

#### **4 ANALYSIS OF THE INCOME STATEMENT AND THE BALANCE SHEET OF THE PARENT COMPANY**

In order to provide information on the performance and financial position of Ansaldo STS S.p.A., financial statements have been drawn up in accordance with IFRSs, which the Parent Company adopted starting as of 1 January 2006.

Ansaldo STS S.p.A. closed the financial year 2007 with a net profit of EUR 43,223 thousand improving strongly compared with the profit of EUR 18,189 thousand recorded in 2006.

In the course of the financial year 2007 Ansaldo STS S.p.A. carried on its activity as holding of the Ansaldo STS Group, completing its own organizational structure and providing all the subsidiaries with the required assistance in its typical activities: financial co-ordination, development of Group information systems, legal and corporate co-ordination, human resources management policy, risk management, audit, external relations.

The first part of the year saw the successful conclusion of the process, started at the end of 2006, of transition of the Corporate Governance system to the new Corporate Governance Code adopted by Borsa Italiana, formally adopted by the Company.

Moreover, the year was characterized by a rebranding operation, under which all the Group companies shall adopt the corporate name “Ansaldo STST” plus the related trademark, marked by the Finmeccanica Group’s “globe”.

This rebranding process, consistent with the strategies adopted by the Finmeccanica group, is directed to transmit the image of a single, co-ordinated and integrated company to customers, stakeholders and the external world. Moreover, the objective is that all the staff, on a world scale, will identify as integral part of the Ansaldo STS “family” and promote actively the name and the brand of the company, both at local and international level, in all the marketing and communication activities.

Consequently, all the Group companies starting from the month of July changed their corporate names adopting the Ansaldo STS name and trademark, followed by the name

of the geographic region of reference. The companies temporarily excluded from the change of the corporate name, not of the trademark, are the two Italian companies, for which a concentration process, which will lead to the change of the name as well, is still being conducted, and the American subsidiary, Union Switch & Signal Inc., which will keep this name up to 31 December 2008, in order to better manage on that market the transition to the new corporate name.

At the end of 2007 it was decided to start a corporate reorganization of the Group, in order to shorten and rationalize the current control chain of the foreign subsidiaries and to reduce the related costs connected with the Group's corporate structure.

This reorganization, partly already made and partly to be made in the course of 2008, provides the transfer of all the equity investments so far held by Ansaldo Signal N.V. to Ansaldo STS and the closing-down of the Dutch sub-holding.

The operation consists of four phases:

1. the transfer, occurred on 1 January 2008, of Ansaldo STS Australia PTY Ltd. (and therefore of Ansaldo STS Malaysia SDN BHD, 100% controlled by ASTS Australia) from Transcontrol Co. (in turn controlled by Union Switch & Signal Inc.) to Ansaldo STS S.p.A.;
2. the transfer, occurred on 1 January 2008, of Union Switch & Signal PVT Ltd. (India) from Ansaldo Signal N.V. to Ansaldo STS Australia PTY Ltd.. The reason for the transfer of the Indian company to the Australian company is attributable to the strong commercial and operational interaction between the two companies in the Asia/Pacific area, in the scope of which the Indian company reports from an operational point of view to the Australian company;
3. the conclusion in the course of 2008 of the reorganization process of the STS Ansaldo Group through the incorporation of Ansaldo Signal N.V. into Ansaldo STS or the transfer of all the other equity investments held by Ansaldo Signal N.V. to Ansaldo STS and the subsequent closing-down of Ansaldo Signal N.V..
4. the finalization, always in the course of 2008, of the process of full integration of the two Italian operative companies.

As a result of the positive results and the growing liquidity of the subsidiaries Ansaldo Signal N.V. and Ansaldo Trasporti Sistemi Ferroviari S.p.A., the Board/Shareholders of

these companies approved the distribution of dividends respectively on 31 July 2007 in the amount of EUR 36,000 thousand for Ansaldo Signal N.V. and on 19 March 2007 in the amount of EUR 14,241 thousand for Ansaldo Trasporti Sistemi Ferroviari S.p.A.

In order to concentrate the financial resources of the Group in the Holding, and as a result of the sale to Ansaldo Trasporti Sistemi Ferroviari S.p.A. of the subsidiary Ansaldo Segnalamento Ferroviario S.p.A., it was decided to reduce the shareholders' equity of Ansaldo Signal N.V. through the repayment of part of the share-premium reserve, occurred on 28 September 2007, for an overall amount of EUR 40,000 thousand.

