiated procedures are expected to commence this year, in accordance with the time schedule.

The final project work activities are about to be concluded in the Anas A3 Sarc Altilia Falerna lot of the Salerno Reggio Calabria motorway 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, has obtained final approval which has enabled the delivery of the works. The actual commencement of the works on site is still conditioned by the carrying out of further archeological investigations requested by the superintendence.

The works relating to the maxi-lot of the sanie A-3 motorway (ASR 49/04), are progressing even although with some delays connected to the necessary adjustments to be made to the project as a consequence of unexpected geological situations.

The works relating to the re-allocation of the "historical line" located in the Modena territory that was awarded to your company in connection with the high-speed quadruplication of the Milan-Bologna line, are progressing in advance compared with the work programme.

During the past year, the company commenced negotiating proceedings in connection with the concession, based on a project financing, for the project work, execution and management of four hospital districts in the Tuscany area. The temporary grouping of companies, previously identified as the promoter, exercised its pre-emption rights and was awarded the related concession. The final project was completed within the programmed deadline and it is expected that the works on site will commence before the end of the current year.

Another significant event that has characterised the past year is the appointment as promoter with pre-exemption rights of a temporary grouping of companies, with Autobrennero as mandatory, for the project work, construction and management of the "Cispadana" regional motorway. Your company participates in the initiative in the region of 36,5%,

The preparation of the preliminary project has been completed in accordance with current legislation subsequent to a consultation with the interested territorial entities and the call for bids relating to the subsequent negotiated procedure has been published. The TAR of the Emilia Romagna region has rejected the recourse of a competitive grouping, thereby removing any further obstacles to the process that will lead to the awarding of the concession.

ANAS has for the moment suspended its reply to the proposal presented previously relating to the execution of the so-called Bologna north passage road in a project financing regime (these works are of strategic importance in order to solve the heavy traffic problem in the Bologna motorway junctions). In fact, subsequent to the formal request of the granting entity, your company updated the proposal, thereby qualifying it as being totally financed by private capital. In spite of the attempts, promoted by the Minister in charge, the entities involved were not in a position to overcome the obstacles imposed by the current concessionary as regards the urban portion of the A-14.

With reference to the proposal presented by the promoter to Anas in connection with the link of the Campogalliano Sassuolo motorway, your company appealed to TAR, following the non issuance of the declaration of public interest, with a positive result; Anas subsequently presented recourse to the State Council, but the result for the moment is still unknown.

During the past year, your company, together with other companies, replied to the call for a bid in the region of Venice, that was looking for better offers compared with the one received from the current concessionary of the A-4 (Brescia - Padova motorway), for the project work, construction and management of the so-called system of the Venetian ring roads.

On 3rd April 2008, the Venice region announced that the awarding commission had chosen your company's proposal. On 26th May 2008, the committee of the Venice region declared that the above mentioned proposal was declared as being of public interest and commenced the procedures relating to the pre-emption.

The same A.T.I., replied to an indicative notice of the Venice region for the execution of a project financing of the link road called "Gardesana". The process of the selection of a promoter is still under way.

Also, your company took part in an ATI whose promoter proposal for the execution of a project financing relating to the motorway portion to the toll between the A-14 and the port of Ancona, was considered to be feasible by the grantor, Anas, subsequent to specific bidding procedures. The mentioned events witness the evolution towards a core business mainly aimed at concessions, as opposed to the traditional market of public contracts that continues to be characterized by

persistenti competitive tension, completely out of context as regards real cost dynamics, The procedure that is under way is coherent with the policy indicated by the shareholders and is aimed at a research for "normal" market segments in which to compete on coherent basis with a correct evaluation of the risks and benefits.

It is hoped that the competent institutions will provide for appropriate regulations aimed at making new the mechanisms that adjust contractual prices to the real cost dynamics of the costs of raw materials, whose abnormal trend systematically collides with the modest theoretical margins of traditional contracts.

As regards the investment held in "Garboli", which is now totally controlled by your company subsequent to the residual public purchase offer made in prior year in accordance Consob regulations, we would highlight on the one hand, the works proceeding on a normal basis and on the other, the continuity of the judicial activities that had commenced in prior year.

In connection with the participation of your company and of the subsidiary Garboli in the Cepav 2 consortium we would specify that there have been limited but positive evolutions during 2007 and during the first months of 2008 in connection with the issues already highlighted in the previous financial statements and that had originated in the cancellation of the conventions with TAV that are proceeding, in the various grades of justice, including the pronouncement by the European Court of Justice, made subsequent to the known sentence of the TAR of the Lazio Region. In this substantially unchanged context, the activities relating to arbitration promoted by the Cepav 2 consortium in connection with the acknowledgment of the damages sustained have been carried on.

As a consequence, the judicial inquiries relating to existing arbitrations are in progress; in particular, with reference to arbitration nr. 1, commenced by the Cepav 2 consortium against TAV, the judicial inquiry by the Board is under way for the purpose of quantifying the amount due with the help of technical advice. The technical assistance has commenced its activity which should terminate by next autumn.

As well as the above, it is convenient to remember that as opposed to the requests made by the other consortia affected by the cancellation process of the conventional contracts, the Cepav 2 consortium has requested the making good of the TAV contract on a priority basis.

In this regard, the time that has gone by has not been in vain since the project relating to the Treviglio-Brescia sub-portion of the works has completed the authorisation process ("conferenza dei servizi") thereby achieving approval last spring.

As a consequence, in the light of the intentions announced by the new government in the field of infrastructures, we are hopeful in the renewal of this important contract.

At the present moment, on the basis of available information and of recent events that are limited but positive, taking account also of the above considerations, the Board of Directors continue to believe that there exists the possibility, even in the presence of the typical uncertainties of the sector, of a feasible recovery of the amounts entered into the assets relating to the Milano-Verona high speed portion of the railway.

From a differentiation viewpoint as opposed to the public contracts market in Italy, your company is constantly turning its attention to international markets, following a prudential selection policy of the countries, as well as to the consolidation of its position in the markets where it already operates. The business plan highlights a positive trend with reference to the foreign contracts.

During the past year, your company has acquired an important contract in Algeria, in a joint-venture with a primary company that supplies rolling stock, for the supply of a turnkey project* referred to the subway-tramway in the town of Constantine.

The policy of growth of the foreign division implies a concrete evolution of the services supplied by the head office, which has now been underway for some time, and that is aimed at satisfying the complex requirements of a sector that is characterised by the many scenarios in which it operates.

The main contracts acquired by the Group during 2007, and updated during the initial months of 2008, are the following:

- BBT Innsbruck - basic Brennero tunnel - execution of exploration shaft in the Aica-Mules portion including the "Mules window" (78 millions of Euro, Pizzarotti portion 38,95%);
- Compania Nationala de Autostrazi si Drumuri Nationale Sa - execution of 19 Km of the Bucarest - Ploiesti motorway (153 millions of Euro, Pizzarotti portion 50%);
- Emilia Romania Region - concession for the financing, project work, execution and management of the regional Cispadana motorway from the Reggiolo-Rolo toll station on the A22 to the Ferrari Sud toll station on the A13 (1,080 millions of Euro for the construction and the project work, Pizzarotti portion 36,5%), A.T.I. with Autobrennero as mandatory and Pizzarotti as grantors, with other companies, has been identified as designated promoter thereby acquiring the pre-emption rights in the subsequent negotiated procedure;
- Town Council of Naples - concession of the project work, construction and management of a circular building, of a hotel building as well as of a trade centre building located in Secondigliano (24,6 millions of Euro for the construction and project work, Pizzarotti portion 70%);
- Entreprise Metro D'Algèr - project work, execution, supply and installation of the tram system of the town of Constantine for a total length of 9 km from the Zouaghi terminal to the Benabdelmalek station (305 millions of Euro, Pizzarotti portion 130 millions of Euro);
- Metroparma STU - unique concession to general contractor for the executive project work and the execution of the rapid transport system for the town of Parma, (Line A and C), (244 millions of Euro, Pizzarotti portion 50%);
- Anas - concession of the project work, execution and subsequent management of the connection between the port of Ancona and the ring road, through recourse to a project financing (479 millions of Euro for construction and project work, Pizzarotti portion 18%), A.T.I. with Impregilo as mandatory and Pizzarotti as grantors, with other companies, has been identified as designated promoter thereby acquiring the pre-emption rights in the subsequent negotiated procedure;
- Naval Facilities Engineering Command (NAVFAC EURSWA) - construction of an Enhanced Health Service Center at Camp Ederle in Vicenza (30 millions of Euro, Pizzarotti portion 50%);
- Naval Facilities Engineering Command (NAVFAC EURSWA) - construction of Army Lodge Addition at Camp Ederle in Vicenza (9 millions of Euro, Pizzarotti portion 50%);
- Autostrada Pedemontana Lombarda SpA - final project work and execution of the first lot of the Como ring road and of the first lot of the Varese ring road, of the Dalmine-Como-Varese-Valico del Gaggiolo motorway connection and related works, including all the correlated activities (629 millions of Euro, Pizzarotti portion 18%);
- Integrated System of Regional Hospitals - concession for the project work and construction of new Tuscan hospitals in Prato, Lucca, Pistoia and the Appuane Apennines and the

management of the related non-sanitary and commercial services (313 millions of Euro relating to construction and project works, Pizzarotti portion 30%); *

- Venetian Ring Road Systems: award of the promoter's bid for the financing, project work, construction and management of the regional motorway, parallel to the A-4 motorway, from Peschiera del Garda to Padova (the amount of the investment is equal to approximately 2,700 millions of Euro, Pizzarotti portion is equal to 51%).

