



IMPREGILO GROUP

2010 Annual Report





Progress – our greatest accomplishment

The value of a group is tied to its history and origins. Impregilo group was set up at the beginning of the 1990s but its origins lie much further back as it is the legacy of Girola, Lodigini, Impresit and Cogefar. These prestigious Italian companies were at the forefront of international civil engineering from the early twentieth century.

Active in all five continents, the companies that merged to become Impregilo engaged in the construction of the main motorway, railway and hydroelectric works underpinning development in Italy and in many other countries around the world, and helped strengthen Italy's international standing.

This rich history of tradition and success has made Impregilo, listed on the Italian stock exchange, the leading general contractor in Italy and one of the major international general construction companies.

With over 17 thousand highly qualified employees and extraordinary technical know-how, the group is active worldwide in the construction of large infrastructure contracts and highly acclaimed civil architectural projects and in the plant engineering and environmental services sector.

It is also a key player in the concessions market, particularly for motorway networks, renewable energy plants and energy transportation.

Dams, hydroelectric plants, motorways, railways, underground train systems, tunnels, bridges, viaducts, desalination plants, fume treatment plants and waste-to-energy plants: a wealth of experience gained in Italy and abroad thanks to its constant commitment to meeting deadlines, protecting the environment and deploying innovative technologies.

Impregilo is a group looking to the future. It is responsible and sensitive to its stakeholders' expectations and has proved itself well capable of exploiting and anticipating market developments over its more than a hundred years of experience.

Today, thanks to its business and organisational skills and technical and financial knowledge, Impregilo has a wealth of unrivalled expertise and experience. It is ready to take on the challenge of growing demand for infrastructure and transportation for people and goods while protecting and nurturing the environment as one of the major players in Italy and on the international field for new development.

IMPREGILO GROUP
2010 Annual Report



Impregilo S.p.A.

Share capital euro 718,364,456.72 – Registered office in Milan, Via dei Missaglia 97

Tax code and Milan Company Registration no. 00830660155

R.E.A. no. 525502 - VAT no. 02895590962

This document is available at: www.impregilo.it

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GENERAL INFORMATION



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COMPANY OFFICERS

Board of directors (i)

Chairman	Massimo Ponzellini
Deputy chairmen	Giovanni Castellucci
	Antonio Talarico
Chief executive officer	Alberto Rubegni
Directors	Carlo Buora

Alfredo Cavanenghi
 Fabio Cerchiai (ii)
 Claudio Cominelli
 Nicola Fallica
 Beniamino Gavio
 Marcello Gavio
 Maurizio Maresca
 Andrea Novarese
 Giuseppe Piaggio
 Alberto Sacchi

Executive committee

Chairman	Alberto Rubegni
	Giovanni Castellucci
	Antonio Talarico
	Beniamino Gavio
	Andrea Novarese
	Giuseppe Piaggio
	Marcello Gavio

Internal control committee

Alfredo Cavanenghi
 Nicola Fallica
 Maurizio Maresca

Remuneration committee

Massimo Ponzellini
 Carlo Buora
 Alfredo Cavanenghi
 Claudio Cominelli
 Maurizio Maresca

Board of statutory auditors (i)

Chairman	Giuseppe Levi
Standing statutory auditors	Giorgio Oldoini
	Alessandro Trotter
Substitute statutory auditors	Vittorio Amadio
	Michela Zeme

Independent auditors

PricewaterhouseCoopers S.p.A.

(i) Appointed by the shareholders on 7 May 2008; in office until approval of the financial statements as at and for the year ended 31 December 2010.

(ii) Following Giancarlo Guenzi's resignation on 26 July 2010, the board of directors appointed Fabio Cerchiai to replace him on the same date.

IMPREGILO GROUP STRUCTURE



IMPREGILO GROUP STRUCTURE AT 31 DECEMBER 2010

CONSTRUCTION

IMPREGILO S.p.A. 100

Bocoge S.p.A.	100
CIGLA S.A.	100
CSC Impresa Costruzioni S.A.	100
Impregilo Colombia S.a.S.	100
Imprepar S.p.A.	100
J.V. Igl S.p.A.-S.G.F. INC S.p.A.	100
- Impregilo S.p.A.	99
- S.G.F. INC S.p.A.	1
S.A. Healy Company	100
S.G.F. - I.N.C. S.p.A.	100
S.I.P.E.M. S.p.A. (in liq.)	100
Suropca C.A.	100
- Impregilo S.p.A.	99
- CSC S.A.	1
PGH Ltd	100
Vegas Tunnel Constructors	100
- Impregilo S.p.A.	40
- Healy S.A.	60
Consorzio Torre	94.6
Emp. Const. Costanera Norte Ltda	77.78
Consorzio C.A.V.E.T.	75.98
Consorzio C.A.V.TO.MI.	74.69
Consorzio Impregilo - Ingco	70
Constructora Mazar	70
Rivigo J.V. L.t.d.	70
- PGH L.t.d.	70
Consorzio Impregilo Yarull	70
Consorzio Impregilo OHL	70
- Impregilo Colombia S.a.S.	70
Consorzio Acueducto Oriental	67
Empresa Constr. Angostura L.t.d.a.	65
Consorzio Venice Link (in liq.)	61
Grupo ICT I S.a.s.	60
Grupo ICT II S.a.s.	60
Impregilo Lidco Libya Co.	60
Nathpa Jhakri J.V.	60
Ghazi-Barotha Contractors J.V.	57.8
Consorzio Scilla (in liq.)	51
Reggio Calabria - Scilla S.c.p.a.	51
Salerno-Reggio Calabria S.c.p.a.	51
Grupo Unidos Por El Canal S.A.	48
Pedelombarda S.c.p.a.	47
Eurolink S.c.p.a.	45
Consorzio Miteco	44.16
Passante di Mestre S.c.p.a.	42
La Quado S.c.a.r.l.	35

OTHER 225 COMPANIES

ENGINEERING & PLANT CONSTRUCTION

FISIA ITALIMPIANTI S.p.A. 100

Fisia Babcock Engineering CO. Ltd.	100
- Fisia Babcock Gmbh	100
Fisia Babcock Environment Gmbh	100
- Impregilo Intern. Infrastruc. N.V.	100
Steinmuller International Gmbh	100
- Fisia Babcock Gmbh	100
Gestione Napoli S.p.A. (in liq.)	99
- Fisia Italimpianti S.p.A.	54
- Impregilo S.p.A.	24
- Fisia Babcock Gmbh	21
Shanghai Pucheng T.P.E. Co. L.t.d.	50
- Fisia Babcock Gmbh	50

OTHER 8 COMPANIES

TOTAL 320

CONCESSIONS

IMPREGILO INTERNATIONAL INFRASTRUCTURES N.V. 100

Impregilo Parking Glasgow Ltd	100
Impregilo New Cross Ltd	100
IGLYS S.A.	100
- Impregilo Intern. Infrastruc. N.V.	98
- Incave S.r.l.	2
Mercovia S.A.	60
Aguas del Gran B. Aires S.A. (in liq.)	42.59
- Impregilo Intern. Infrastruc. N.V.	23.73
- Impregilo S.p.A.	16.5
- Iglys S.A.	2.36
Ochre Solutions Holding L.t.d.	40
Società Autostrade Broni-Mortara S.p.A.	40
Yuma S.A.	40
Ecorodovias Infraestrutura e Logistica S.A.	29.24
Puentes del Litoral S.A.	26
- Impregilo S.p.A.	22
- Iglys S.A.	4
Consorcio Agua Azul S.A.	25.5
Yacylec S.A.	18.67

OTHER 28 COMPANIES

USW PROJECTS

FIBE

Fibe S.p.A.	99.998
- Impregilo S.p.A.	99.989
- Impregilo Intern. Infrastruc. N.V.	0.003
- Fisia Babcock GmbH	0.003
- Fisia Italmimpianti S.p.A.	0.003



A CENTURY OF INFRASTRUCTURES ALL OVER THE WORLD

Kenia
Kuwait



Lesotho	Malawi	Nepal	Netherlands	Pakistan	Qatar	Republic	Scotland	Tanzania	USA	Venezuela	Yemen	Zaire
Liberia	Malaysia	Niger		Panama		Dominican	Senegal	Thailandia	Uganda			Zambia
Lithuania	Mali	Nigeria		Paraguay		Romania	Singapore	Tunisia	Uruguay			Zimbabwe
Lybia	Malta			Peru		Rwanda	Syria	Turkey				
Luxemburg	Marocco			Portugal		Russia	Somalia					
	Mauritius						Spain					
	Mexico						South Africa					
	Mozambique						Sudan					
							Sweden					
							Switzerland					
							Swaziland					

IMPREGILO IN THE WORLD OUR CURRENT PRESENCE







GROUP HIGHLIGHTS



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INTRODUCTION⁽¹⁾

The group closed 2010 with revenue of euro 2,062.3 million (2009: euro 2,721.5 million), an operating profit of euro 223.8 million (2009: euro 144.4 million) and profit attributable to the owners of the parent of euro 128.4 million (2009: euro 79.6 million).

The parent, Impregilo S.p.A., recorded revenue of euro 1,058.9 million (2009: euro 1,614.5 million), an operating profit of euro 89.4 million (2009: euro 141.1 million) and profit for the year of euro 157.9 million (2009: euro 16.3 million).

The group's development of its core businesses has enabled it to record these positive results, which are particularly encouraging given the continued critical situation of the USW Campania projects, which has especially affected the FISIA Italmimpianti group companies, the turnover of which, as already communicated to the market, dropped on 2009, and international productivity levels still far below those recorded before the 2008 financial crisis.

The general economic situation continues to be extremely delicate: while the more developed and financially solid countries have been able to cope with the 2008 financial crisis, other areas saw new significant instability which meant that the overall uncertainty about a recovery continues to be great. Moreover, certain important economies entered new crises at the end of 2010 such as those in North Africa. Tunisia, Egypt and Libya have all undergone considerable internal upheaval which has rapidly degenerated into large-scale political conflict, altering the previous internal balances.

Developments in the Libyan market especially may become critical for the group's operations in this country in the future although it has not affected the financial statements at the end of 2010. This situation is described in more detail later in this report and has been considered in the group's forecasts.

The group's geographical and production diversification strategy, which it is continuing successfully, allowed it to maintain positive profit levels. In order to properly understand the figures for the year, a brief description of the key factors that significantly affected the group's operations is given below.