At 31 December 2007 Ansaldo STS S.p.A. recorded deferred tax assets for EUR 2,975 thousand (zero at 31 December 2006) referable for EUR 2,111 thousand to the gain from consolidation deriving from the use of the Consolidated Taxation Mechanism with the Group's Italian subsidiaries (Ansaldo Segnalamento Ferroviario S.p.A. and Ansaldo Trasporti Sistemi Ferroviari S.p.A.) for IRES purposes (corporate income tax) opted by the Company as the Group parent company, for EUR 952 thousand to net deferred taxes, partially offset by the payable for the application of the IRAP (regional tax on business activities) equal to EUR 88 thousand.

Up to the financial statements ended 31 December 2006, Ansaldo STS S.p.A. recognised actuarial gains and losses related to defined-benefit plans in accordance with the corridor method. Starting from 1 January 2006, the updated version of IAS 19 allows the recognition of these actuarial components directly and in full in the equity, net of the related deferred tax effect (the so-called "equity option"). As a result of this treatment, actuarial gains and losses are no longer reflected in the income statement in the subsequent years. This method appears more responding to the need to reflect in the financial statements the actual value of the liability compared to the corridor method, preserving at the same time the income statement from the recognition of the fluctuation of the actuarial components, highly volatile.

Therefore the Company adopted the "equity option" starting from the current financial statements: the comparative periods presented have been, in application of the retrospective method, whose application is required by IAS 8, re-elaborated to reflect the

effects of the new principle. Moreover, the application of the new principle entailed the need to include the “Statements Of Recognised Income and Expense” (SORIE) (§ 5.5) among the financial statements. Lastly, on occasion of the re-elaboration of the overall treatment of the defined-benefit plans, the Company modified the criteria for classifying the single cost components in the income statement, including the cost components which are close to the expiry date of the liability among financial charges and no longer in cost of labour.

## Income statement

### Income statement

<i>(EUR 000)</i>	<u>31.12.2007</u>	<u>31.12.2006</u>	
Revenues (*)	14,000	7,246	
<b>Production revenues</b>	<b>14,000</b>	<b>7,246</b>	
Purchases and cost of labour (**)	(22,837)	(17,613)	(****)
Amortization and depreciation	(1,863)	(1,707)	
Writedowns	-	-	
Other net operating income (costs) (***)	2,501	1,246	
Changes in work in progress, semi-finished products and finished goods	-	-	
<b>EBIT</b>	<b>(8,199)</b>	<b>(10,828)</b>	
Financial income and (costs), net	48,447	29,017	(****)
Income tax	2,975	-	
<b>Net profit</b>	<b>43,223</b>	<b>18,189</b>	

*Notes for reconciling the reclassified income statement and the income statement:*

(\*) Includes “Revenues” and “Revenues from related parties”.

(\*\*) Includes “Costs from related parties”, “Purchases”, “Purchase of services” and “Cost of labour”, net of “Capitalized costs for internally produced assets”.

(\*\*\*) Includes the net amount of “Other operating income”, “Other operating income from related parties”, “Other operating costs” and “Other operating costs from related parties”.

(\*\*\*\*) 2006 items have been modified as a result of the IAS 19 restatement.

Revenues for the year amounted to EUR 14,000 thousand and relate to Service operations to the benefit of subsidiaries.

Purchases and cost of labour break down as follows:

- Cost of labour (50 units at 31 December 2007) equal to EUR 8,124 thousand;

- Purchases and Purchase of services of EUR 14,713 thousand include costs for the year for Finmeccanica's right to use the 'Ansaldo' trademark for 20 years (EUR 1,611 thousand); the remaining amount relates to costs for performing service and specific activities of the Holding.

Other net operating income came to EUR 2,501 thousand; specifically:

- Other operating income (EUR 3,499 thousand) mainly refer to the rental income received from its subsidiaries for the building it owns at Via Mantovani, Genoa and to the invoices relating to the portion for the year for the right to use the "Ansaldo" trademark;
- Other operating costs (EUR 998 thousand) refer for EUR 1,132 thousand to direct taxes and other operating charges represented by donations and association fees, net of EUR 134 thousand due to a recovery of costs from related parties.