As regards the real estate activity, 2007 was concluded in a positive manner and the expected results were achieved in terms of margins, both directly as well as through the associated real estate companies.

The commitment undertaken for the development of real estate initiatives both at urban level as well as at project work level has continued in a positive manner; also, the acquisition of areas considered as being strategic by the company, for those real estate sectors in which the company believes there will be no recession in demand, was completed.

In particular, the company has purchased an ex-industrial requalification area in the centre of a medium-sized town in the North of Italy, as well as an area in which to build a large trading centre for the manufacturing and sale of products.

In particular, we would highlight the substantial completion of the urbanistic and building procedures that will allow the commencement of the following work sites during 2008:

- "Centro Commerciale Via Traversetolo in Parma and residential building (Pizzarotti portion 36 millions of Euro);
- Residential complex "Parma Residenziale 1" in Parma ex Rossi & Catelli plant (Pizzarotti portion 60 millions of Euro);
- 9 Exhibition and Trade Centre in Parma in Via Venezia (6 millions of Euro);
- Residential and Trade Complex in Via Langhirano (12 millions of Euro),

Significant steps forward have been made as regards the urbanistic processes in connection with the following projects:

- "Centro Integrato Polifunzionale" located in Parma in the "Fiera" area for which the company expects to deposit the urban project by the end of July 2008 in order to reach the stipulation of the Convention by the end of 2008, The size of the operation is equal to approximately 120,000 square meters of SLU (200 millions of Euro);
- Industrial area in front of the A1 motorway, near Fontanellato, Parma, whose PUA is about to be presented in connection with a potential building project totaling 53,000 square meters of SLU;
- » Requalification "Ex officine Adige" (Pizzarotti portion 20%); during the past month of October the Verona town council finally approved the project relating to works to be executed over the whole area, thereby giving way to the operating phase.

The following are the main operations in progress:

- Residential Complex in the Maddalena area (80 building units);
- Residential Complex in the Tuscan hills, in the province of Florence (18 building units);
- Residential Complex in Parma - Via Traversetolo;

- Multi functional centre in Gallarate (VA);

As regards the project financing in the building sector, it should be highlighted that the activities relating to completion of the procedures subsequent to the appointment of the designated promoter, have been more difficult than expected, thereby extending the expected timing. As described above, a convention has been signed with Tuscan hospitals whose work sites will commence during 2008, and currently the following project financing is under way in connection with:

- "Ponte Nord" (Parma);
 - "Palaeventi" (Parma);
- Integrated Project relating to Secondigliano (Naples).

As regards prefabricated products, the year 2007 confirmed budget expectations in terms of production, equal to 37 millions of Euro, a decrease compared with 2006, confirming the expectations that forecasted stagnation in the private market together with a recession in the market dealing with supplies for public works (railway sleepers and manufactured products for roads and railways).

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 2008.

On the contrary, an improvement is expected as regards investments in public works, a market in which the division has invested and in which it has successfully penetrated with its own product in particular as regards the segment relating to anti-noise barriers in concrete cement thereby confirming its national leadership in the field of the manufacture of railway sleepers.

Moreover, testing of a new railway strengthening system has been concluded, to be used for the construction of railways and subways as well as in the new railway tunnels. This system is part of the policy of expansion of the division in the field of the infrastructural sector.

The restructuring works relating to the Lucignano (AR) and Ponte Taro (PR) plants are continuing and will be completed during current year as regards Lucignano and in the middle of 2009 as regards Ponte Taro. As regards the Ponte Taro plant, some of the renewed departments are already working and these will bring about the first increases in production during 2008. As far as the new structural products in the prefabrication sector are concerned, in July 2008 Lucignano will commence the production of a new type of flooring from which the division is expecting an important contribution in terms of increase in production, in particular in the field of buildings destined to large scale distribution.

The S. Nicola di Melfi (PT) plant is managed and controlled by Traversud; the recently founded company is sustaining significant investments for the purpose of achieving the strategic objective relating to the creation of a technologically advanced manufacturing plant able to satisfy the demand for products relating to railway infrastructures for the Southern Italy market.

The significant reduction in investments by RFI, connected to its lack of liquid funds, have delayed the expected times necessary for achieving the break-even; as mentioned above, the expectations are for an increase in investments relating to maintenance and new buildings by RFI already during

2008; thanks to the technological and commercial positioning achieved, Traversud will benefit from this investment. *

In the meantime we would point out that Traversud has registered into the RFI qualification system for an amount that is greater than the one held previously, thereby reaching the category up to 8 millions of Euro.

Moreover, it should be remembered that the statutory financial statements presented for the approval of the Shareholders' Meeting used the complete contract method ("metodo della commessa completata").

The consolidated financial statements, presented to the Board of Directors for their approval, represent the results obtained by the company in a more realistic manner 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)

	2007	2006
Value of production	736.5	672.9
Gross operating result	67.1	55.7
Operating Result	24.2	26.4
Profit before tax	15.6	22.0
Consolidated net profit for the year	23.4	11.1
Consolidated Net Equity for the year	279.6	256.6
Cash flow	58.6	36.7
Net financial position	-88.0	-73.7
Work orders in portfolio	3,069.9	2,287.5
Average number of employees	1,718	2,177

The works portfolio, updated to April 2008 shows a value of 3,332 millions of Euro.

The company holds 1,444,800 own shares for a nominal value of 1 Euro each, for a total purchase value of 2,324,056 Euro as specified in the notes to the accounts of the current financial statements.

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 Vili classification (unlimited amount) was issued on 26/01/2006, and is valid for three years, up to 25/01/2009, in 22 categories of works of which 15 for unlimited amounts (7 for general works and 8 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, 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.

In 2006 the company 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 June and September, the "UNI EN ISO 14001-2004 Environment Management System" and "OHSAS 18001-1999 Security Management System".

During the past four years, Impresa Pizzarotti has constantly implemented its Management System that, starting from the Quality, today includes the Environment, Safety and Health for its employees and the administrative responsibility for the company, from a totally integrated viewpoint (Legislative Decree nr. 231/01).

One of the remaining primary objectives for the company regards the periodical training and attention to the aspects relating particularly to the safety of the workers and respect for the environment, the strengthening of professional growth for all employees.

From a practical-operational standpoint, numerous initiatives in the productive work sites have been implemented by strengthening traditional activities already existing in Impresa Pizzarotti; some of these initiatives are the following:

- Compulsory training before commencing work on the work site for all the direct workers as well as for those that depend on other Entities, Contractors, Sub-Contractors, Suppliers;
- Periodical compulsory training (documented) during the execution of the works of all employees and labourers operating on the work site;
- Holding of specific "Safety Days" involving all employees and labourers during which those who have distinguished themselves in the application of what is provided for in the Safety Plans either for themselves or for others.

The final scope is aimed at contributing to making employees become "safety promulgators" in all those work sites where they will operate in the future, in such a manner as to improve the Construction Sector through constant and progressive improvement of the knowledge of the moral and material value of human health and life.

Supervisory procedures will be implemented for the purpose of controlling the realisation of this project also through periodical and systematic audits for the achievement of such objective.

Impresa Pizzarotti is amongst the founders of the "FONDAZIONE OSPEDALE DEI BAMBINI DI PARMA O.N.L.U.S." (Parma Children's Hospital) together with Barilla G & R F.lli SpA and Fondazione Cassa di Risparmio di Parma e Monte di Credito su Pegno di Busseto. The "Fondazione" is offering to provide for all the project work and execution of the works and the structures relating to the Parma children's hospital, to fulfill all the related accessory monitoring and coordination activities, to liberally transfer to the Parma Hospital-University the property and the use of the works performed with the objective of enabling the hospital in Parma to have a hospital for children with excellent characteristics, that will be appropriate for the demands of the territory and leader both under a technological profile as well as in its accommodation premises in receiving children that require to be attended to. Up to the present moment the project work phase has been completed and it is expected that the concrete taking off of the works will take place in September 2008.

The Board of Directors had deliberated the approval of the Organization Model, that had been inspired by the Guidelines issued by the "Confindustria" in 2002 as well as the composition of the Internal Supervisory Organism for the purpose of satisfying the requirements of Leg. Decree n. 231 dated 8 June 2001, Subsequent to the identification of the risk areas and to an analysis of such

activities, the application of the Model, aimed at avoiding the faulty causing of specific actions against the law, has involved the subsequent correction of the internal operating regulations and of the procedures relating to the company's Management System.