The international economic situation continued to be fragile during the year as a result of the serious financial and industrial crisis that hit the global markets at the end of 2008. The group's policy of developing its business in an increasing number of markets and countries facilitated new industrial and commercial success allowing it to offset stagnant situations in certain areas (mainly the Middle East), which are affecting a recovery in the desalination sector.

The Italian infrastructure market continued to see delays both for the development of new products and identification of the related financial resources. However, towards the end of the year, the market showed some signs of recovery thanks to the calling of new large tenders in the construction sector and, especially, in the concessions construction and management sector. The latter market is more difficult in terms of the expertise required. The group continues to be affected by critical issues with respect to the USW Campania projects and especially the large amounts it is still owed by the local authorities for its management services (terminated *ex lege* more than five years ago) and for the Acerra waste-to-energy plant, which the group has practically finished using its own resources, had inspected with positive results and which is now fully operational, to the benefit of the relevant local authorities.

In addition, the precautionary measures put in place by the relevant authorities nearly four years ago as part of the criminal case for the Campania region waste management are still in place. After the hearing before the Supreme Court on 17 June 2010, the release from

1) Impregilo group has adopted IFRIC 12, which covers the recognition of service concession arrangements, from 2010. The corresponding 2009 figures, presented in this report, have been restated accordingly following the retrospective application of the interpretation. The notes to the consolidated financial statements provide details of the effects of such application on the 2009 figures.



seizure was again ordered, with no further recourse, of the liquidity that the Naples Review Court had seized as an *in rem* precautionary measure last February (approximately euro 151 million) and the quashing and deferral for review of the seizure of receivables for waste collection tariffs. After several postponements, this review is currently set for 22 March 2011. On 2 February 2011, the Naples Public Prosecutor requested the Naples Review Court to approve a new precautionary measure for which the first level court had already rejected its seizure requests. The Review Court has not yet handed down its decision and it may be followed by more appeals to the Supreme Court. Subsequent sections of this report provide further information about this intricate operating and judicial situation.

Although there have been positive signs following progress in the above proceedings, this complicated state of affairs has worsened FISIA Italmobiliare's operating situation as it has incurred bad debts due to the non-collection of amounts due to it for construction of the Acerra waste-to-energy plant and encountered difficulties in restoring its reputation on the credit market as a result of the extended precautionary seizure measures put in place by the above proceedings. Moreover, it has not been able to benefit from its strategic leadership positioning in the desalination sector as the related geographical areas for this business are those in which a proper pick up in investments has not yet been seen. As a result, the company again made an operating loss for the year.

One of the key events of the year was the listing of Ecorodovias Infraestrutura e Logística S.A. on the San Paolo stock exchange (Brazil). This company is jointly controlled by Impregilo group with its Brazilian partner CR Almeida. Impregilo group's investment was valued at approximately euro 640 million at the listing date, based on the stock exchange prices. The Brazilian company formally finalised the flotation procedure on 1 April with the first trades of its share on the stock exchange and the full subscription of the 92,000,000 newly issued shares at an issue price equal to euro 3.97 per share. The average market capitalisation in the last quarter of the year of Impregilo group's investment in Ecorodovias was approximately euro 958 million.

Before its listing, Ecorodovias signed a strategic agreement with a local partner, Logística Brasil, for Elog S.A., controlled by Ecorodovias, which heads the Brazilian group's activities in the logistics sector. As a result, the new local partner fully subscribed Elog's share capital increase, thus acquiring an interest of 20% therein. The agreement provides, inter alia, that Elog S.A. is now jointly controlled by Ecorodovias and Logística Brasil. Previously, Ecorodovias had full control given its 100% investment. The transaction figures as a change of control over Elog under the IFRS and led to the recognition of a gain on the sale and an adjustment to the transaction-date fair value of the carrying amount of the assets and liabilities still owned by the group, again under the IFRS. These effects have been calculated to be euro 43 million. Change of control also entailed the different consolidation treatment of the investment (application of the proportionate method). Given the non-recurring nature of the transaction, the group classified its effects in a specific new income statement caption "Gain on the partial sale of an investment in a subsidiary", after the operating profit and before the financing income (costs) and gains (losses) on investments.

Towards the end of 2010 and as part of Ecorodovias' policy of developing its logistics business, it acquired 100% of EADI SUL Terminal de Cargas Ltda. (EADI) and Armazéns Gerais Columbia S.A. (Columbia) from third parties via the sub-holding company Elog. The notes to the consolidated financial statements provide more information about these acquisitions.

The procedures for the sale of the Argentine operator Caminos de Las Sierras S.A., commenced at the end of 2009, were concluded on 31 August 2010. The Argentine company's assets had already been fully impaired in previous years due to the combined effect of the continued critical situation of the Argentine motorway concessions sector, the prolonged delay in obtaining the contractually agreed tariff adjustments from the relevant authorities and commencement of litigation against the local state bodies. Negotiations begun with the grantor in 2009 continued in 2010 culminating with the sale of the group's entire investment in Caminos de Las Sierras S.A. on 31 August 2010 and its exclusion from the consolidation scope. The pre-tax gain on the sale approximates euro 65.5 million.





The Dutch company Impregilo International Infrastructures N.V., wholly owned by Impregilo S.p.A., placed two note issues with qualified investors in November for a total nominal amount of euro 300 million. The issues of euro 150 million each are redeemable in 2013 (bearing interest at Euribor plus a 3.5% spread) and in 2015 (bearing interest at a fixed rate of 6.526%). The notes are listed on the Luxembourg stock exchange and underwritten by Impregilo S.p.A..

Considering the above events, which impact both the group's consolidated financial statements as a whole and the financial statements of the subsidiary Impregilo International Infrastructures as the owner of the above investments and sub-holding company of the Concessions segment, the conditions set by the IFRS for the full reversal of the impairment loss on this investment are met. It had been steadily impaired in the parent's separate financial statements for a loss of euro 130.9 million. This reversal is shown in the caption "Gains (losses) on investments" in Impregilo's income statement for the year ended 31 December 2010.

2010 **total revenue** is euro 2,062.3 million compared to euro 2,721.5 million for 2009.

The group's **operating profit** amounts to euro 223.8 million (euro 144.4 million) with a return on sales (R.o.S.) of 10.9% (5.3%). The Construction and Concessions segments contributed euro 139.3 million (R.o.S. of 9.4%) and euro 156.5 million (R.o.S. of 55.8%), respectively. The Engineering & Plant Construction segment's operating loss came to euro 37.0 million compared to a loss of euro 76.1 million for 2009. The operating profit benefited from the gain on the group's sale of its investment in the Argentine subsidiary Caminos de Las Sierras (net euro 65.5 million), without which the operating profit for the year would have been euro 158.3 million with a normalised R.o.S. of 7.9%.

The group's other activities made an operating loss of euro 2.1 million (loss of euro 5.6 million for 2009), while the corporate structure's net costs came to euro 32.9 million (euro 35.5 million).

Financing income (costs) and gains (losses) on investments came to a negative euro 73.8 million compared to a negative euro 33.1 million for 2009.

The **loss from discontinued operations** amounts to euro 2.1 million (loss of euro 3.7 million) and includes the losses on the USW Campania projects.

The **profit** attributable to the owners of the parent for the year is euro 128.4 million (euro 79.6 million for 2009) and benefits from the non-recurring gain on the sale of the investment in Caminos de Las Sierras and partial sale of the investment in Elog, as described earlier.

Net financial indebtedness at 31 December 2010 amounts to euro 313.4 million compared to euro 274.5 million at 31 December 2009. The debt/equity ratio is 0.28.

The group acquired **new contracts** worth euro 4,966 million during the year.

At year end, the group's **order backlog** amounts to euro 23.1 billion, including euro 10.2 billion brought in by the Construction and Engineering & Plant Construction segments and euro 12.9 billion related to the residual Concessions segment order backlog.

The parent's 2010 **total revenue** is euro 1,058.9 million compared to euro 1,614.5 million for 2009.

Its **operating profit** amounts to euro 89.4 million (euro 141.1 million) with a return on sales of 8.4% (8.7%).

Financing income (costs) and gains (losses) on investments come to a positive euro 91.7 million compared to a negative euro 95.6 million for 2009.

The parent's **profit** for the year is euro 157.9 million compared to a profit of euro 16.3 million for 2009 while its **net financial indebtedness** at 31 December 2010 amounts to euro 388.3 million (euro 503.8 million).

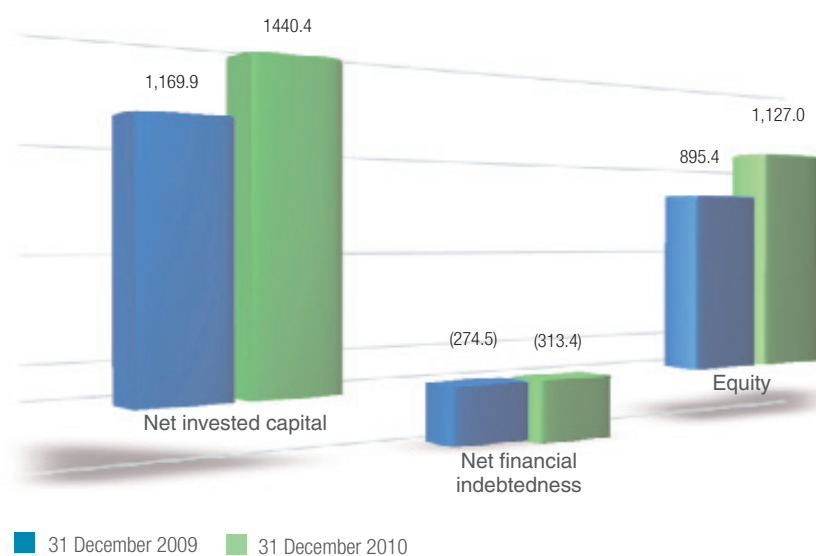
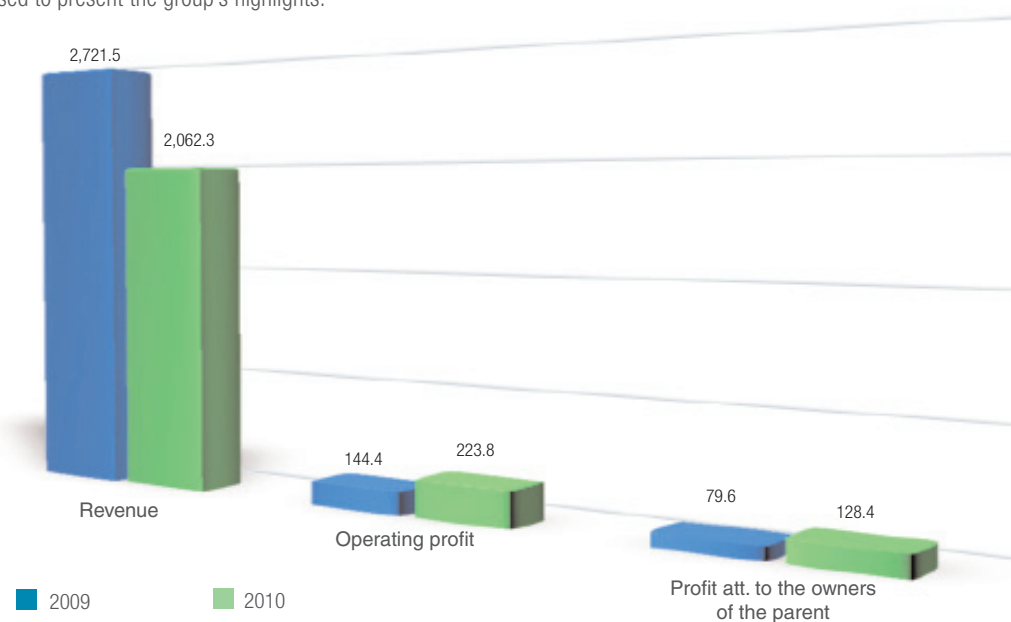
FINANCIAL HIGHLIGHTS