Financial income and costs break down as follows:

- Dividends collected from the subsidiary Ansaldo Signal N.V. for EUR 36,000 thousand and from the subsidiary Ansaldo Trasporti Sistemi Ferroviari S.p.A. for EUR 14,241 thousand;
- Interest income on bank current accounts for EUR 75 thousand, net of interest expense for EUR 4 thousand;
- Interest income on the current account held with Finmeccanica S.p.A. for EUR 4,168 thousand and on the running account with Ansaldo Signal N.V. (ASNV) for EUR 368 thousand;
- Recovery of costs relating to commissions on sureties in favour of related parties for EUR 32 thousand;
- Interest expense accrued on current accounts held with subsidiaries Ansaldo Signal N.V. (ASNV) and Ansaldo Trasporti Sistemi Ferroviari (ATSF) for EUR 6,220 thousand;
- Commission and bank expense for a net negative value of EUR 185 thousand;
- Interest on Employee severance pay for EUR 28 thousand; this item has been classified starting from the current financial year under financial charges, as the Company has adopted the "Equity Method" principle in the recognition of defined-benefit plans.

The table below contains the balance sheet at 31 December 2007 compared with the financial year 2006:

### Reclassified balance sheet

<i>(EUR 000)</i>	<u>31.12.2007</u>	<u>31.12.2006</u>
<b>Non-current assets</b>	159,572	192,255
<b>Non-current liabilities</b>	<u>(2,481)</u>	<u>(377)</u>
	<u>157,091</u>	<u>191,878</u>
Inventories	-	-
Contract work in progress	-	-
Trade receivables	7,181	9,470
Trade payables	(8,410)	(5,455)
Advances from customers	-	-
Provisions for risks and charges	-	-
Other assets (liabilities), net (*)	<u>(3,477)</u>	<u>616</u>
<b>Net working capital</b>	<u>(4,706)</u>	<u>4,631</u>
<b>Net invested capital</b>	<u>152,385</u>	<u>196,509</u>
<b>Shareholders' equity</b>	<u>161,882</u>	<u>117,694</u>
<b>Net financial debt (liquidity)</b>	<u>(9,497)</u>	<u>78,815</u>

*Notes for reconciling the reclassified balance sheet and the balance sheet:*

(\*) Includes "Tax receivables", other current receivables from related parties (included under item "Current receivables from related parties") and "Other current assets", net of "Taxes payable", of other current payables to related parties (included under item "Current payables to related parties"), "Other current liabilities" except for financial receivables from related parties (included under item "Current receivables from related parties").

Non-current assets showed a decrease of EUR 32,683 thousand essentially due to the reduction in value of the equity investment in Ansaldo Signal N.V. as a result of the repayment of part of the share-premium reserve for a total of EUR 40,000 thousand.

Non-current liabilities include the provision for severance pay for the 50 employees of Ansaldo STS at 31 December 2007 (EUR 830 thousand), seniority bonuses (EUR 96 thousand) and payables for deferred taxes (EUR 1,555 thousand).

Trade receivables showed a decrease of EUR 2,289 thousand and exclusively relate to receivables from subsidiaries.

Trade payables rose by EUR 2,955 thousand and mainly relate to the recording made in the last months of the financial year with respect to contracts stipulated with third-party suppliers.

Other net assets/(liabilities) showed an increase in liabilities of EUR 4,093 thousand, mainly due to the increase in:

- Taxes payable as a result of the adoption of the Consolidated Tax Mechanism;
- Payables to social security institutions and staff attributable to the increase in the units registered in the matricula-book at 31 December 2007.

As a result of the foregoing, **net working capital** passed from a positive EUR 4,631 thousand recorded in the financial year 2006 to a negative EUR 4,706 thousand in the financial year 2007, with a reduction of EUR 9,337 thousand; the decrease in **invested capital** is essentially due to the reduction in value of the equity investment in Ansaldo Signal N.V. as a result of the repayment of part of the share-premium reserve mentioned above.

**Shareholders' equity** went from EUR 117,694 thousand in the financial year 2006 to EUR 161,882 thousand with an increase of EUR 44,188 thousand attributable to the profit for the year equal to EUR 43,223 thousand and, for the remaining part, to the change in the reserve for Stock Grant and the actuarial reserves following the adoption of the Equity Method.