In December 2007, for the purpose of complying with the modifications made to Leg. Decree nr. 231/01, introduced by Art 9 of Law nr. 123 dated 3 August 2007 that adds faulty actions against the law in the environment of safety at work, the Organism proposed the updating of the Organization Model to the Board of Directors who approved the same and consequently integrated the composition of the Organism by adding a Specialized Component (for crimes against safety) for the purpose of better satisfying the supervisory requirements provided for by the Organism. The presence of a Safety Management System (OHSAS 18001) implemented in the Company since 2005 and certified as of September 2006, has not involved, subsequent to such legislative modification, significant corrections to the internal operative regulations.

Finally, it should be noted that the Company provided for the adjustment to the Safety Programmatic Document for the purpose of guaranteeing the correct treatment of personal information in compliance with what is provided for in Leg. Decree nr. 196/2003.

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

No significant events emerged after the closing of the financial statements due to the fact that company activity proceeded as normal; it should be noted that during the first part of the year 2008 the respective social offices deliberated the merger of Sogi SpA by Impresa Pizzarotti & C starting from 1 January 2008.

30 May 2008

The Chairman of the Board of Directors
Dott Franco Nobili

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

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31/12/2007

Amounts in thousands of Euro

ASSETS	31/12/07	31/12/06
B) FIXED ASSETS		
I - INTANGIBLE FLXED ASSETS		
1) Start-up and business expansion costs	3,963	24,222
2) Costs for research, development and advertising		0
3) Patents and technical know how	164	274
4) Concessions, licences and trademarks	869	957
5) Goodwill	837	2,034
7) Consolidation difference		0
8) Other	134,536	133,931
	140,369	161,418
TOTAL INTANGIBLE FIXED ASSETS (I)		
II- TANCLBLE FLXED ASSETS		
1) Land and buildings	39,735	41,308
2) Plant and machinery	19,136	25,208
3) Industriai and commercial equipment	5,134	5,886
4) Other assets	2,720	2,947
5) Assets under construction	-	-
TOTAL TANGIBLE FIXED ASSETS (II)	66,725	75,349
m - FINANCIAL FIXED ASSETS		
1) Investments in:		
a) subsidiary companies	231	270
b) associated companies d)	17,568	19,367
other companies	<u>36,675</u>	<u>29,547</u>
Total investments (1)	54,474	49,184
2) Financial receivables:		
a) from subsidiary companies:		
- due within one year	300	258
Total due from subsidiary companies (a)	300	258
b) from associated companies:		
- due within one year	5,986	4,346
- due after one year	7,076	2,236
Total due from associated companies (b)	13,062	6,582
e) from parent companies:		
- due within one year	0 0	2,083
Total due from parent companies (e)		2,083
d) from other companies:		
- due within one year	24,853	25,277
- due after one year	833	972
Total due from other companies (d)	25,686	26,249
Total financial receivables (2)	39,048	35,172

ASSETS	31/12/07	31/12/06
4) Own shares TOTAL FINANCIAL	2,324	2,324
FIXED ASSETS (III) TOTAL FIXED ASSETS	95,846	86,680
(B) C) CURRENT ASSETS	302,940	323.448
I - INVENTORIES		
1) Raw materiate and supplies		
2) Work in process and semi-finished goods		
3) Work in process on order	3,720	5,963
4) Finished goods	50,285	38,141
5) Payments on account	214.388	248,830
	68,625	52,585
TOTAL INVENTORIES (I)	6.092	12.682
II - RECEIVABLES:	343,110	358,201
1) Trade receivables:		
- due within one year	197,438 6.412	160,988
- due alter one year Total	203,850	9,697
trade receivables (1)		170,685
2) Receivables from subsidiary companies:	4,953	9,471
- due within one year	0	0
- due after one year	4,953	9,471
Total receivables from subsidiary companies (2)		
3) Receivables from associated companies:		
- due within one year		
- due after one year	45,794	
Total receivables from associated companies (3)	45,794	37,284
	0	0
4) Receivables from parent companies		37,284
- due within one year		
- due after one year		
Total receivables from holding companies (4)	6,913	37,558
	0	0
4bis) Tax receivables :	6,913	37,558
- tax receivables due within 1 year		
- tax receivables due after 1 year		
Total tax receivables (4bis)	2,584	2,513
	246	246
	2,830	2.759
4ter) Deferred tax assets:		
- deferred tax assets due within 1 year	2,687	7,946
- deferred tax assets due after 1 year	2.633	2,182
Total deferred tax assets (4ter)	5,320	10,128
5) Others:	11,035	14,891
- due within one year	649	105
- due after one year	11,684	15,696
Total receivables from others (5)		
TOTAL RECEIVABLES (II)	281,344	283,581

<u>ASSETS</u>	<u>31/12/07</u>	<u>31/12/06</u>
DT - NON CURRENT FINANCIAL ASSETS:		
2) Investments in Associateci Companies	0	7,357
6) Other securities	106,442	112,054
7) Other financial assets	<u>0</u>	<u>10,377</u>
TOTAL FINANCIAL ASSETS (III)	106,442	129,788
IV- CASH AND BANK BALANCES:		
	140,829	108,688
1) Bank and postai accounts	175	145
3) Cash-in-hand	141,004	108.833
TOTAL CASH AND BANK BALANCES (IV) TOTAL CURRENT	871,900	880,403
ASSETS (C)	10,335	12,233
D) PREPAYMENTS AND ACCRUED INCOME	10,335	12,233
- Other prepayments and accrued income	1,185,175	1,216,084
TOTAL PREPAYMENTS AND ACCRUED INCOME (D) TOTAL		
ASSETS		

LIABILITIES	31/12/07	31/12/06
LIABILITIES A) SHAREHOLDERS' EQUITY		
I - Share capital	70,000	70,000
II - Paid in capital reserve		0
0		5,814
III - Revaluation reserve	5,814	5,374
IV - Legai reserve	5,555	721
V - Statutory reserves	721	2,324
VI - Reserve for own shares in portfolio	2,324	343
VII - Other reserves:		0
- other reserves	3,801	160,764
- extraordinary reserves		
0 I - Profit (loss) brought forward		-426
168,262		
IX - Translation reserve	-738	11,137
IX -NET PROFIT (LOSS) FOR THE YEAR	23,417	<u>256,051</u>
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP (1)	<u>279,176</u>	
SHARE CAPITAL, RESERVES AND PROFIT ATTRIBUTABLE TO MINORITY INTERESTS (2)		556 -
Share capital and reserves attributable to minority interests	935	46
Profit (loss) attributable to minority interest	-497	
TOTAL SHAREHOLDERS' EQUITY (A)	<u>279,614</u>	<u>256,561</u>
B) PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES:		
2) Deferred taxes	84,480	100,837
	15,244	<u>10,347</u>
3) Other		
Total provisions for contingencies and other charges (B) C)	99,724	111,184
	<u>9,488</u>	<u>12,141</u>
EMPLOYEES' LEAVING INDEMNITY		

LIABILITIES	31/12/07	31/12/06
D) ACCOUNTSPAYABLE		
4) Bank overdrafts and bank borrowings: due within one year due after one year Total accounts payable to banks (4)	181,619 153.838 335,457	194,903 117.257 312,160
5) Other borrowings: due within one year due after one year Total other borrowings (5)	5,536 17.709 23,245	6,603 20.359 26,962
6) Payments received on account: due within one year due after one year Total payments received on account (6)	73,972 17.555 91,527	59,626 25.048 84,674
7) Trade payables: due within one year due after one year Total trade payables (7)	191,127 20,696 211,823	229,600 15.421 245,021
8) Accounts payable on biUs accepted and drawn: due within one year due after one year Total accounts payable on bills accepted and drawn (8)		
9) Amounts payable to subsidiary companies: due within one year due after one year Total amounts payable to subsidiary companies (9)		
10) Amounts payable to associated companies: due within one year due after one year Total amounts payable to associated companies (10)	9,416 9,416 60,792 60,792	11,076 0 11,076 98,429
11) Amounts payable to parent companies: due within one year due after one year Total amounts payable to parent companies (11)	6,124 6,124	0 970 0 970
12) Tax liabilities: due within one year due after one year Total tax liabilities (12)	6,870 6,870	6,776 0 6,776
13) Social security charges payable: due within one year due after one year Total social security charges payable (13)	4,212 4,212	4,165 13 4,178