(in millions of Euros)

Impregilo group

Impregilo group has adopted IFRIC 12, which covers the treatment of service concession arrangements, since 2010. The corresponding 2009 figures have been restated accordingly following the retrospective adoption of this interpretation.

The paragraph "Alternative performance indicators" in the "Other information" section gives a definition of the financial statements indicators used to present the group's highlights.



CONSOLIDATED INCOME STATEMENT

(in millions of Euros)	2010	2009 (*)
Revenue	2,062.3	2,721.5
Costs	(1,780.0)	(2,530.8)
Gross operating profit (EBITDA)	282.3	190.7
EBITDA (%)	13.7%	7.0%
Operating profit (EBIT)	223.8	144.4
R.o.S.	10.9%	5.3%
Gain on the partial sale of an investment in a subsidiary	43.0	-
Net financing costs	(73.6)	(28.3)
Net losses on investments	(0.2)	(4.8)
Profit before tax	193.0	111.3
Income tax expense	(60.1)	(26.0)
Profit from continuing operations	132.9	85.3
Loss from discontinued operations	(2.1)	(3.7)
Profit attributable to the owners of the parent	128.4	79.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euros)	31 December 2010	31 December 2009 (*)
<i>Non-current assets</i>	713.1	614.4
<i>Goodwill</i>	94.1	58.9
<i>Non-current assets held for sale, net</i>	384.0	379.3
<i>Provisions for risks, Post-employment benefits and employee benefits</i>	(214.8)	(226.3)
<i>Other non-current assets, net</i>	60.2	47.1
<i>Net tax assets</i>	169.0	215.4
<i>Working capital</i>	234.8	81.2
Net invested capital	1,440.4	1,169.9
Equity	1,127.0	895.4
Net financial indebtedness	(313.4)	(274.5)
Debt/Equity	0.28	0.31

(*) The statement of financial position figures at 31 December 2009 and the income statement figures for the year then ended have been restated due to the retrospective adoption of IFRIC 12.

SEPARATE INCOME STATEMENT

(in millions of Euros)	2010	2009
Revenue	1.058.9	1.614.5
Costs	(957.0)	(1.459.9)
Gross operating profit (EBITDA)	101.9	154.7
EBITDA %	9.6%	9.6%
Operating profit (EBIT)	89.4	141.1
R.o.S.	8.4%	8.7%
Net financing costs (income)	(32.2)	8.4
Net gains (losses) on investments	123.9	(104.0)
Profit before tax	181.1	45.5
Income tax expense	(23.2)	(29.1)
Profit from continuing operations	157.9	16.3
Profit for the year	157.9	16.3

SEPARATE STATEMENT OF FINANCIAL POSITION

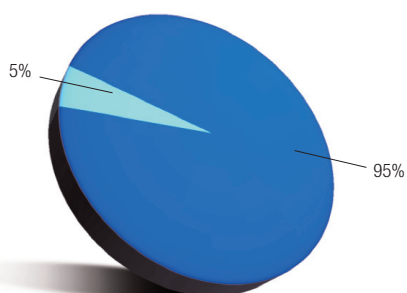
(in millions of Euros)	31 December 2010	31 December 2009
<i>Non-current assets</i>	<i>688.1</i>	<i>462.5</i>
<i>Provisions for risks, Post-employment benefits and other employee benefits</i>	<i>(107.2)</i>	<i>(117.9)</i>
<i>Other non-current assets, net</i>	<i>145.1</i>	<i>297.4</i>
<i>Net tax assets</i>	<i>29.5</i>	<i>77.1</i>
<i>Working capital</i>	<i>580.7</i>	<i>574.3</i>
Net invested capital	1336,2	1,293.5
Equity	947.9	789.7
Net financial indebtedness	(388.3)	(503.8)
Debt/Equity	0.41	0.64



ORDER BACKLOG

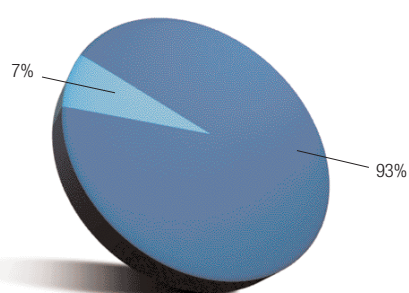
Construction, Engineering & Plant Construction

December 2010
(total euro 10,193 mil.)



■ Construction ■ Engineering & Plant Construction

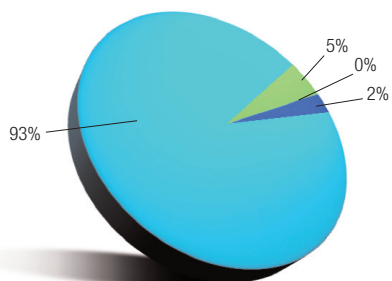
December 2009
(total euro 9,146 mil.)



■ Construction ■ Engineering & Plant Construction

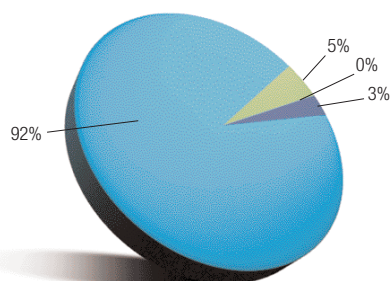
Concessions

December 2010
(total euro 12,926 mil.)



■ Motorways ■ Energy ■ Aqueducts ■ Hospitals

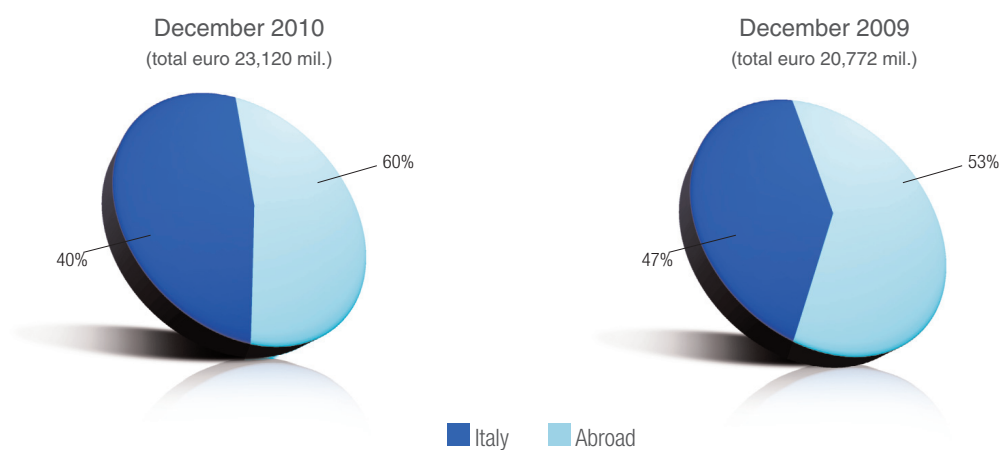
December 2009
(total euro 11,626 mil.)



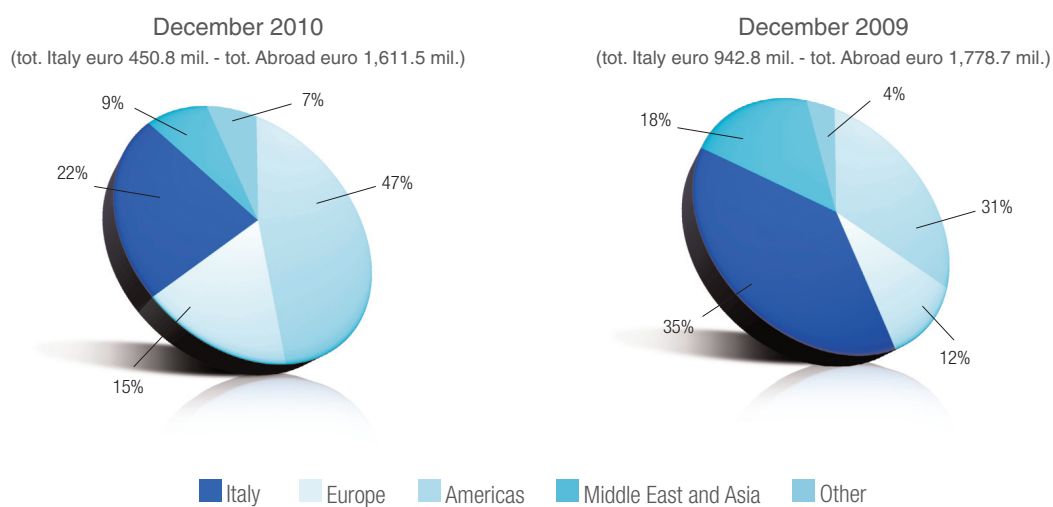
■ Motorways ■ Energy ■ Aqueducts ■ Hospitals

ORDER BACKLOG BY GEOGRAPHICAL SEGMENT

Construction, Engineering & Plant Construction, Concessions



REVENUE BY GEOGRAPHICAL SEGMENT





DIRECTORS' REPORT PART I



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ANALYSIS OF IMPREGILO GROUP'S AND PARENT'S FINANCIAL POSITION AND RESULTS OF OPERATIONS FOR THE YEAR

This section includes the group's and parent's reclassified income statement and reclassified statement of financial position, as well as a breakdown of their net financial indebtedness at 31 December 2010. It also includes a summary of the main changes in the consolidated and separate income statement, compared to that for the year ended 31 December 2009, and in the statement of financial position, in comparison with the related figures at 31 December 2009.