Below is the reclassified cash flow statement at 31 December 2007 compared with the prior year:

<i>(EUR 000)</i>	<u><u>31.12.2007</u></u>	<u><u>31.12.2006</u></u>
<b>Cash and cash equivalents – opening balance</b>	<b>909</b>	<b>24</b>
Gross cash flow from operating activities	(5,574)	(7,200)
Change in working capital	5,245	15,219
Changes in other operating assets and liabilities	(646)	(3,015)
<b>Cash flow from (used in) operating activities</b>	<b>(975)</b>	<b>5,004</b>
Cash flow from (used in) ordinary investing activities	(542)	(847)
Share-premium reserve repayment	40,000	
Dividends received	50,241	32,000
<b>Free operating cash-flow</b>	<b>88,724</b>	<b>36,157</b>
Strategic investments	-	(100,159)
Other changes in investing activities	(845)	(1,525)
<b>Cash flow from (used in) investing activities</b>	<b>88,854</b>	<b>(70,531)</b>
Dividends paid	-	-
Capital increases, net of the purchase of treasury shares	-	60,169
Cash flow from financing activities	(88,251)	6,243
<b>Cash flow from (used in) financing activities</b>	<b>(88,251)</b>	<b>66,412</b>
<b>Foreign exchange translation differences</b>	<b>-</b>	<b>-</b>
<b>Closing balance cash and cash equivalents</b>	<b>537</b>	<b>909</b>

The financial year 2007 ended with a net decrease in cash and cash equivalents of EUR 372 thousand, due to the following factors:

- Cash flow from operating activities moves from cash flow generated for EUR 5,004 thousand to cash flow used for EUR 975 thousand, with a negative change of EUR 5,979 thousand, substantially due to the evolution of the working capital.
- Cash flow from investing activities moves from cash flow used for EUR 70,531 thousand to cash flow generated for EUR 88,854 thousand. The positive change of EUR 159,385 thousand is mainly due to the repayment of part of the share-premium reserve for EUR 40,000, to higher dividends collected from the subsidiaries Ansaldo Signal N.V. and Ansaldo Trasporti Sistemi Ferroviari

S.p.A. (EUR 50,241 thousand) and especially to lower strategic investments. It should be reported, in fact, that the strategic investments for the financial year 2006 were relative to the acquisition by the ultimate parent company Finmeccanica S.p.A. of the equity investments in Ansaldo Signal N.V. and Ansaldo Trasporti Sistemi Ferroviari S.p.A., functional to the listing of the Group on the Stock Exchange occurred in March 2006.

- Cash flow from financing activities moves from cash flow generated for EUR 66,412 thousand to cash flow used for EUR 88,251 thousand with a change of EUR 154,663 thousand due to the capital paid-in by Finmeccanica S.p.A. received in the financial year 2006 and to the change in the financial position, which moved from a debt position to a credit position at the end of 2007.

## 4.1 Income statement

<b>Income statement</b>		
(€)	<u>31.12.2007</u>	<u>31.12.2006</u>
Revenues	-	-
Revenues from related parties	14,000,430	7,245,456
Other operating income	1,999	3,583
Other operating income from related parties	3,497,097	1,830,230
Purchases	(36,194)	(7,268)
Purchase of services	(12,653,820)	(10,901,133)
Costs from related parties (net of recoveries)	(2,023,859)	(2,680,562)
Cost of labour	(8,123,768)	(4,024,092) (*)
Amortization, depreciation and write-downs	(1,863,020)	(1,705,477)
Other operating costs	(1,132,018)	(592,573) (**)
Other operating costs from related parties	134,332	5,221 (**)
<b>EBIT</b>	<b><u>(8,198,821)</u></b>	<b><u>(10,826,615)</u></b>
Financial income	74,727	56,139
Financial income from related parties	54,809,384	34,844,881
Financial costs	(217,095)	(112,673) (*)
Financial costs from related parties	(6,220,424)	(5,771,975)
<b><i>Profit (loss) before taxes</i></b>	<b><u>40,247,771</u></b>	<b><u>18,189,757</u></b>
Income tax	2,974,749	-
<b><i>Net profit</i></b>	<b><u>43,222,520</u></b>	<b><u>18,189,757</u></b>
<b>Earnings per share</b>		
<i>Basic and Diluted</i>	0.43	0.18

(\*) 2006 items have been modified as a result of the IAS 19 restatement;

(\*\*)2006 items have been modified as a result of reclassifications made to amounts pertaining to related parties.