LIABILITIES	31/12/07	31/12/06
14) Other payables:		
due within one year	36,484	35,959
due after one year	425	273
Total other payables(14)	36,909	36,232
TOTAL ACCOUNTS PAYABLE (D)	786,375	826,478
E) ACCRUED EXPENSES AND DEFERRED INCOME	9,974	9,720
Other accrued expenses and deferred income		
	9,974	9,720
Total (E)	1,185,175	1,216,084
TOTAL LIABILITIES		
MEMORANDUM AND CONTINGENCY ACCOUNTS		
I) Guarantees	365,198	356,314
II) Other commitments and contingencies	<u>890,106</u>	<u>982,159</u> TOTAL
MEMORANDUM AND CONTINGENCY ACCOUNTS	<u>1,255,304</u>	<u>1,338,473</u>

CONSOLIDATED INCOME STATEMENT	31/12/07	31/12/06
A) VALUE OF PRODUCTION		
1) Revenues from sales and services	754,865	576,755
2) Variances in inventories of semi-finished and finished goods	5,512	52,751
3) Variances of work in progress	-70,538	(5,207)
4) Increase of fixed assets for own works	2,590	5,822
5) Other revenues and income:		
other revenues and income Total	44,067	42,801
other revenues and income (5)	44,067	42,801
TOTAL VALUE OF PRODUCTION (A)	<u>736,496</u>	<u>672,922</u>
B) COST OF PRODUCTION:		
6) Raw materials, consumables and supplies	141,340	129,550
7) Services	426,706	385,818
8) Rentals and leasing expenses	23,700	23,693
9) Personnel expenses:		
a) wages and salaries	45,711	50,063
b) social security costs	13,906	14,081
c) employees' leaving indemnity	2,354	2,523
Other personnel costs Total personnel expenses (9)	1,114	1,368
	63,085	68,035
10) Amortisation, depreciation and write-offs:		
a) amortisation of intangible fixed assets	23,631	11,845
b) depreciation of tangible fixed assets	11,517	13,771
d) write-off of receivables included in the current assets Total amortisation, depreciation and write-offs (10)	930	916
	36,078	26,532
11) Variances in inventories of raw materials, supplies and consumables	630	994
12) Provision for risks	6,850	2,493
13) Other provision	0	358
14) Other operating expenses	13,948	9,071
TOTAL COST OF PRODUCTION (B)	<u>712,237</u>	<u>646,544</u>
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A - B)	<u>24,159</u>	<u>26,378</u>
15) Income from investments:		
other	3,651	<u>6,654</u>
Total income from investments (15)	3,651	6,654
16) Other financial income:		
a) from receivables classified as non-current assets:		
subsidiary companies associated		0
companies holding company other	90	211
	121	107
	57	12
Total (a)	268	330
b) From securities included in fixed assets		

CONSOLIDATED INCOME STATEMENT	31/12/07	31/12/06
e) From securities included in current assets	6,013	1,929
d) other income:		
- from subsidiaries		0
- from associated companies		0
- from parent companies		0
- from other income	6,633	2,599
Total (d)	<u>6,633</u>	<u>2,599</u>
Total other financial income (16)	12,914	4,858
17) Interests and other financial charges:		
from subsidiary companies from		0
associated companies from holding		0
companies other interest and financial	-1,144	-613
charges	-	-17,791
	<u>1,222</u>	
17bis) Income/losses on exchange		1,999
Total interests and other financial charges (17)	-	-16,404
	23,741	
TOTAL FINANCIAL INCOME AND CHARGES (C)	<u>-7,176</u>	<u>-4,892</u>
D) ADJUSTMENTS TO FINANCIAL ASSETS VALUE:		
18) Revaluations		
a) of investments	179	1,490
e) of securities included in current assets	50	1,285
19) Write-off of:		
a) investments	-117 -	-274 -
e) securities included in current assets	1,336	305
Total Adjustments(D)	-1,224	2,1%
E) EXTRAORDINARY INCOME AND EXPENSES:		
20) Income:		
other extraordinary income	1,458 -	24
21) Expenses:		
other extraordinary charges	1,656	<u>-1.669</u>
TOTAL EXTRAORDINARY ITEMS (E)	-198	-1,645
PROFIT BEFORE TAXATION (A-B+C±D±E)	<u>15,561</u>	<u>22,037</u>
22) Income tax	7,359	10,946
23) NET PROFIT	<u>22,920</u>	<u>11,091</u>
MINORITY INTERESTS 26) NET	-497	-46
PROFIT (LOSS)FOR THE GROUP	<u>23,417</u>	<u>11,137</u>

THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dott. Franco Nobili

Impresa Pizzarotti & C, Spa Notes to the consolidated accounts as at 31 December 2007

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 31 st December 2007.

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 occurring 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 Via Emilia 2, Frazione Pontetaro, Noceto (PR) 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 2007 are detailed below:

Com pany Name	Head office	Note	Currency	Share Capital	Sh a reholding
Companies consolidated using	the integrated	metti	od		
Impresa Pizzarotti & C SpA	Parma		Euro	70,000,000	94%
SO.G.I. S.p.A.	Parma		Euro	2,550,000	10 0%
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%
GARBOLISpA	IVI ilari		Euro	24,423,565	100%
Sari Pizzarotti Algeria	Algiers		DZD	2,000,000	100%

In 2007, the consolidation area was modified subsequent to the exclusion of Società Consorzio C.M.C. Estero Pizzarotti CBK Hydropower JV which went into liquidation.

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 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 brought 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 in the reserve relating to profits brought forward;
- 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; dividends distributed by consolidated companies are eliminated and allocated to reserves; - the financial statements of the foreign company included in consolidation, Pizzarotti SA Lugano, have 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 : 1.64267
- CHF year end exchange rate: 1.65525

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 2007 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 evaluating 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 figures 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.

Start 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 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. Below is a detail of the rates used:

		<u>Percentage</u>
		<u>3</u>
Industrial Buildings		
Plant and machinery	10	12,5 -
Industrial and commercial equipment		25 -
Other assets		12 -

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 "operating lease" and therefore the accounting treatment applied is the one established by the International accounting principles, thereby including the leasing instalments in the "B8" item of the income statement "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 purchase cost and replacement cost whilst finished products are stated at the lower of production cost and realization value calculated on the basis of market trend. For both categories, cost is determined using the LIFO method (last in, first out). The purchase cost also includes accessory costs. Production cost includes all costs directly attributable to the product.

Work in progress

The real estate initiatives, both in progress and completed, are stated at the lower of cost and market value, taking account of the costs necessary for the completion of the production phase.

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.

The portion of profits, as determined above, and not yet invoiced on the date of the financial statements, is reflected in the balance sheet in the item: "Contract works in progress".

Work in progress on the basis of a contract are valued taking account of potential contractual risks and foreseen liabilities that are fully provided for when they become known.

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 defined transactions. 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 and Cash Equivalents

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 long term liabilities 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, with the exception of fixed assets, 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.

Derivatives and out of balance accounts

The operations considered as "out of balance accounts" 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 deriving from contracts stipulated with the aim of providing coverage for liabilities, are included in the profit and loss account on an accrual basis, 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 31/12/2006	Increase	Amortisation	Value as at 31/12/2007
Start up and business expansion costs	24,222	1,215	-21,474	3,963
Patents and technical know-how	274	32	-142	164
Concessions, licences and trademarks	957	310	-398	869
Goodwill	2,034	0	-1,197	837
Miscellaneous	133,931	1,025	-420	134,536
Intangible fixed assets	161,418	2,582	-23,631	140,369

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

H Other intangible assets

These amount to 134,538 thousands of Euro (133,931 thousands of Euro as at 31 December 2006). Mainly, these items include "cost for contract acquirement" equal to some 133 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 permanent losses in value.

H Goodwill

Goodwill amounts to 837 thousands of Euro (2,034 thousands of Euro as at 31 December 2006); the variation is due to amortisation.

Tangible Fixed Assets

Tangible fixed assets as at 31 December 2007, net of the related amortisation provision are summarized as follows:

	31 December 2007			31 December 2006		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Land and buildings	54,063	-14,328	39,735	54,439	-13,131	41,308
Plant and machinery	60,375	-41,239	19,136	62,135	-36,927	25,208
Industrial and commercial equipment	16,459	-11,325	5,134	19,117	-13,231	5,886
Other assets	8,615	-5,895	2,720	8,872	-5,925	2,947
TOTAL	139,512	-72,787	66,725	144,563	-69,214	75,349

Movements in tangible fixed assets are the following:

ti

	Value as at 31/12/2006	Increases	Depreciation	Disposals	Other movements	Value as at 31/12/2007
Land and buildings	41,308	2,365	-1,056	-286	-2,596	39,735
Plant and machinery	25,208	3,303	-7,380	-1,642	-353	19,136
Industrial and commercial equipment	5,886	1,888	-2,125	-515	0	5,134
Other assets	2,947	1,192	-956	-463	0	2,720
TOTAL	75,349	8,748	-11,517	-2,906	-2,949	66,725

The land and buildings figure 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 accommodation for students and prisoners on the basis of a thirty year concession to the Town Councils of Grugliasco and Turin. Values are indicated net of contributions received during the phase of realization.