Unless indicated otherwise, figures are provided in millions of Euros and those shown in brackets relate to the previous year.

The paragraph "Alternative performance indicators" in the "Other information" section gives a definition of the financial statements indicators used to present the group's and parent's financial position and results of operations for the year.

INITIAL CONSIDERATIONS

Like in previous annual and interim reports, this section briefly describes the key factors that significantly affected the group's operations at domestic and international level during 2010 in order to more properly understand developments in the results achieved by its core Construction, Concessions and Engineering & Plant Construction businesses.

The ongoing international financial crisis, which has affected both the more developed and the developing economies since the second half of 2008, has only shown limited signs of an about-turn and only in those economies which are more financially solid and less dependent on international markets. Once again, the main reference indexes were lower than those of the years from 2005 to 2008 and an upturn in demand was only seen in the stronger economies. Moreover, new financial crises have hit certain countries which have contributed to keeping uncertainty about the international recovery high (Ireland and Greece). Finally, towards the end of the year, certain north African countries (Tunisia, Egypt and Libya) have seen unexpected and, in some cases, violent internal political conflicts that have drastically changed their political governance structures. This situation has contributed to the generalised uncertainty about both the production systems of the individual countries and their relationships with Italy and other western countries since the onset of the crises. The oil market and, especially, that of its derivatives have not yet returned to the stable levels seen before the last two years, even though the prices of oil and its derivatives (which are the main exports of most of the economies of the Gulf area and North Africa) have risen sharply, mostly due to political reasons rather than production or industrial factors. With special respect to the situation in Libya, in which the group has established a significant base over the last few years through a local subsidiary, although the group is not too concerned about the present situation given the modest investments made to date as part of the contracts entered into in previous years but not yet fully operational, there is significant uncertainty about the real possibility to develop production in the short or medium term. The group is closely monitoring the situation, also because the infrastructure works covered by the above contracts are of interest to the country even though the political situation is so complex. To date, it is not necessary to adjust the figures shown in the group's 2010 consolidated financial statements or the parent's separate financial statements, but it may become necessary in the future. The group's short-term forecasts are currently limited to the postponement of recommencement of operations in Libya to after 2011.

Moreover, this international situation caused considerable delays in developing new infrastructure projects and allocating funds to finance them in Italy.

The group's diversification of its activities into the three core segments described above has significantly lessened the negative effects of the general macro economic situation. Nonetheless, it has encountered important events which require analysis before its results for 2010 are described.



With respect to the **Construction** segment, delays in rolling out new large infrastructure projects in Italy has led to a further reduction of in turnover as a result of the substantial completion of the large-scale works started in previous years (high speed/capacity railway projects and the Mestre motorway connector) and the lack of important new projects at the same time. However, signs of recovery on the domestic market were seen with the calling of important tenders such as that for the Pedemontana Lombarda motorway and the concession for the new Line 4 of the Milan underground.

On the domestic market, the contractual terms for, and commencement of the works on, the Messina Strait Bridge were only agreed in the fourth quarter of 2009 while the works for the high speed/capacity railway line between Milan and Genoa are still in a pre-operating stage and it is not known when work will actually start. The motorway projects for the Pedemontana Lombarda toll highway and the Milan outer east by-pass will be commenced in the next few months (for the group's share of the works) but full productivity levels will only be reached in future years.

While the group's international development strategy, in place for some years, has not enabled it to offset the forecast reduction in activities on the domestic market, it did obtain certain commercial breakthroughs in the year, such as the important acquisition of the contracts in Columbia for construction of the El Quimbo hydroelectric plant, construction and management of the Ruta del Sol motorway under concession, in Chile for the construction of the Angostura hydroelectric plant and the new lot of the underground hydraulic infrastructure in Abu Dhabi. The technical times between acquisition of contracts and full productivity are significantly shorter on the international markets compared to those in Italy, although significant production volumes for the above works will only be seen from 2011.

The segment's profitability continued to be positive (R.o.S. of 9.4% compared to 10.8% for 2009).

The **Engineering & Plant Construction** segment's sub-holding company, FISIA Italmimpianti, recorded large losses in 2009 due to many external factors, specifically, the litigation surrounding the USW Campania projects and related financial difficulties, which also impacted the segment's operations in the desalination sector. The segment recorded a loss again for 2010 although smaller than that of the previous year. Moreover, FISIA in particular commenced a wide-ranging restructuring of its financial structure in 2010 and concurrent reorganisation of its commercial strategies. Continuation of the critical situation surrounding the USW Campania projects well beyond the very prudent forecasts made by the group makes the whole issue very complex. In fact:

- FISIA Italmimpianti's cash and cash equivalents were seized by the judiciary for more than a year, like for the other group companies involved, and the measure for the release from seizure was only obtained at the end of August 2008. The related judicial situation, which as described in detail later in this report underwent new developments in 2010, continues to be a significant critical factor, also because the relevant judges have yet to hand down their rulings.
- Despite the fact that the legislative measures enacted over the last 12 months (described later in this report) have speeded up the attempt to resolve the whole waste emergency situation in Campania, to date, FISIA Italmimpianti has still not collected receivables for construction of the Acerra waste-to-energy plant and a large part of the services provided in previous years in this region.
- The same measures obliged the company to continue construction of the waste-to-energy plant and then to maintain it which meant it was subjected to additional economical and financial difficulties, given that adequate funding from the relevant state bodies was not forthcoming.

The continuance of the international financial crisis, especially with respect to the Arabian Gulf area, which is the subsidiary's main market, and the resulting financial difficulties have also hit the production activities already started in this area by FISIA Italmimpianti. This crisis has



extended the completion times of projects for both FISIA Italmobiliare and other companies (partners and competitors) active in the same market as well as leading to lengthy delays in the commencement of new projects for which FISIA's competitive edge is an important factor for the return to profitability of this business segment for the group.

The Engineering & Plant Construction segment recorded an operating loss of euro 37.0 million for 2010 compared to a loss of euro 76.1 million for 2009.

As described in previous reports and with respect to the **Concessions** segment, one of the key events of early 2010 which is worthy of particular mention is the listing of Ecorodovias Infraestrutura e Logística ("Ecorodovias") on the San Paolo stock exchange. This company is jointly controlled by Impregilo with its Brazilian partner CR Almeida. 92,000,000 shares were issued at a price equal to euro 3.97 per share and were fully subscribed. As a result, the group's interest in Ecorodovias decreased from its pre-flotation percentage of 35.00% to the current 29.24%, leading to a large reduction in net invested capital for this investment in the group's statement of financial position at 31 December 2010. However, this reduction was partly offset by the effect of exchange rate trends between the Euro and the Brazilian Real as the latter currency appreciated by more than 12% during the year.

In order to provide a comparable analysis of the changes in the main financial statements captions during the year at group level, the following paragraphs provide a separate summary of the more important net changes due to Ecorodovias and caused by the decrease in the group's investment percentage, the different exchange rates and the business combinations made at the end of the year. Specific comments on other changes due to ordinary operations are given later. The following table shows the main changes in the group's statement of financial position at 31 December 2010 with comparative figures at 31 December 2009, due to the above effects.

Impregilo group - Reclassified statement of financial position as at 31 December 2010
Analysis of the effects of Ecorodovias' flotation, business combinations and changes
in the Euro/Real exchange rate

(Euro/000)	31 december 2010	31 december 2009	Total difference	of which related to Ecorodovias' flotation	of which related to Elog / EADI / Columbia	of which related to Euro/real exchange rate changes	Total effect
Non-current assets	713,131	614,391	98,740	(60,405)	16,476	42,918	(1,011)
Goodwill	94,050	58,890	35,160	(7,878)	41,732	2,339	36,193
Provision for risks	(190,110)	(192,540)	2,430	5,011	(376)	(3,419)	1,216
Other non-current assets (liabilities)	60,234	47,058	13,176	1,417	(2,190)	(1,053)	(1,826)
Tax assets (liabilities)	168,954	215,447	(46,493)	2,957	734	(829)	2,862
Working capital	234,832	81,165	153,667	8,684	1,108	(5,105)	4,687
Net invested capital	1,440,435	1,169,946	270,489	(50,214)	57,484	34,851	42,121
Equity attributable to the owners of the parent	1,119,586	889,832	229,754	83,927	44,593	15,982	144,502
Non-controlling interests	7,410	5,568	1,842	(77)			(77)
Equity	1,126,996	895,400	231,596	83,850	44,593	15,982	144,425
Net financial indebtedness	(313,439)	(274,546)	(38,893)	134,064	(12,891)	(18,869)	102,304
Total financial resources	1,440,435	1,169,946	270,489	(50,214)	57,484	34,851	42,121

With respect to the group's income statement for the year ended 31 December 2010 and corresponding figures, the combination of the above factors (flotation, business combinations and exchange rate trends) did not have significant effects thereon.

The following should also be noted for the purposes of a clearer understanding of the consolidated and operating segment figures:

- starting from 2010, entities that operate on a concession basis and that apply the IFRS are required to apply IFRIC 12. The group has adopted the interpretation from this year and has restated the comparative figures in the financial statements as if it had adopted the interpretation from 1 January. The notes to the consolidated financial statements, presented later in this annual report, describe the effects of adopting this interpretation;
- during 2010, the discontinued operations of the Imprepar segment headed by the subsidiary Imprepar S.p.A. in liquidation were transferred to the Construction segment as part of the group's new organisation designed to maximise the synergies existing between the experience gained by Imprepar in managing the final stages of large-scale infrastructure projects, and the related procedures that follow such stages, and the Construction segment's honed skills in the contractual management of large projects nearing completion. Imprepar was concurrently taken out of liquidation and its equity reconstituted, as described in more detail later in this report. As a result, the Construction segment entirely comprises the results of the Imprepar segment starting from 2010. The 2009 figures used for comparative purposes in reporting on the operating segments have thus been restated to include the Imprepar figures in the Construction segment.