## 4.2 Balance sheet

(€)	<u>31.12.2007</u>	<u>31.12.2006</u>
<i><b>Non-current assets</b></i>		
Intangible assets	335,817	444,028
Property, plant and equipment	359,041	278,740
Real-estate property	59,208,436	60,783,550
Equity investments	62,526,627	101,681,666
Deferred taxes	9,641,294	-
Other assets	27,501,285	29,066,624
	<u>159,572,500</u>	<u>192,254,608</u>
<i><b>Current assets</b></i>		
Current receivables from related parties	36,631,609	142,347,601
Tax receivables	93,609	580,167
Other current assets	1,768,387	2,410,138
Cash and cash equivalents	536,813	908,911
	<u>39,030,418</u>	<u>146,246,817</u>
<i><b>Total assets</b></i>	<b>198,602,918</b>	<b>338,501,425</b>
<i><b>Shareholders' equity</b></i>		
Share capital	49,667,916	49,950,000
Reserves	51,726,377	49,554,525
Retained earnings (accumulated losses) carried forward	60,487,338	18,189,757
	<u>161,881,631</u>	<u>117,694,282</u>
<i><b>Total shareholders' equity</b></i>	<b>161,881,631</b>	<b>117,694,282</b>
<i><b>Non-current liabilities</b></i>		
Severance pay and other employee liabilities	830,566	334,701
Deferred taxes	1,554,912	-
Other liabilities	95,975	41,723
	<u>2,481,453</u>	<u>376,424</u>
<i><b>Current liabilities</b></i>		
Trade payables	7,352,481	4,909,847
Current payables to related parties	21,598,154	213,092,476
Short-term financial payables	37,868	23,000
Taxes payable	2,066,023	290,706
Other current liabilities	3,185,308	2,114,690
	<u>34,239,834</u>	<u>220,430,719</u>
<i><b>Total liabilities</b></i>	<b>36,721,287</b>	<b>220,807,143</b>
<i><b>Total liabilities and shareholders' equity</b></i>	<b>198,602,918</b>	<b>338,501,425</b>

### 4.3 Cash Flow Statement

(€)	<u>31.12.2007</u>	<u>31.12.2006</u>
<i>Cash flow from operating activities:</i>		
Gross cash flow from operating activities	(5,573,646)	(7,200,150)
Change in working capital	5,244,678	15,218,889
Changes in other operating assets and liabilities	(645,940)	(3,015,355)
<b>Cash flow from (used in) operations</b>	<b>(974,908)</b>	<b>5,003,384</b>
<i>Cash flow from investing activities:</i>		
Company acquisitions, net of cash acquired	-	(100,159,000)
Investments in tangible and intangible fixed assets	(259,990)	(846,737)
Share-premium reserve repayment	40,000,000	-
Dividends received	50,241,000	32,000,000
Purchases of treasury shares	(282,084)	-
Other investments	(844,861)	(1,525,366)
<b>Cash flow from (used in) investing activities</b>	<b>88,854,065</b>	<b>(70,531,103)</b>
<i>Cash flow from financing activities:</i>		
Net change in other financial debts	(88,020,620)	6,243,784
Capital increases	-	57,678,625
Loss coverage	-	2,490,375
Change in reserves	(230,635)	-
Net change in other financing activities	-	-
<b>Cash flow from (used in) financing activities</b>	<b>(88,251,255)</b>	<b>66,412,784</b>
Net decrease in cash and cash equivalents	(372,098)	885,065
Cash and cash equivalents at 1 January	908,911	23,846
<b>Cash and cash equivalents at period-end</b>	<b>536,813</b>	<b>908,911</b>

The financial year 2007 ended with a net decrease in cash and cash equivalents of EUR 372 thousand, due to the following factors:

- Cash flow from operating activities moves from cash flow generated for EUR 5,004 thousand to cash flow used for EUR 975 thousand, with a negative change of EUR 5,979 thousand, substantially due to the evolution of the working capital.
- Cash flow from investing activities moves from cash flow used for EUR 70,531 thousand to cash flow generated for EUR 88,854 thousand. The positive change of EUR 159,385 thousand is mainly due to the repayment of part of the share-premium reserve for EUR 40,000, to higher dividends collected from the

subsidiaries Ansaldo Signal N.V. and Ansaldo Trasporti Sistemi Ferroviari S.p.A. (EUR 50,241 thousand) and especially to lower strategic investments. It should be reported, in fact, that the strategic investments for the financial year 2006 were relative to the acquisition by the ultimate parent company Finmeccanica S.p.A. of the equity investments in Ansaldo Signal N.V. and Ansaldo Trasporti Sistemi Ferroviari S.p.A., functional to the listing of the Group on the Stock Exchange occurred in March 2006.