The item "Other movements" mainly includes the decrease in value of property acquired in prior years that was destined to a real estate initiative and as such has been reclassified amongst inventories.

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 2007 have been revalued by approximately 2,327 thousands of Euro (2,375 thousands of Euro as at 31 December 2006).

Financial Fixed Assets

Financial fixed assets at 31 December 2007 amount to 95,846 thousands of Euro with an increase of 9,166 thousands of Euro with regard to prior year. The main captions and variations in respect of prior year are detailed below.

Investment

Below is a detail of investments:

	31/12/2007	31/12/2006
Investments in subsidiaries	231	270
Investments in affiliated companies	17,568	19,367
Investments in other companies	<u>36,675</u>	<u>29,547</u>
TOTAL	<u>54,474</u>	<u>49,184</u>

Changes in investments during the year are detailed below:

	31/12/2006	Increases	Decreases	Disposals	Net value	31/12/2007
Subsidiaries	270	-	-39	-	-	231
Affiliates	19,367	3,414	-290	-5,071	149	17,568
Other companies	29,547	2,212	-92	5,071	-36	36,675
TOTAL	49,184	5,626	-421	0	86	54,474

The column indicating an increase in the investments in affiliated companies mainly includes the book value of a newly founded company denominated Eurosia Sri subsequent to spin-off at the estimated value, of shares held in the company Diana 2 Sri; the company operates in the real estate sector and has undertaken the activities relating to the construction of a trade center in the southern part of the town of Parma.

The increases also include capital payments totalling 1,250 thousands of Euro in the real estate company Panna Residenziale Sri.

The following companies were founded in 2007:

"Consorzio ATB Tunnel Brennero"; in which the Company holds a 38.95% share for the realization of an exploration shaft and of an intermediate access shaft commissioned by the "Consorzio Galleria di Base del Brennero";
 "Parmense Costruzioni Scarl"; scope company in which the Company holds a 50% share for the construction of a trade centre in Via Traversetolo in Parma;
 "Consorzio Bilfinger Berger Pizzarotti"; in which the Company holds a 50% share for the construction of a health center and a hotel in the US base located at Camp Ederle in Vicenza, commissioned by the Department of the Navy;
 "Parma Santa Teresa Sri"; in which the Company holds a 50% share for the development of the real estate activity in Parma.

The increases in the shares held in other companies derive mainly from the undersigning of an increase in share capital deliberated during the year by Bravo Solution SpA amounting to 543 thousands of Euro and from payments totalling 1,240 thousands of Euro against tenths of share capital, equal to a 40% portion of the share capital undersigned, recalled during the year by Brebeni SpA.

Below is a detail of the investments in subsidiaries :

Investments in subsidiaries	Head office	Share capital	Net equity	% held	Balance sheet vaue
CUNEO SCRL (in liq.)	PARMA	10	10	80	8
POGGIO RENATICO SCRL (in liq.)	PARMA	10	10	80	8
FONDOVALLE SCRL (in liq.)	PARMA	30	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
CONFER SCRL	NAPLES	46	46	85.99	34
SITAPI SCRL (in liq.)	PARMA	10	10	100	3
LINEA PER SORRENTO SCARL	PARMA	20	20	82	16
SO.CO.TEL SCRL (in liq.)	PARMA	10	-15	81.48	5
Consaro Seri (in liq.)	PARMA	10	10	52	5
EUROPE HOUSE ABUJA SCRL (in liq.)	ROME	10	10	61.11	6
GA,LI 2002 SCRL (in liq.)	MONDOVI	10	10	67	6
IRMINIO SCRL	ROME	10	10	80	8
OTTAVIANO SCRL (in liq.)	ROME	10	10	60	6
TAURANO 2000 SCRL	ROME	10	10	60	6
TOTAL SUBSIDIARIES					231

Below is a detail of investments in affiliated companies:

Investments in affiliated	Head office	Share capital	Net equity	% held	Balance sheet value
PARMARESIDENZIALE 1 SRL	PARMA	100	8,926	50	4,555
FLEMING SRL	PARMA	65	894	50	815
PARCO FARNESE SRL	PARMA	51	8,301	50	4,150
PARMA S TERESA SRL	PARMA	80	79	50	62
EU ROSEA SRL	PARMA	10	11	50	1,970
PARMENSE COSTRUZIONI SCARL	PARMA	10	10	50	5
CONSORZIO BILFINGER BERGER PIZZAROTTI	VICENZA	100	100	50	50
RUGULA SCRL	RAVENNA	15	15	50	8
DUE MARI SCRL (in liq.) (*)	LAMEZIA TERME (CZ)	10	6	50	2
CONSORZIO CBK HYDROPOWER JV (in liq)	RAVENNA	51	-1,285	50	0
CONSORZIO CASECNAN (in liq)	RAVENNA	51	-166	50	0
CO.FE.P.S. SCRL (liq.)	PARMA	10	10	50	5
CONSORZIO VAL D'ENZA	PARMA	25	25	50	13
CON CAPUA SCRL (in liq)	RAVENNA	25	-80	50	0
CONSORZIO B.B.M.	PARMA	50	50	50	25
CONSORZIO PIZZAROTTI TODINI K.E.	PARMA	100	100	50	50
SERESA SCRL	LA SPEZIA	10	10	47.5	4
NOS SCRL	PARMA	10	10	44.25	5
COVIPAR SCRL (in liq)	PARMA	46	46	42	13
MODENA SCRL	S. DONATO	400	400	40,67	163
EUCLIDE SRL	PARMA	10	49	40	284
CONS. FERROVIARIO VESUVIANO	NAPLES	153	155	40	62
CONSORZIO ATB TUNNEL BRENNERO	BOLZANO	100	100	38.95	39
GESPAR SPA	PARMA	6,012	17,913	37,44	4,204
MALPENSA 2000 SCRL (in liq)	PARMA	10	10	35.46	3
FESCOF SCRL	CARPI (MO)	31	31	33.3	10
CONSORZIO GOLENA TARO	REGGIO EMILIA	10	10	33.33	3
NUOVA MOVEFER SCRL	NOCERA (SA)	52	52	29.62	12
CONSORZIO S GIORGIO VOLLA 2	NAPLES	72	72	28,58	25
CONSORZIO S GIORGIO VOLLA	NAPLES	72	72	28,58	25
ASSI STRADALI SCRL (in liq)	VICENZA	10	11	58.57	3
CONSORZIO FIDEP (in liq)	NAPLES	11	4	28.57	3
EDILIZIA GIUDIZIARIA SCRL (in liq)	TURIN	10	10	26.6	3
NPF SCRL	MILAN	40	40	25	10
CONS. COINPRO (*)	CASAGIOVE	10	10	24	2

Impresa Pizzarotti & C_y Spa

	(CE)				
CORJVALT SCRL (in liq)	SESTO S GIOVANNI	10	0	20	0
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	-64	49.38	0
CONS, UMBRIA SANITA'	PERUGIA	10	10	31	158
EDILMI SCRL (in liq.)	ROME	10	21	40	21
JV GARBOLI-TIRRENA SCAVI	LUCCA	10	10	50	5
IL TIRONE SPA **	MESSINA	120	66	36	24
MALPENSA 2000 SCARL (in liq.)	PARMA	10	10	21.50	2
METRO TRE SCRL	Alessandria	50	50	21.69	12
OLBIA 90 SCRL (in liq.)	ROME	10	10	35	4
ROMA LIDO SCRL	ROME	10	10	46.23	37
SEIFRA SCRL	ROME	510	510	0.01	0
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 1GI	ROME	Unavailable	Unavailable	20	10
CENTRO SERVIZI SALERNO SCRL	NAPLES	Unavailable	Unavailable	50	5
TOTAL AFFILIATED COMPANIES					17,568

As far as the companies indicated with a " ** " sign are concerned, the information shown relates to the latest financial statements available as at 31 December 2006.