GROUP PERFORMANCE

Reclassified consolidated income statement of Impregilo Group

(Euro/000)	Note (**)	2010	2009 (§)	Variation
Operating revenue		1,931,450	2,611,735	(680,285)
Other revenue		130,871	109,734	21,137
Total revenue	12	2,062,321	2,721,469	(659,148)
Costs	13	(1,780,005)	(2,530,776)	750,771
Gross operating profit EBITDA (*)		282,316	190,694	91,622
EBITDA % (*)		13,7%	7,0%	
Amortisation and depreciation	13.5	(58,498)	(46,316)	(12,182)
Operating profit EBIT (*)		223,818	144,378	79,440
Return on Sales (*)		10,9%	5,3%	
Gain on the partial sale of an investment in a subsidiary	14	43,011	-	43,011
Financing income (costs) and gains (losses) on investments				
Net financing costs		(73,611)	(28,320)	(45,291)
Net losses on investments		(234)	(4,757)	4,523
Net financing costs and net losses on investments	15	(73,845)	(33,077)	(40,768)
Profit before tax (EBT)		192,984	111,301	81,683
Income tax expense	16	(60,114)	(26,048)	(34,066)
Profit from continuing operations		132,870	85,253	47,617
Loss from discontinued operations	17	(2,113)	(3,710)	1,597
Profit for the year		130,757	81,543	49,214
Non-controlling interests		(2,312)	(1,927)	(385)
Profit attributable to the owners of the parent		128,445	79,616	48,829

(*) The paragraph in the section "Other information" gives a definition of these indicators.

(**) The note numbers refer to the notes to the consolidated financial statements where the items are analysed in detail.

(§) Restated figures following adoption of IFRIC 12.

Revenue

Total revenue for 2010 is euro 2,062.3 million (euro 2,721.5 million), including euro 1,611.5 million earned abroad (euro 1,778.7 million).

The decrease on 2009 was largely foreseen by the group in its forecasts made at the start of 2010 and is due to the contraction in the Engineering & Plant Construction segment's turnover, which amounts to euro 309.9 million compared to euro 734.1 million for 2009.

This contraction is due to near completion of the segment's main desalination projects and the continued negative economic situation affecting the countries in the Middle East, which is FISIA Italmimpianti's main market and where recommencement of infrastructure development programmes has not yet started properly. Non-commencement of new projects, for which FISIA Italmimpianti had obtained satisfactory results during the tender stage, has meant that new production to counter the steady completion of existing projects does not exist.

In line with the forecasts made at the end of 2009, the Construction segment also saw a reduction in its turnover during the year, down from euro 1,820.9 million to euro 1,475.7 million. This cyclical effect will be steadily compensated by developments on the large new orders acquired in previous years, production on which is not yet at 100%.

However, the Concessions segment performed well, increasing its turnover by euro 44.1 million, thanks in part to the Ayrton Senna motorway concession, acquired in June 2009, and net of the previously described dilutive effects of Ecorodovias group's flotation.

The group sold its controlling investment in the Argentine operator Caminos de Las Sierras S.A. at the end of the third quarter of 2010. The net assets held by the group through this investment had been fully impaired in previous years due to the critical state of the Argentine market in general and, specifically, the subsidiary's activities. As a result of the complicated negotiations involving both the local authorities and the grantor, the conditions precedent for the sale of the operator were met during the year. The transaction generated a net gain of euro 65.5 million, recognised under "Other revenue" for the Concessions segment.



Operating profit (EBIT)

The group's operating profit amounts to euro 223.8 million (euro 144.4 million) for a return on sales of 10.9% (5.3%). The Construction and Concessions segments contributed positively to the operating profit with euro 139.3 million (R.o.S. of 9.4%) and euro 156.5 million (R.o.S. of 55.8%), respectively. The Engineering & Plant Construction segment recorded an operating loss of euro 37.0 million (loss of euro 76.1 million). The operating profit benefited from the gain on the group's sale of its investment in the Argentine subsidiary Caminos de Las Sierras (net euro 65.5 million) as described above.

The group's other activities made an operating loss of euro 2.1 million (loss of euro 5.6 million), while the corporate structure's net costs came to euro 32.9 million (euro 35.5 million).

Gain on the partial sale of an investment in a subsidiary

This caption shows the gain on the strategic agreement entered into by Ecorodovias group with a local partner to develop its logistics activities.

As a result, the new local partner fully subscribed Elog's share capital increase, thus acquiring an interest of 20% therein. The agreement provides, *inter alia*, that Elog S.A. is now jointly controlled by Ecorodovias and the new shareholder. Previously, Ecorodovias had full control given its 100% investment. This transaction figures as a change of control over Elog under the IFRS. It led to the recognition of a gain on the sale and an adjustment to the transaction-date fair value of the carrying amount of the assets and liabilities still owned by the group, under (revised) IAS 27, approximating euro 9.4 million and euro 33.6 million, respectively, including the related tax effects. Change of control also entailed the different consolidation treatment of the investment (application of the proportionate method). Given the non-recurring nature of the transaction, the group classified its effects in a specific new income statement caption "Gain on the partial sale of an investment in a subsidiary", after the operating profit and before the financing income (costs) and gains (losses) on investments.



Financing income (costs) and gains (losses) on investments

The group recorded net financing costs of euro 73.6 million (net costs of euro 28.3 million) while net losses on investments amounted to euro 0.2 million (net losses of euro 4.8 million).

The increase in the net financing costs is mainly due to the following:

- the euro 54.9 million decrease in net gains on the sales of securities compared to 2009. This was achieved by taking advantage of currency mismatches of money markets in relation to certain South American currencies, whose official exchange rates with some strong currencies, including the US dollar, are fixed artificially;
- recognition by the Montevideo International Arbitration Tribunal of interest of euro 8.4 million due to the Argentine operator Mercovia following settlement of an arbitration commenced in previous years, as already disclosed in the interim financial report at 30 June 2010;
- improvement of euro 2.7 million in the group's gross indebtedness due to exchange rate fluctuations and the related debt instruments;
- net exchange rate losses (including fair value losses on financial instruments), which were euro 6.9 million higher than the losses for 2009, mainly due to the Engineering & Plant Construction segment's exposure. The group's currency policies provide for balanced exposure of foreign currency captions when managing contracts; indeed, the current management of the Engineering & Plant Construction segment meant that despite greater losses recognised on the translation of working capital captions using the closing rates, the related and substantially equivalent benefits arising from adjustment of projections about the completion of existing contracts were recognised as part of the operating loss.

As described in the notes to the 2009 consolidated financial statements, the effects of the Venezuelan government's depreciation of the Bolivar by 50% against the US dollar on 8 January 2010 were substantially immaterial. Debt in the local currency and the group's exchange rate hedging strategy, put in place when estimating contract revenue and costs in potentially risky currencies such as the Bolivar, mean that the group's net position in this currency remains fairly well balanced.

Net losses on investments come to euro 0.2 million (net losses of euro 4.8 million).

Loss from discontinued operations

This item shows a loss of euro 2.1 million (loss of euro 3.7 million), related to the USW Campania projects.

Non-controlling interests

Non-controlling interests in the subsidiaries contributed negatively to the profit for the year attributable to the owners of the parent and amount to euro 2.3 million substantially in line with the contribution for 2009.



THE GROUP'S FINANCIAL POSITION

Reclassified consolidated statement of financial position of Impregilo Group

(Euro/000)	Note (*)	31 December 2010	31 December 2009 (**)	Variation
Non-current assets	1	713,131	614,391	98,740
Goodwill	1.4	94,050	58,890	35,160
Non-current assets held for sale, net	2	383,997	379,307	4,690
Provisions for risks	3	(190,110)	(192,540)	2,430
Post-employment benefits and employee benefits	4	(24,653)	(33,772)	9,119
Other non-current assets, net	5	60,234	47,058	13,176
Net tax assets	6	168,954	215,447	(46,493)
<i>Inventories</i>		<i>71,897</i>	<i>56,625</i>	<i>15,272</i>
<i>Contract work in progress</i>		<i>743,464</i>	<i>630,993</i>	<i>112,471</i>
<i>Advances on contract work in progress</i>		<i>(700,802)</i>	<i>(527,113)</i>	<i>(173,689)</i>
<i>Receivables</i>		<i>928,605</i>	<i>1,013,019</i>	<i>(84,414)</i>
<i>Payables</i>		<i>(820,380)</i>	<i>(989,837)</i>	<i>169,457</i>
<i>Other current assets</i>		<i>261,192</i>	<i>216,115</i>	<i>45,077</i>
<i>Other current liabilities</i>		<i>(249,144)</i>	<i>(318,637)</i>	<i>69,493</i>
Working capital	7	234,832	81,165	153,667
Net invested capital		1,440,435	1,169,946	270,489
Equity attributable to the owners of the parent		1,119,586	889,832	229,754
Non-controlling interests		7,410	5,568	1,842
Equity	8	1,126,996	895,400	231,596
Net financial indebtedness	9	(313,439)	(274,546)	(38,893)
Total financial resources		1,440,435	1,169,946	270,489

(*) The note numbers refer to the notes to the consolidated financial statements where the items are analysed in detail.

(**) Restated figures following adoption of IFRIC 12.

Net invested capital

This item increased by euro 270.5 million on the previous year end to euro 1,440.4 million at 31 December 2010. In addition to the effects of Ecorodovias group's flotation, business combinations and Euro/Real exchange rate trends during the year, summarised earlier, the main changes in net invested capital are principally attributable to the factors listed below:

- A net increase of euro 98.7 million in the carrying amount of non-current assets, mostly due to the continuation of investments for certain new foreign Construction projects being started (Panama, Colombia, United Arab Emirates and the USA), net of recurring changes for amortisation and depreciation (euro 58.5 million), disposals (euro 26.1 million) and exchange rate differences (net gain of euro 9.5

million, except for that related to the Brazilian Real indicated in the previous tables). The Euro/Real exchange rate fluctuations did not have a significant effect on the transactions involving Ecorodovias, as just mentioned. The dilutive effects of the IPO were mostly offset by the increases for the investments made and the Real's appreciation against the Euro.