- Cash flow from financing activities moves from cash flow generated for EUR 66,412 thousand to cash flow used for EUR 88,251 thousand with a change of EUR 154,663 thousand due to the capital paid-in by Finmeccanica S.p.A. received in the financial year 2006 and to the change in the financial position, which moved from a debt position to a credit position at the end of 2007.

#### 4.4 Changes in shareholders' equity

<i>(EUR 000)</i>	Share capital	Retained earnings/(losses) carried forward	Other reserves	Total shareholders' equity
<b>Shareholders' equity at 1 January 2006</b>	<b>39,950</b>	<b>(2,490)</b>	<b>37</b>	<b>37,497</b>
Fair value adjustments to assets available for sale and recognition in income statement	-	-	-	-
Fair Value adjustments to cash-flow hedge instruments	-	-	-	-
Recognition in income statement of Cash Flow Hedge reserve	-	-	-	-
Repurchase of treasury shares	-	-	-	-
Foreign exchange translation differences	-	-	-	-
Net change in the reserve for stock grant plans	-	-	1,839	1,839
	<b>39,950</b>	<b>(2,490)</b>	<b>1,876</b>	<b>39,336</b>
Dividends	-	-	-	-
Subscribed capital for loss coverage	-	-	-	-
Amounts paid-in by shareholders for capital increases	-	2,490	-	2,490
Capital increases	10,000	-	47,679	57,679
Profit at 31 December 2006	-	18,189	-	18,189
<b>Shareholders' equity at 31 December 2006</b>	<b>49,950</b>	<b>18,189</b>	<b>49,555</b>	<b>117,694</b>
Fair value adjustments to assets available for sale and recognition in income statement	-	-	-	-
Fair Value adjustments to cash-flow hedge instruments	-	-	-	-
Recognition in income statement of Cash Flow Hedge reserve	-	-	-	-
Repurchase of treasury shares, net of portion sold	(282)	-	-	(282)
Foreign exchange translation differences	-	-	-	-
Change in reserves for stock grant plans – Ansaldo STS S.p.A.	-	-	316	316
Change in reserves for stock grant plans – other companies	-	-	845	845
Change in reserves for delivery of SGP shares	-	-	(20)	(20)
Change in reserves for stock grant plans – prior years	-	-	117	117
Other movements	-	(909)	909	-
	<b>49,668</b>	<b>17,280</b>	<b>51,722</b>	<b>118,670</b>
Actuarial profit related to defined-benefit plans	-	(15)	-	(15)
Dividends	-	-	-	-
Subscribed capital for loss coverage	-	-	-	-
Amounts paid-in by shareholders for capital increases	-	-	-	-
Deferred taxes recorded in equity	-	-	4	4
Capital increases	-	-	-	-
Profit at 31 December 2007	-	43,223	-	43,223
<b>Shareholders' equity at 31 December 2007</b>	<b>49,668</b>	<b>60,488</b>	<b>51,726</b>	<b>161,882</b>

#### **4.5 S.O.R.I.E. - Statement of recognised income and expense**

(€)	<u>31.12.2007</u>	<u>31.12.2006</u>
Reserves of income (expense) recognised in equity		
- Actuarial gains (losses) related to defined-benefit plans	(15,450)	-
Tax effect on expense/(income) recognised in equity	4,249	-
Income/(expense) recognised in equity	<u>(11,201)</u>	<u>-</u>
Profit for the year	<u>43,222,520</u>	<u>18,189,757</u>
<b>Total gains/(losses) recognized in equity</b>	<b><u>43,211,319</u></b>	<b><u>18,189,757</u></b>

**4.6 Reconciliation of profit and shareholders' equity of Ansaldo STS SpA with that of the Ansaldo STS Group at 31 December 2007**

	Shareholders' equity	Profit for the period
<b>The financial statements of Ansaldo STS SpA at 31 December 2007</b>	<b>161,882</b>	<b>43,223</b>
- Shareholders' equity surplus in the annual financial statements including profit for the period, compared with the carrying value of the equity investments in consolidated entities	15,433	14,949
- Other adjustments	-	-
- Minority interests	386	106
<b>The consolidated financial statements of Ansaldo STS Group at 31 December 2007</b>	<b><u>177,701</u></b>	<b><u>58,278</u></b>

Rome, 13 March 2008

On behalf of the Board of Directors

The Chairman

*Alessandro Pansa*