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 Sri and Euclide Sri 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	7,226
Brebemi S.p.A.	Brescia	3.1%	100,000	2,015
C.I.S. S.p.A.	Villafranca di Verona	5.21%	48,000	3,729
Infrastrutture Cis Sri	Villafranca di Verona	13.52%	30,000	5,040
Aida S.p.A.	Villafranca di Verona	10%	23,000	3,507

Ferfina S.p.A.	Rome	5%	10,000	5,539
Banca Popolare di Verona e Novara	Verona		/(***●)	1,595
Banca Popolare di Sondrio	Sondrio	e ***■)	/##**\	3,525
SI.TRA.CL S.p.A.	Cuneo	10.93%	3,167	370
Shareholdings in other minor companies				404
TOTAL				36,675

(***) Non-relevant minor investments

Financial receivables

Financial receivables as at 31 December 2007 amount to 39,048 thousands of Euro and are detailed as follows:

	31/12/2007	31/12/2006
Receivables from subsidiaries	300	258
Receivables from affiliated companies	13,062	6,582
Receivables from parent company	-	2,083
Receivables from others TOTAL	<u>25,686</u>	<u>26,249</u>
	39,048	35,172

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 31/12/2007 before 12 months	Value at 31/12/2007 after 12 months	Total at 31/12/2006
CIRCUMFER SCRL	45	-	45
CONFER SCRL	21	-	21
OTHER MINOR COMPANIES	234	-	192
TOTAL	300	-	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 31/12/2007 before 12 months	Value at 31/12/2007 after 12 months	Total at 31/12/2007	Total at 31/12/2006
DIANA 2 SRL	-	3,276	3,276	2,236
MOVEFER SCRL	522	-	522	522
SOCOTEL SCRL	-	-	-	368
NUOVA MOVEFER SCRL	1,230	-	1,230	1,230
CONCAPUA	123	-	123	129
COVIPAR SCRL	20	-	20	20
CONSORZIO FERROVIARIO VESUVIANO	34	-	34	34
COLACISRL	-	-	-	111

CONSORZIO KEF-EDDTR	100		100	100
VALLETTA PUGGIA SCRL	-	-	.	42
PARCO FARNESE SRL	1,250		1,250	1,250
JV PIZZAROTTI TIRRENA SCAVI	900	3,800	4,700	--
PARMA S TERESA SRL	1,000		1,000	-
OTHER MINOR COMPANIES	807		807	540
TOTAL	5,896	7,076	13,062	6,582

Receivables front 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 31/12/2007 before 12 months	Value at 31/12/2007 after 12 months	Total at 31/12/2007	Total at 31/12/2006
CONSORZIO FERROVIARIO S GIORGIO VOLLA	1,527		1,527	1,529
CONSORZIO FERROVIARIO S GIORGIO VOLLA DUE	311		311	311
CONSORZIO CEPAV DUE	22,320		22,320	21,840
GUARANTEE DEPOSITS	-	833	833	972
OTHER MINOR COMPANIES	695		695	1,597
TOTAL	24,853	833	25,686	26,249

This item mainly includes financing granted to Cepav Due consortium.

Own shares

As at 31 December 2007 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 in a specific provision for own shares in portfolio.

Inventories

Inventories are detailed as follows:

	31/12/2007	31/12/2006
Raw materials and consumables	3,720	5,963
Products under construction	50,285	38,141
Works in progress on order	214,388	248,830
Finished products and goods	68,625	52,585
On account payments	6,092	12,682
TOTAL	343,110	358,201

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" shows a decrease principally connected to the subsidiary Garboli. A depreciation fund had been accrued back in the 2006 financial statements against the reserves entered in the accounts by Garboli, in order to consider its presumable realization value; as at 31 December 2007 this fund totalled 12.4 millions of Euro.

Receivables - Current assets

Receivables as at 31 December 2007, net of the related bad debt provision, are summarized as follows:

	31/12/2007	31/12/2006
Receivables from clients	203,850	170,685
Receivables from subsidiaries	4,953	9,471
Receivables from affiliated companies	45,794	37,284
Receivables from parent company	6,913	37,558
Tax receivables On account tax payments	2,830	2,759
Receivables from others	5,320	10,128
TOTAL	11,684	15,696
	281,344	283,581

Receivables from clients

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 6.1 millions of Euro of which 0.8 millions of Euro relating to moratory interests. Receivables from clients include additional amounts relating to arbitration awards deposited for a total amount of 54,827 thousands of Euro.

Receivables from subsidiaries

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

Items	Value at 31/12/2007 before 12 months	Value at 31/12/2007 after 12 months	Total at 31/12/2007	Total at 31/12/2006
Confer scarl	348	0	348	245
Cuneo Sri	298	0	298	259
Consorzio Vespucci Sviluppo	0	0	0	4,588
Linea per Sorrento Seri	462	0	462	903
Sigonella seri	261	0	261	282
Cosalpa scarl	313	0	313	206
Europe House Abuja scarl	1,649	0	1,649	1,648
Irminio Seri	495	0	495	596
GA.LI 2002 seri	199	0	199	198
Ottaviano scarl	185	0	185	185
Taurano Seri	391	0	391	173
Mantova Seri	256	0	256	0
Other minor subsidiaries	96	0	96	117
TOTAL	4,953	0	4,953	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 31/12/2007 before 12 months	Value at 31/12/2007 after 12 months	Total at 31/12/2007	Total at 31/12/2006
Consorzio Ferroviario Vesuviano	5,421	--	5,421	2,086
Malpensa 2000 scarl	23	-	23	470
Movefer scarl	862	~	862	862
Nuova Movefer scarl	278	--	278	278
Seresa scarl	734	~	734	734
Consorzio Val d'Enza	14,977	--	14,977	11,635
Cosviter scarl	0	..	0	821
Modena scarl	532	--	532	1,802
A.S. Scarl	43	--	43	43
Parco Farnese Sri	192	..	192	117
Fescof Sri	131	--	131	162
Nos Seri	59	--	59	114
Rugula Seri	158	--	158	26
Miscellaneous receivables from affiliated companies in France	0	—	0	2,232
Covipar Seri	161	--	161	160
Consorzio Pizzarotti Todini KEF-EDDIR	218	-	218	190
Consorzio Ferrov, S, Giorgio Volla due	246	-	246	213
Consorzio Ferrov, S, Giorgio Volla	213	~	213	213
Consorzio BBM	76	-	76	243
J.V. Cons Garboli-Tirrena	1,977	-	1,977	--
ATB Tunnel Brennero	415	-	415	--
Consorzio Bilfinger Berger Pizzarotti	187	--	187	..
Parmense Costruzioni Sri	437	~	437	--
J.V. Cons. Garboli-Tirrena	12,780	-	12,780	6,314
Cefibe scarl	967	--	967	967
Caprara scarl	90	..	90	78
Centro servizi Salerno seri	773	--	773	567
Roma lido seri	379	..	379	2,401
Stazioni Metro vai scarl	120	--	120	120
Villaggi olimpici MOI scarl	100	--	100	668
Consorzio Umbria Sanità	467	--	467	532
Malpensa 2000 Scarl	88	--	88	404
Other affiliated companies	2,690	..	2,690	2,832
TOTAL	45,794	~	45,794	37,284

The subsidiary company Garboli Spa, to whom a receivable of 1,034 thousands of Euro is due from Olbia 90 Seri, 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 b/group VAT receivable in accordance with Art. 4 D.M. 13 December 1979, as well as an Ires credit subsequent to adhesion to fiscal consolidation and receivables for services rendered.

Tax receivables

As at 31 December 2007 tax receivables include amounts due from the tax authorities totalling 2,830 thousands of Euro, of which 246 thousands of Euro are overdue by more than 12 months.

Deferred tax assets

This item includes deferred tax assets due on the timing differences between the value attributed to an asset or a liability in accordance with statutory criteria and the value attributed to these for fiscal purposes.

Other Receivables

Other receivables as at 31 December 2007

Items	31/12/201 Before 12 months	7 After 12 months	Total at 31/12/2007	Total at 31/12/2006
Receivables due from contracting entities	1,880	-	1,880	1,943
On account payments for eviction indemnity	1,329	58	1,387	2,803
Social security institutions	237	-	237	257
ITN SPA Financing	1,550	-	1,550	1,550
Receivables from others	6,039	591	6,630	9,143
TOTAL	11,035	649	11,684	15,696

Other receivables are stated net of a bad debt provision equal to 2.4 millions of Euro, accrued by the subsidiary 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 2007 such items totalled 251,466 thousands of Euro and are detailed as follows:

	31/12/2007	31/12/2006
Shares in affiliated companies	-	7,357
Shares listed on the Italian market	27,625	16,348
Treasury bonds and debentures	78,817	95,706
Other financial receivables	-	10,377
Total financial activities	106,442	129,788
Cash and cash equivalents	141,004	108,833
Total financial activities and cash equivalents	247,446	238,621

Cash and cash equivalents include current account and cash in hand.

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 50 thousands of Euro; losses subsequent to evaluation have been also entered for a total amount of 1,306 thousands of Euro.