- An increase in goodwill, wholly attributable to that described earlier for Ecorodovias and, specifically, the changes in the consolidation scope related to the Brazilian group during the year.
- An increase of euro 4.7 million in net assets classified as held for sale due to changes in USW Campania project activities.
- A net decrease of euro 9.1 million in post-employment benefits and employee benefits due to both payments made in the year to the INPS (Italian social security institution) and similar treasury funds and the reduction following depreciation of the Venezuelan Bolivar for the part of the benefits of the employees in that area.
- An increase of euro 13.2 million in non-current assets less non-current liabilities. This effect is mainly due to definition by the relevant local authorities of the statement of affairs of the associate Puentes del Litoral S.A. (Argentina) leading to recognition of most of the receivables due to the group, which had already been prudently fully impaired in previous years.
- A decrease of euro 46.5 million in net tax assets. In addition to the estimated tax effects arising from normal profit trends in 2010, this decrease included collection of direct tax credits claimed for reimbursement in previous years (approximately euro 36.8 million).
- An increase of euro 153.7 million in working capital. The main changes in working capital related to developments of the group's operating activities referred to:
 - an increase of euro 112.5 million in contract work in progress, with the related rise in working capital mostly due to continuation of work for certain large foreign Construction contracts (Panama, Venezuela and Colombia);
 - an increase of euro 173.7 million in advances on contract work in progress with the related reduction in working capital. This situation, net of utilisation for ongoing production, mainly relates to contractual advances collected for certain large foreign contracts (Panama and Colombia);
 - a decrease of euro 98.6 million in trade receivables, nearly entirely related to the Venezuelan Bolivar's depreciation as decided by the local government in early 2010. Invoicing and collection trends did not change significantly compared to the previous year;
 - a decrease of euro 156.9 million in trade payables, including euro 106.7 million related to the Engineering & Plant Construction segment and directly related to the restructuring of FISIA Italimpianti's working capital (described earlier). A further euro 46.8 million decrease was seen for the Construction segment due to near completion of certain large-scale projects in Italy (high speed/capacity railway contracts);
 - an increase of euro 45.1 million in other assets, mostly due to the payment of advances to suppliers for new contracts and the recognition of prepaid commissions for contractual guarantees on new foreign Construction contracts (Panama and Colombia);
 - a decrease of euro 69.5 million in other current liabilities, principally as a result of payment, as provided for contractually, of payables due in the year for the Brazilian Ayrton Senna concession.



Net financial indebtedness

Net financial indebtedness at 31 December 2010 amounts to euro 313.4 million compared to euro 274.5 million at 31 December 2009, a net increase of euro 38.9 million.

Depreciation of the Venezuelan Bolivar by the local government in early January 2010 decreased net debt in that currency by roughly euro 90 million. This positive factor, assisted by Ecorodovias' listing on the San Paolo stock exchange, led to an additional reduction of euro 102.3 million in the group's net financial indebtedness, together with the effect of the Euro/Real exchange rate trends and net of the effects of the business combinations described earlier.

The group's operating activities used approximately euro 231.9 million, including roughly euro 190.1 million earmarked for capital expenditure for the Construction and Concession contracts under development.

Moreover, following the ruling issued by the Naples Review Court as part of the criminal case in which the group is involved in relation to the USW Campania projects, a new precautionary seizure order was issued in February 2010 for cash and cash equivalents of the parent, FISIA Italmobiliare and FIBE S.p.A. in Italy. The hearing before the Supreme Court for the group's appeal against the Naples Review Court's order was held on 17 June 2010 before the Sixth Chamber which quashed the order and ordered the release of the previously seized amounts. Reference should be made to the section on the Non-current assets held for sale and discontinued operations - USW Campania projects for more detailed information.

The Dutch company Impregilo International Infrastructures N.V., wholly owned by Impregilo S.p.A., placed two note issues with qualified investors in November for a total nominal amount of euro 300 million. The issues of euro 150 million each are redeemable in 2013



(bearing interest at Euribor plus a 3.5% spread) and in 2015 (bearing interest at a fixed rate of 6.526%). The notes are listed on the Luxembourg stock exchange and underwritten by Impregilo S.p.A..

Impregilo has given guarantees in favour of unconsolidated group companies of euro 18.4 million securing loans granted by banks. This amount is substantially in line with the previous year.

The group's net financial indebtedness at 31 December 2010 is summarised in the following table.

Net financial Indebtedness of Impregilo Group

(Euro/000)	Note (*)	31 December 2010	31 December 2009	Variation
Other current financial assets	9.1	4,089	4,603	(514)
Cash and cash equivalents	9.2	878,817	814,651	64,166
Total cash and other financial assets		882,906	819,254	63,652
Non-current bank loans	9.3	(255,846)	(325,256)	69,410
Bonds	9.4	(414,019)	(138,118)	(275,901)
Finance lease payables	9.5	(12,961)	(2,570)	(10,391)
Total non-current indebtedness		(682,826)	(465,944)	(216,882)
Current portion of bank loans and current account facilities	9.3	(465,742)	(573,509)	107,767
Current portion of bonds	9.4	(41,795)	(17,840)	(23,955)
Current portion of finance lease payables	9.5	(848)	(690)	(158)
Total current indebtedness		(508,385)	(592,039)	83,654
Derivatives (positive fair value)	9.6	304	1	303
Derivatives (negative fair value)	9.6	(5,438)	(6,447)	1,009
Factoring payables	9.7	-	(29,371)	29,371
Total other items in net financial indebtedness		(5,134)	(35,817)	30,683
Net financial indebtedness - continuing operations		(313,439)	(274,546)	(38,893)
Total net financial position of discontinued operations		-	-	-
Net financial indebtedness including discontinued operations		(313,439)	(274,546)	(38,893)

(*) The note numbers refer to the notes to the consolidated financial statements where the items are analysed in more detail.



PERFORMANCE OF THE PARENT IMPREGILO S.p.A.

Reclassified separate income statement of Impregilo S.p.A.

(Euro/000)	Note (*)	Esercizio 2010	Esercizio 2009	Variation
Operating Revenue		1,028,197	1,555,337	(527,140)
Other revenue		30,674	59,185	(28,511)
Total revenue	11	1,058,871	1,614,522	(555,651)
Costs	12	(957,020)	(1,459,862)	502,842
Gross operating profit EBITDA (**)		101,851	154,660	(52,809)
EBITDA % (**)		9,6%	9,6%	
Amortisation and depreciation	12.5	(12,444)	(13,599)	1,155
Operating profit EBIT (**)		89,407	141,061	(51,654)
Return on Sales (**)		8,4%	8,7%	
<i>Financing income (costs) and gains (losses) on investments</i>				
Net financing income (costs)	13.1 - 13.2	(32,209)	8,418	(40,627)
Net gains (losses) on investments	13.4	123,925	(103,986)	227,911
Net financing income (costs) and net gains (losses) on investments		91,715	(95,568)	187,284
Profit before tax (EBT)		181,123	45,493	135,630
Income tax expense	14	(23,247)	(29,149)	5,902
Profit for the year		157,876	16,344	141,532

(*) The note numbers refer to the notes to the separate financial statements where the items are analysed in detail.

(**) The paragraph in the section "Other information" gives a definition of these indicators.

Revenue

2010 revenue amounts to euro 1,058.9 million (euro 1,614.5 million). The decrease is due to the non-development of new projects in which the parent is directly involved while development of foreign contracts mostly took place via investees whose revenue is only seen at consolidated level (for example, in Panama and Colombia).

Other revenue mainly relates to cost recoveries from group companies and prior year income.

Operating profit (EBIT)

The operating profit is euro 89.4 million (euro 141.1 million) with a return on sales of 8.4% (8.7%). It was affected by the corporate structure's costs of euro 32.9 million.

Financing income (costs) and gains (losses) on investments

The parent recorded net financing costs of euro 32.2 million (net income of euro 8.4 million). Net gains on investments came to euro 123.9 million (net losses of euro 104.0 million).

The increase in the net financing costs is mainly due to the following:

- smaller gains on the sales of securities of euro 50.3 million compared to 2009. As described in the 2009 Annual Report, these gains were achieved by taking advantage of currency mismatches of money markets in relation to certain South American currencies, whose official exchange rates with some strong currencies, including the US dollar, are fixed artificially;
- smaller net financial expense of approximately euro 13.5 million due to lower indebtedness levels compared to 2009, especially the short-term indebtedness in foreign currencies other than the US dollar, which has interest rates that are considerably higher than those of the stronger economies;
- smaller net exchange rate losses (including fair value losses on financial instruments) of euro 1.4 million compared to 2009.

Net gains on investments of euro 123.9 million (losses of euro 104 million) mostly refer to the reversal of impairment losses for euro 130.9 million on the investment in Impregilo International Infrastructures as a result of the events described earlier and especially related to Ecorodovias and Caminos de Las Sierras which, pursuant to the IFRS, met the conditions required for the full reversal of the impairment losses recognised in previous years. The net losses for 2009 were mainly attributable to the impairment of the investment in FISIA Italmimpianti (euro 97.7 million).



FINANCIAL POSITION OF THE PARENT IMPREGILO S.p.A.

Reclassified separate statement of financial position of Impregilo S.p.A.

(Euro/000)	Note (*)	31 December 2010	31 December 2009	Variation
Non-current assets	1	688,138	462,486	225,652
Provisions for risks	2	(91,682)	(93,990)	2,308
Post-employment benefits and employee benefits	3	(15,563)	(23,859)	8,296
Other non-current assets, net	4	145,097	297,430	(152,333)
Net tax assets	5	29,525	77,092	(47,567)
<i>Inventories</i>		37,195	38,558	(1,363)
<i>Contract work in progress</i>		369,013	344,194	24,819
<i>Advances on contract work in progress</i>		(91,892)	(132,057)	40,165
<i>Receivables</i>		643,983	753,571	(109,588)
<i>Payables</i>		(366,125)	(400,661)	34,536
<i>Other current assets</i>		36,721	37,130	(409)
<i>Other current liabilities</i>		(48,236)	(66,388)	18,152
Working capital	6	580,659	574,347	6,312
Net invested capital		1,336,174	1,293,506	42,668
Equity	7	947,892	789,692	158,200
Net financial indebtedness	8	(388,282)	(503,814)	115,532
Total financial resources		1,336,174	1,293,506	42,668

(*) The note numbers refer to the notes to the separate financial statements where the items are analysed in detail.

Net invested capital

This caption increased by euro 42.7 million.