The net financial position is highlighted in the following table:

Net financial position	2007	2006
Cash and cash equivalents	141.0	108,8
Short term securities and financial receivables	106.4	129,8
Short term financial liabilities	-181.6	-194,9
Net short-term financial position	65.8	43,7
Medium and long term financial liabilities	-153.8	-117,3
Net medium and long term financial position	-153.8	-117,3
Total	-88.0	-73,5

Prepayments and accrued income

Prepayments and accrued income as at 31 December 2007 amount to 10.335 thousands of Euro (12,233 thousands of Euro as at 31 December 2006) 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 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
At 31 December 2006	70,000	5,374	2,324	6,878	160,764	-426	11,137	256,051
Allocation of profit		1.81		3,458	7,498		-11,137	0
Translation reserve						-292		-292
Profit for the year							23,417	23,417
Total as at 31/12/2007	70,000	5,555	2,234	10,336	168,262	-718	23,417	279,176

Sitare 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 2007 and those included in the consolidated financial statements on the same date is the following:

	Net Equity at 31/12/2007	Profit for the year 2007	Net Equity at 31/12/2006
Statutory Accounts as at 31 December 2007	89,874	1,204	88,670
Different valuation of shares subsequent to consolidation compared with the book value of the shares themselves	7,213	3,676	3,829
Elimination of intra-group profits	0	756	-756
Elimination of items of a fiscal nature in the financial statements of the Parent Company and of the subsidiaries	263,502	1,767	261,735
Fiscal effect of the above adjustments, where applicable	-81,413	16,014	-97,427
Consolidated financial statements as at 31 December 2006	279,176	23,417	256,051

The positive balances of the revaluation, including the amount allocated to the Parent Company's capital, 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 2007 are detailed below:

	Value at 31/12/2006	Increases	Decreases	Other Movements	Value at 31/12/2007
Deferred taxes	100,837	463	-16,820	--	84,480
Other provisions:					0
Provision for risks on IRS	2,287	94	-2,135	~	246
Provision for risks on contentious issues	5,547	6,853	-1,204	~	12,196
Provision for risks on shares	147	23	—	627	797
Other provisions	2,366	795	-156	-	2,005
TOTAL	111,184	8,228	-20,315	627	99,724

Deferred tax provision

This item includes deferred taxes accrued subsequent to consolidation adjustments as highlighted in "accounting principles" in the "tax" item.

Other provisions

Other provisions mainly include provision for risks for contentious issues and contractual guarantees that have been accrued against the risk of losses in certain existing contentious issues; 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; other movements include the effect deriving from the change in the consolidation area. The provision for risks on IRS considers the "mark to market" evaluation at year end of a residual non-hedging derivative contract relating to the subsidiary Garboli SpA; the use in the year was performed subsequent to the termination of a contract during the past year.

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.

Employees' leaving indemnity (TFR)

Movements in the above are represented in the following table:

	Value at 31/12/2006	Increases	Decreases	Value at 31/12/2007
T.F.R. Provision	12,141	2,354	-5,007	9,488

Debts

Bank indebtedness

Medium and long term loans and financing, included in the total accounts payable to banks, payable after next year, total 133,839 thousands of Euro and are detailed as follows (95,758 thousands of Euro at 31 December 2006):

	Thousands of Euro
Banca Monte Parma loan - interests 5.00%	
Payable within 2012 - with collateral security	387
Banca Antonveneta Loan- interests 5.517%	
Repayable within 2011	6,750
Banca Antonveneta Loan - interests 5.515%	
Repayable within 2010	4,000
Banca Antonveneta Loan - interests 5.038%	
Repayable within 2010	12,000

Banca Nazionale del Lavoro Loan - interests 5.637	
Repayable within 2010	26,000
Unicredit Loan - interests 5.9% Repayable within 2027 - with collateral security on surface rights	9,899
Unicredit Loan - interests 5.95% Repayable within 2027 - with collateral security on surface rights	4,290
Banca Antonveneta Loan - interests 5.55% Repayable within 2009	2,667
Banca Antonveneta Loan - interests 5.515 Repayable within 2011	4,500
Unicredit Loan - interests 5.35% Repayable within 2012	2,124
Banca Popolare Emilia Loan - interests 5.385% Repayable within 2017 - with collateral security	9,222
Banco di Sardegna - interests 5.23% Repayable within 2012 - with collateral security	2,000
Pool financing - interests 5.784% Repayable within 2012	10,000
Pool financing - interests 5.576% Repayable within 2012	40,000
TOTAL	133,839

Total debt relating to loans with collateral security totals 28,541 thousands of Euro (15,171 thousands of Euro in 2006). During the year the Parent Company took two mortgage loans in connection with the "Studentato" and the "Maddalena" real estate initiatives respectively in Parma and Sardinia.

Other borrowings

As at 31 December 2007, debts towards other financing entities total 23,245 thousands of Euro (26,962 thousands of Euro as at 31 December 2006) and are composed of debts towards leasing companies.

Payables to subsidiaries

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

Items	Value at 31/12/2007 before 12 months	Value at 31/12/2007 after 12 months	Total at 31/12/2007	Total at 31/12/2006
FALC 2000 SCARL	125	—	125	125
SIGONELLA SCRL	440	—	440	792
SITAPI SCRL	233	—	233	212
CONSORZIO VESPUCCI	0	—	0	4,547
SOCOTEL SCRL	255	—	255	275
CONFER SCRL	450	—	450	155
CIRCUMFER SCRL	130	—	130	127
LINEA PER SORRENTO SCRL	1,277	—	1,277	—
MANTOVA SCRL	383	—	383	6
EUROPE HOUSE ABUJA SCARL	2,918	—	2,918	2,903
TAURANO SCARL	475	—	475	465

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IRMINIO SCARL	2,160		2,160	431
GA.LI 2002 SCRL	198		198	(> 194
REP-FER SCRL	0		0	261
OTHERS	372		372	583
TOTAL	9,416		9,416	11,076

Debts to affiliated companies

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

items	Value at 31/12/2007 Before 12 months	Value at 31/12/2007 after 12 months	Total at 31/12/2007	Total at 31/12/2006
SERESA SCARL	529	-	529	529
MALPENSA 2000 SCRL	15	..	15	328
NUOVA MOVEFER SCARL	1,143	--	1,143	1,284
MOVEFER SCARL	1,078	..	1,078	1,081
NOS SCRL	85	--	85	1,452
CONSORZIO PIZZAROTTI - TODINI KEF-EDDIR	11,075	~	11,075	2,272
VALLETTA PUGGIA SCRL	116	--	116	186
CONCAPUA SCRL	110	--	110	122
NUOVO POLO FIERISTICO SCRL	609	—	609	551
CONSORZIO FERROVIARIO VESUVIANO	1,647	--	1,647	1,413
CONSORZIO CP-CASECNAN	176	--	176	544
MODENA SCRL	3,516	—	3,516	4,394
PARCO FARNESE SRL	147	--	147	147
CONSORZIO FERROVIARIO S GIORGIO VOLLA	1,156	—	1,156	1,065
CONSORZIO FERROVIARIO S GIORGIO VOLLA DUE	347	—	347	186
CONSORZIO BBM	--	--	—	180
COSVITER SCARL	--	-	~	624
CONS. VAL D'ENZA	11,212	~	11,212	8,688
ATB TUNNEL BRENNERO	831	~	831	-
RUGULA SCRL	337	-	337	..
CONSORZIO BILFINGER BERGER PIZZAROTTI	211	—	211	~
CAPRARA SCARL	947	--	947	3,272
CEFIBE SCRL	998	-	998	996
CENTRO SERZI SALERNO SCARL	567	—	567	567
C.U.S.	270	--	270	216
J.V. GARBOLI-TIRRENA SCAVI	20,698	—	20,698	9,844
METRO TRE SCARL	1,129	--	1,129	1,294
ROMA LIDO SCARL	219	--	219	2,638
SEIFRA SCARL	-	-	--	47,117
STAZIONI METRO VAL SCARL	465	—	465	1,167

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VILLAGGIO OLIMPICO MOI SCARL	78	—	78	5,689 *
MALPENSA 2000 SCARL	9	--	9	143
OLBIA 90 SCRL	608	--	608	82
OTHERS	464	-	464	358
TOTAL	60,792	--	60,792	98,429

Debts to Parent company

Debts towards the Parent Company Mipien are mainly composed of amounts due for legai, fiscal and other services received and guarantee charges. These also include financing granted at market rates totalling Euro 1.5 million.

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 and for the purposes of VAT.

Other payables

Other payables are made up as follows:

Items	Value at 31/12/2007 Before 12 months	Value at 31/12/2007 after 12 months	Total at 31/12/2007	Total at 31/12/2006
Debts towards employees	5,702	--	5,702	5,742
Payables relating to insurance premiums	7,085	—	7,085	2,555
Amount due for arbitrary awards	1,886	-	1,886	1,744
Other debts	21,811	425	22,236	26,191
TOTAL	36,484	425	36,909	36,232

Accrued expenses and deferred income

Accrued expenses and deferred income as at 31 December 2007 total 9,974 thousands of Euro (9,720 thousands of Euro as at 31 December 2006) 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 31/12/2007	Amounts in thousands of Euro 31/12/2006
In favour of subsidiaries	-	11,092
In favour of affiliated companies	40,601	62,149
In favour of others	248,469	244,945
Mortgages	76,128	38,128
TOTAL	365,198	356,314

Other commitments and risks:

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Items	Amounts in thousands of Euro 31/12/2007	Amounts in thousands of Euro 31/12/2006
Guarantees to third parties from banks and insurance companies	521,623	555,801
Leasing instalments not yet due - Mineo and Belpasso initiatives	67,461	128,190
Other leasing instalments not yet due	681	744
TOTAL	589,765	684,735

Items	Amounts in thousands of Euro 31/12/2007	Amounts in thousands of Euro 31/12/2006
From Parent Company	212,381	208,707
From suppliers	87,960	88,717
TOTAL	300,341	297,424

Management of financial risk

We supply the following information in accordance with art. 2428, 2° paragraph, point 6 bis.