The increase is principally due to the following events:

- An increase of approximately euro 10.2 million in property, plant and equipment, net of depreciation, mostly related to developments in the United Arab Emirates.
- A decrease of euro 13.0 million in intangible assets, net of amortisation, mainly as a result of the agreements entered into in 2010 with an Italian partner for the renegotiation of the consortium relationships for the high speed/high capacity Milan-Genoa railway section works. These agreements are subject to certain conditions precedent which have not yet been fully complied with.
- An increase of roughly euro 228.5 million in equity investments as a result of reversal of the impairment losses recognised in previous years on the investment in Impregilo International Infrastructures during the year. Following the events described earlier and related specifically to Ecorodovias and Caminos de Las Sierras, and pursuant to the IFRS, the conditions for the reversal were met.

Therefore, the impairment losses was fully reversed with euro 130.9 million recognised in profit or loss. Moreover, the controlling investments in FISIA Italmimpianti, Imprepar and SGF-INC were recapitalised for euro 59.0 million, euro 33.4 million and euro 3.0 million, respectively, while new investments were made in new concession projects for another approximate euro 13.3 million. The notes to the separate financial statements provide more information about these transactions. Impairment losses of roughly euro 12.0 million were recognised on investments posted under non-current assets during the year.

- A decrease of euro 152.3 million in net other non-current assets, mainly due to the recapitalisation of the subsidiary Imprepar towards the end of the year. As part of this transaction and due to the change in the group's strategies for its discontinued operations which the subsidiary had successfully carried out in the last few years, Imprepar was withdrawn from liquidation and its equity reconstituted to a level suitable to allow it to carry out new business activities as part of the Construction segment. As a result of these transactions, the subordination clause of the loans given to the subsidiary by Impregilo no longer exists and the receivables were subsequently paid. The carrying amount of these loans had already been impaired in previous years considering the existing constraints before revoking the liquidation status and in line with the subsidiary's losses. Therefore, no differences arose from the above transaction that affected the parent.
- A decrease of euro 47.6 million in net tax assets. In addition to the estimated tax effects arising from normal profit trends in 2010, this decrease included collection of direct tax credits claimed for reimbursement in previous years (approximately euro 36.7 million).



- An increase of euro 6.3 million in working capital, after a net decrease of approximately euro 92 million due to the Venezuelan Bolivar's depreciation decided by the local government at the start of 2010, mainly due to:
 - an increase of euro 24.8 million in inventories and contract work in progress, principally due to railway works in Venezuela and the positive outcome of certain disputes with Italian customers about the contractual claims presented in previous years for which reasonably certainty made their recognition possible;
 - use of outstanding advances for work in progress of euro 40.2 million for contracts nearing completion;
 - a decrease of euro 47.7 million in the net balance with the main investees as a result of the parent's ordinary management activities.

Net financial indebtedness

The parent's net financial indebtedness at 31 December 2010 amounts to euro 388.3 million, down euro 115.5 million on the end of 2009.

The Venezuelan monetary regulator decided the 50% depreciation of the Bolivar against the US dollar (against which it has a fixed exchange rate) in early 2010. This led to a sharp decrease in short-term debt in this currency (approximately euro 90 million) compared to the balance at 31 December 2009.

The following table shows the parent's net financial indebtedness at 31 December 2010 and changes therein.

Net financial indebtedness of Impregilo S.p.A.

(Euro/000)	Note (*)	31 December 2010	31 December 2009	Variation
Other current financial assets	8.1	9	75	(66)
Cash and cash equivalents	8.2	49,878	154,915	(105,037)
Total cash and other financial assets		49,887	154,990	(105,103)
Bank and other loans	8.3	(224,756)	(294,338)	69,582
Total non-current indebtedness		(224,756)	(294,338)	69,582
Current portion of bank loans and current account facilities	8.3	(211,918)	(331,835)	119,917
Total current indebtedness		(211,918)	(331,835)	119,917
Derivatives (positive fair value)	8.4	304	1	303
Derivatives (negative fair value)	8.4	(1,799)	(3,260)	1,461
Other financial liabilities	8.6	-	(29,370)	29,370
Total other items in net financial indebtedness		(1,495)	(32,629)	31,134
Net financial indebtedness		(388,282)	(503,812)	115,530

(*) The note numbers refer to the notes to the separate financial statements where the items are analysed in detail.





DIRECTORS' REPORT PART II

PERFORMANCE BY BUSINESS SEGMENT

This section provides an analysis of the main results and most significant events that affected the operations of the group and its companies during the year, broken down by business segment.

Corporate, coordination and supervision of Impregilo S.p.A.'s main investments; this is carried out by a central unit forming part of the parent;

Construction, business headed by Impregilo S.p.A.;

Engineering & Plant Construction, business headed by FISIA Italmimpianti and FISIA Babcock Environment (Germany);

Concessions, business coordinated by Impregilo International Infrastructures (the Netherlands) and carried out through subsidiaries, jointly controlled entities and associates.

During 2010, the discontinued operations of the Imprepar segment headed by the subsidiary Imprepar S.p.A. in liquidation were transferred to the Construction segment as part of the group's new organisation designed to maximise the synergies existing between the experience gained by Imprepar in managing the final stages of large-scale infrastructure projects, and the related procedures that follow such stages, and the Construction segment's honed skills in the contractual management of large projects nearing completion. Imprepar was concurrently taken out of liquidation and its equity reconstituted. As a result, the Construction segment entirely comprises the results of the Imprepar segment starting from 2010. The 2009 figures used for comparative purposes in reporting on the operating segments have thus been restated to include the Imprepar figures under Construction.

The tables on the following pages highlight the contribution of the individual business segments to the consolidated results, and provide a breakdown of net invested capital by business segment.

The remaining waste disposal activities in the Campania region ("USW Campania projects") are discussed in a separate section of this report.

The group started to apply IFRS 8 - Operating segments in 2009. This standard replaces IAS 14 - Segment reporting. It requires an entity to report segment information based on information about the components of the entity that management uses to make decisions about operating matters, with respect to both the identification of operating segments and measurement of the related financial statements items.



Performance in the year by business segment

(Euro/000)	Construction	Engineering & Plant Construction
Operating revenue	1,427,749	292,575
Other revenue	47,926	17,284
Total revenue	1,475,675	309,859
Costs		
Purchases, subcontracts and other operating expenses	(1,109,128)	(281,856)
Personnel expenses	(205,025)	(55,024)
Provisions and impairment losses	13,369	(6,768)
Total costs	(1,300,784)	(343,648)
Gross operating profit (loss) (EBITDA) (*)	174,891	(33,789)
<i>EBITDA % (*)</i>	11.9%	n.a.
Amortisation and depreciation	(35,617)	(3,176)
Operating profit (loss) (EBIT) (*)	139,274	(36,965)
<i>Return on Sales (*)</i>	9.4%	n.a.
Profit (loss) from discontinued operations	-	-

(*) The paragraph in the section on "Other information" gives a definition of these indicators.

Consolidated statement of financial position as at 31 December 2010

(Euro/000)	Impregilo
Total non-current assets	614,298
Assets classified as held for sale, net	-
Provisions for risks, Post-employment benefits and employee benefits and Other non-current assets (liabilities)	(116,913)
Net tax assets	
Working capital	241,545
Net invested capital	739,929
Equity	
Net financial indebtedness	
Total financial resources	

Concessions	USW Campania projects	Eliminations	Corporate costs (unallocated items)	Total Group
213,066	4	(1,944)	-	1,931,450
67,422	447	(2,208)	-	130,871
280,488	451	(4,152)	-	2,062,321
(74,214)	(1,708)	2,973	(12,357)	(1,476,290)
(24,196)	(868)	1,181	(20,593)	(304,525)
(5,887)	-	-	96	810
(104,297)	(2,576)	4,154	(32,854)	(1,780,005)
176,191	(2,125)	2	(32,854)	282,316
62.8%	n.a.			13.7%
(19,652)	(6)	-	(47)	(58,498)
156,539	(2,131)	2	(32,901)	223,818
55.8%	n.a.			10.9%
-	(2,113)	-	-	(2,113)

Engineering & Plant Construction	Concessions	USW Campania projects	Eliminations and unallocated items	Total Group
54,349	471,323	796	(333,585)	807,181
-	-	383,997	-	383,997
(7,973)	11,170	(27,817)	(12,996)	(154,529)
-	-	-	168,954	168,954
195,823	15,518	(251,448)	33,395	234,832
242,199	498,011	105,528	(144,232)	1,440,435
			1,126,996	1,126,996
			313,439	313,439
				1,440,435



CORPORATE

Corporate activities are centralised within the parent, Impregilo S.p.A., and mainly relate to the following:

- coordination, control and strategic planning of the group's activities;
- centralised planning and management of human and financial resources;
- management of administrative, tax, legal/corporate and institutional communications requirements;
- administrative, tax and management support to group companies.

The net cost of corporate activities amounts to euro 32.9 million (euro 35.5 million).

The liquidation status of Imprepar S.p.A. in liquidation was revoked during the third quarter of 2010 given its progress made in disposing of its net assets and in order to exploit, as part of the ordinary developments of the Construction segment's business, the positive experience gained in its specific segment which is a key part of a contract's life cycle. Its equity was concurrently reconstituted to a level deemed suitable to allow it to achieve its objectives. This did not affect the consolidated financial statements (as the transaction took place within the group) or the separate financial statements (as the related impairment tests had already been carried out).

Risk areas

Tax litigation

During 2008, the parent commenced a dispute with the tax authorities about an assessment challenging the tax treatment of impairment losses and losses on the sale of certain investments held by it in 2003. The most significant issue relates to the parent's sale of its entire investment in the Chilean operator Costanera Norte S.A. to Impregilo International Infrastructures N.V. in 2003.

The dispute is currently before the Supreme Court following the tax authorities' appeal notified on 5 November 2010. The second level court ruling was filed on 11 September 2009 reversing the first level ruling and fully cancelling the assessment about the key issue raised by the tax authorities about redetermination of the sales price for the investment in Sociedad Costanera Norte.

Other litigation

The corporate structure is not currently involved in any major litigation. Except for that disclosed in greater detail later on about the USW Campania projects, the only litigation relates to the parent's transfer of its registered office from Sesto San Giovanni (Milan) to Milan commenced by the lessor of the Sesto San Giovanni premises. The lessor has in fact challenged the existence of just cause which the parent claims justifies its early termination of the lease which was due to expire in 2012. The outcome of the legal proceedings cannot yet be forecast.