The Group has a number of current accounts with certain banks from which it has obtained and utilized certain credit lines considered sufficient for the ordinary management of the Group itself. The credit lines are renewed on an annual basis and no substantial variations are expected for next year. Company activity is exposed to certain financial risks related to the unpredictable nature of the financial markets; the Group has established the necessary policies required to handle such risks, both at a general level as well as for the individual areas.

Interest Rate Risk

The risk of variations in the rates of interest is monitored by management who adopts the necessary measures in order to minimize the economic impact, also through the stipulation of hedging contracts on existing financing with variable interest rates.

Credit Risk

This represents the risk that one of the parties signing the contract, which provides for a deferred monetary regulation, does not fulfil one of the payment obligations, thereby causing a financial loss to the other party.

This risk may depend on factors of a strict technical-commercial or administrative-legal nature, or on factors of a typically financial nature, that is to say the so-called credit standing of the counter party.

As far as the Group is concerned, the credit risk is mainly related to the nature of its activity that brings it to operate with public counterparties whose solvency and punctuality as regards payments is carefully monitored and is connected to factors of a macro-economical nature.

Risk of liquidity

The Group has the objective of maintaining the financial available funds necessary for its economical activities and of reimbursing debts falling due. The risk of available funds is monitored for the purpose of undertaking the necessary measures in order to reduce the eventual impact.

Profit and loss account

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Revenues

The revenues increased from 672,922 thousands of Euro in 2006 to 736,496 thousands of Euro in 2007; this variance is commented in the Directors' Report.

Revenue split for geographic area:

	31/12/2007		31/12/2006	
Italy		585,863		543,751
Abroad		150,633		129,171
Algeria	24,693		30,425	
France	63,606		66,976	
Switzerland	21,463		18,447	
Rumania	38,453		13,323	
Morocco	2,418		—	

"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 value of production includes income from subsidiaries totalling 3,957 thousands of Euro and from associated companies totalling 6,256 thousands of Euro and from the Parent Company totalling 75 thousands of Euro.

Costs of production

Cost of production amount to 710,937 thousands of Euro (646,544 thousands of Euro as at 31 December 2006). In particular, the caption "Costs for Services" is detailed as follows:

	31/12/2007	31/12/2006
Costs for work executed by third parties	160,922	176,604
Costs recharged by consortia and consortium companies	104,121	96,964
Costs relating to work executed abroad	97,715	56,020
General charges for work sites and head office	63,948	56,230
TOTAL	426,706	385,818

The general charges for work sites and head office include costs charged by the parent company for fiscal/management services totalling 1,713 thousands of Euro, costs sustained for aeromobile services charged by Aliparma Sri, in which the parent companies holds shares, for a total of 1,350 thousands of Euro. Services include costs recharged by subsidiaries amounting to 27,466 thousands of Euro and by associated companies amounting to 57,989 thousands of Euro.

Personnel costs

Group average headcount is the following:

	Year 2007		Year 2006	
	Group Holding Company	Total	Group Holding Company	Total
Management	47	57	49	62
Employees	328	618	344	624
Labourers	258	1,042	348	1,272
TOTAL	634	1,718	741	1,958

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 2007 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.

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 and taxes relating to the deposit of arbitration awards.

Income from other investments

This item relates to income deriving from the distribution of dividends relating to investments.

Income from securities listed in current assets

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

Other financial income

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

	31 December 2007	31 December 2006
Bank interests receivable	945	549
Moratory interests	5,556	1,962
Other	132	88
TOTAL	6,633	2,599

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:

	31December2007	31 December 2006
Accrual to provision for moratory interests	194	193 13,593
Interests payable to banks	18,845	533
Interests payable to leasing	810	
compames	0	46
Capital losses on securities	3,970	3,426
Others	23,819	17,791
TOTAL		

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" value of such contracts would determine a positive value of approximately 950 thousands of 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	53,941,814	441,888
IRS Financial derivative	10,000,000	136,655
IRS Financial derivative	10,000,000	-4,218
IRS Financial derivative	15,000,000	698,958
IRS Financial derivative	7,000,000	1,851
IRS Financial derivative	9,750,000	-2,669
IRS Financial derivative	17,000,000	-42,155
IRS Financial derivative	20,000,000	-241,395
IRS Financial derivative	10,000,000	24,716
IRS Financial derivative	5,000,000	-40,549
IRS Financial derivative	5,000,000	-51,303
IRS Financial derivative	7,500,000	13,412
IRS Financial derivative	6,415,453	11,360
TOTAL	176,607,267	949,551

As regards Garboli, there are two derivative contracts that are not hedging contracts having a total notional value of 6.5 millions of Euro and a negative fair value (mark to market) of 0.2 millions of Euro, accrued in the year to a specific provision.

Value adjustments to financial assets

These mainly include the reduction of securities deemed necessary for the purpose of aligning the book values to the average prices for the month of December.

Incoine taxes for the period

Below is the detail:

Description	31/12/2007	31/12/2006
Current income taxes (Irap Ires)	5,389	3,441
Deferred income taxes	(12,748)	7,505
Total	(7,359)	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. Also, during the year, the deferred taxes benefitted from the redefinition of the current tax rates that impacted the provision for deferred taxes accrued in the financial statements against the consolidation adjustments.

Deferred Taxation

Deferred taxation included in the financial statements is detailed as follows:

Description	2007		
	Taxable bicome	Rate	Taxes
Deferred taxation:			
Capital gains divided into instalments	848	31.40%	266
Accelerated depreciation	1,388	31.40%	436
Moratory interests	4,490	27.50%	1,235
Amortisation on goodwill	3,352	31.40%	1,053
Fiscal effects on consolidation adjustments			81,413
Other minor			27
Total provision for deferred taxes			84,430
Tax advances			
Amortisation on goodwill	5,696	31.40%	1,789
Incoine evaluation effect on contracts	2,618	31.40%	822
Provision for risks	7,493	27.50%	2,061
Provision for losses on shares and securities	2,248	27.50%	618
Other minor			31
Total credits for tax advances			5,320

Other in form a ti 011*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 total respectively 900 and 49 thousands of Euro.

Essential information relating to the rinunciai statements of MIPIEN SpA as at 31 December 2006

The essential information relating to the holding company Mipien SpA and illustrated in the summary table required by Art 2497-bis of the Civil Code and annexed hereinunder, have been extracted from the related financial statements as at 31 December 2006. For an appropriate and complete comprehension of the financial and economical position of Mipien SpA (holding company) as at 31 December 2006, as well as of the results achieved for the year then ended, reference should be made to the financial statements and to the attached auditors' opinion, which is available in the form and in the manner prescribed by law.

Mipien SpA

Profit and Loss Account	2006
Value of Production	1,745,251
Costs of Production	1.850,985
Difference between value and cost of production	-105,734
Financial income and charges	2,185,895
Adjustments to value of financial assets	-1,792,485
Financial income and charges	7,523
Profit before tax	295,199
Income tax for the year	189,175
Net profit	106,024

Assets	
Receivables from shareholders for payments to be made	—
Fixed assets	16,718,418
Working assets	42,988,477
Accrued income and deferred expenses	6,357
Total Assets	59,713,252
Liabilities	
Net Equity	18,760,060
Provision for risks and charges	424,591
Leaving indemnity	205,046
Payables	40,323,511
Accrued expenses and deferred income	44
Total liabilities	59,713,252

Cash Flow Statement 2007 (in millions of Euro)

Cash Flow Statement	2007	2006
Group net result for the year	23.4	11.1
Third party net result for the year	-0.5	0.0
Amortization	35.1	25.6
Net provision variation	-14.1	16.2
Current management cash flow	44.0	52.9
Variation in assets and liabilities for the period		
Receivables from clients	-6.5	-86.7
Miscellaneous receivables and accrued income and deferred assets	10.6	-0.9
Inventories	15.1	-20.3
Payables to suppliers	-71.1	59.6
Other accrued expenses	7.9	12.7
Variation in net working capital	-43.9	-35.7
Cash flow from activities for the year	0.0	17.3
Net increases in intangible fixed assets	-2.6	-13.6
Net increases in tangible fixed assets	-2.9	-36.6
Increase in financial fixed assets	-9.2	16.4
Cash flow from investment activities	-14.6	-33.8
Other changes in Group net equity	-0.8	-0.8
Changes in third party capital	0.9	0.6
Cash flow from financing activities	0.1	-0.3
Net cash flow for the period	-14.5	-16.8
Net financial position at the beginning of the year	-73.5	-56.7
Net cash flow for the period	-14.5	-16.8
Net financial position at year end	-88.0	-73.5

The President of the Board of Directors

Dott Franco Nobili