CONSTRUCTION

Impregilo S.p.A. heads the Construction business segment, which encompasses all projects relating to the construction of large-scale infrastructure, such as dams, hydroelectric plants, motorways, railways, underground railways, underground works, bridges and similar works. The business segment recorded revenue of euro 1,475.7 million (euro 1,820.9 million) with an operating profit (EBIT) of euro 139.3 million (euro 195.8 million) and an R.o.S. of 9.4% for the year.

During the year, the Construction segment continued to manage many projects relating to the construction of large-scale infrastructure.

In particular, the most significant events that affected the year in relation to certain significant contracts, broken down by geographical segment, are the following.

Italy

High-speed/capacity Turin-Novara-Milan Railway Project

This project includes two main railway lines, one running between Turin and Novara and the other between Novara and Milan, and is being carried out by a consortium in which Impregilo holds a 74.69% share, the C.A.V.TO.MI. consortium. The final test certificate for the Turin - Novara line was issued in December 2009.

In August 2009, the completion and delivery certificates were signed for the Novara-Milan line and the inspection commission issued its authorisation so that the railway could commence pre-operating activities. Activation of the commercial traffic subsection and completion of the pre-operational period took place in November 2009. The outstanding works to finish the subsection were continued during the year.

At 31 December 2010, work on the Novara-Milan line was 99.1% complete.



High-speed/capacity Bologna-Florence Railway Project

The project is being carried out by the C.A.V.E.T. consortium, 75.98% owned by Impregilo.

The works completion date was put on record in 2009 as per the related contract. The consortium concurrently agreed the remaining work to be carried out with the customer. The railway line has been operational for commercial use since December 2009. Ongoing construction work relates to the variation activities for additional works and off-line finishings, which were not necessary for the line's commercial use, and the environmental clean-up of the sites where work was carried out.

The project was 99.2% complete at 31 December 2010.

Mestre Motorway Connector Project

This project covers the design, project management and construction of the motorway connector in Mestre. Impregilo has a 42% investment in the work. On 6 August 2007, the first section of the connector road was opened, consisting of 5 km of motorway and 3 km of junctions and feeder roads.

In December 2008, Additional Act no. 2 to the contract was signed, formalising the variation for the development of an executive plan, the carrying out of environment work (the "Passante Verde") and the execution of certain changes to the motorway route.

In February 2009, following delivery of 85% of the originally provided for works to the customer, the Mestre Motorway Connector was opened to the public. This was in advance of the dates set in the contract.

Additional Act no. 3 was signed during the year defining certain additional activities, especially the construction of pay booths and environmental work. All work is contractually slated for completion by the end of 2012.

At 31 December 2010, the project was 85.5% complete.



Salerno - Reggio Calabria Motorway Project: Lots 5 and 6

This project relates to the improvement and upgrading of the last section of the Salerno-Reggio Calabria motorway, between Gioia Tauro and Scilla (Lot 5) and between Scilla and Reggio Calabria (Lot 6). Impregilo's share of the contract is 51%.

Work was 72.1% complete on this lot at 31 December 2010.

Work recommenced on Lot 6 in the second half of the year.

Work was 17.9% complete on this lot at 31 December 2010.

Pedemontana Lombarda motorway

This contract entails the definitive project, executive plan and construction of the first section of the Como and Varese ring roads and the connector between the A8 and the A9 motorways (from Cassano Magnago to Lomazzo) with construction of roughly 47 kilometres of motorway and secondary roads, roughly 13 kilometres of tunnels and the building of bridges and viaducts of roughly 1.7 kilometres.

The necessary bureaucratic procedures were finalised at the end of 2009 and in early 2010 leading to the signing of Additional Act no. 1 on 4 February 2010. This Act confirmed the contract's price of euro 853 million and provided for and regulated the early execution of certain works and related executive plans without modifying the contractually provided for timing. The opening ceremony of these preliminary works took place on 6 February 2010 attended by the relevant political authorities. The executive plan was presented during the year and approved and the works have been partly delivered.

Work was 4.3% complete on this lot at 31 December 2010.

New offices of the Lombardy Regional Authorities

The contract, awarded in 2006, is for the works to be performed for the new offices of the Lombardy Regional Authorities in Milan on behalf of Infrastrutture Lombarde S.p.A.. The new offices will be located between Via Melchiorre Gioia and Via Restelli on an area of 33,700 square metres as part of the project to redevelop the Garibaldi-Repubblica area. The contract involves the construction of a complex consisting of four modern buildings with a sinusoidal shape and a 160-metre high central tower, incorporating a square covered by a transparent roof.

At 31 December 2010, the project was 97.7% complete. The official opening ceremony took place in March 2011.

Bridge crossing the Messina Strait and roadway and railway connectors from Calabria to Sicily

In March 2006, as lead contractor of the joint venture created for this project, Impregilo signed a contract with Stretto di Messina S.p.A. for its engagement as general contractor for the definitive project, executive plans and construction of the Messina Strait Bridge and related roadway and railway connectors. This contract is worth a total euro 3,900 million.

A bank syndicate also signed the financial documentation required in the General Specifications after the joint venture won the tender, for the concession of credit lines of euro 250 million earmarked for this project. The customer was also given performance bonds of euro 239 million, as provided for in the contract. Reduction of the credit line to euro 20 million was approved during the year.

The joint venture headed by Impregilo S.p.A. (with a 45% share) also includes Spain-based Sacyr S.A. (18.70%), Società Italiana per Condotte



d'Acqua S.p.A. (15%), Cooperativa Muratori & Cementisti-C.M.C. of Ravenna (13%), Japan's Ishikawajima – Harima Heavy Industries CO Ltd (6.30%) and Consorzio Stabile A.C.I. S.c.p.A. (2%).

In 2006, as provided for by contract, a special purpose vehicle named "Eurolink S.c.p.A." was set up for this project. As project leader, Impregilo holds 45% thereof.

Stretto di Messina S.p.A. and Eurolink S.c.p.A. signed an additional act in September 2009 which covered, inter alia, suspension of the project works since the contract was signed and until that date. As provided for by the act, the definitive project was delivered to the customer.

High-speed/capacity Milan-Genoa Railway Project

The project for the construction of this railway line was assigned to Consorzio CO.C.I.V. as general contractor with the TAV (as operator on behalf of Ferrovie dello Stato)/COCIV agreement of 16 March 1992. Impregilo is the project leader.

During 2007, the consortium commenced an arbitration proceeding as per the original contract for the contractual non-compliance of the customer. As part of this complex procedure, the arbitration tribunal appointed a technical expert and extended the deadline for the filing of the award to the second half of 2012, as per the parties' requests.

In addition, following the enactment of Law decree no. 112/2008 converted into Law no. 133/2008 and the resolution whereby the CIPE assigned euro 500 million for the works in March 2009, the parties commenced preliminary discussions to ascertain whether it is possible to start work again and to discontinue the ongoing arbitration hearing as a result.

Given the complexity of the matter, it is not currently possible to foresee its outcome with any reasonable certainty.



Third lane of the A4 Venice-Trieste motorway (Quarto d'Altino - San Donà di Piave)

In November 2009, the joint venture comprising Impregilo (lead contractor), Impresa Costruzioni Mantovani S.p.A., Consorzio Veneto Cooperativo, Carron Angelo S.p.A. and So.Co.Stra.Mo. S.p.A. won the tender for the planning and execution of the works to widen to three lanes the A4 Venice-Trieste motorway between the municipalities of Quarto d'Altino and San Donà di Piave (VE). The contract is worth euro 309 million.

The customer is the Commissioner for the traffic emergency of the A4 motorway while the financial backer is the operator Autovie Venete S.p.A..

The works involve widening the motorway over a length of 18.5 km by building a third lane and include, in particular, the construction of two new viaducts with an overall length of about 1.4 km over the river Piave, the construction of four bridges, nine overpasses, four motorway underpasses and the rebuilding of the San Dona di Piave motorway exit.

The works, which envisage maintaining the motorway constantly operational, will commence once the planning has been approved, and will be finished in 2013, for a total duration of 45 months.

At 31 December 2010, 2.3% of the work was complete.

Abroad

Venezuela - Puerto Cabello - La Encrucijada Railway Project

This project consists of the construction of civil works of the railway line along approximately 110 km, connecting Puerto Cabello and La Encrucijada.

Work was substantially at a standstill during the first six months of the year due to non-payment by the customer. It was partially started again in June and only started up properly in August. Work continued at a good pace in the last few months of the year in order to meet the delivery date agreed for the end of 2012. At 31 December 2010, work was 57.9% complete.

Venezuela - San Juan de los Morros - San Fernando de Apure Railway and Chaguaramas - Cabruta Railway Project

On 5 June 2006, an Italian joint venture, comprising Impregilo S.p.A., Astaldi S.p.A. and Ghella S.p.A., each with equal shares of 33.33%, signed two contracts with the Independent Railroad Institute of the Bolivarian Republic of Venezuela (IAFE). The contracts relate to the construction of two new railway lines, "San Juan de los Morros - San Fernando de Apure" (252 km) and "Chaguaramas - Las Mercedes-Cabruta" (201 km).

The projects comprise the design and installation of a railway superstructure, the construction of 11 stations and nine logistics centres as well as the laying of 453 km of new lines. Work was suspended during the first six months of the year due to the customer's non-payment and only started up again at the end of June in proportion to the payments received. Following negotiations with the customer, the works delivery date was changed to the end of 2014 and the end of 2016.

Work was 24.8% complete for the "San Juan de los Morros - San Fernando de Apure" line at 31 December 2010.

It was 35.8% complete for the "Chaguaramas - Cabruta" line at the reporting date.



Greece - Thessalonica Underground Railway Project

This project relates to the construction of the automated underground railway in Thessalonica. The contract was signed in 2006 and Impregilo is involved in the civil works together with the Greek construction company, Aegek S.A., and Seli S.p.A.. The project entails the construction of an automated light underground railway with the excavation of two 9.5-km tunnels and 13 new underground stations.

Work continues to be behind schedule due to the customer's non-approval of the project stages and delays in delivery of areas by it.

At 31 December 2010, 26.7% of the work was complete.

United States - Lake Mead tunnel

In 2008, Impregilo won the international tender called by the Southern Nevada Water Authority (SNWA) for the construction of an articulated water extraction and transportation system from Lake Mead to the Las Vegas area to increase water supplies for drinking and domestic use. Lake Mead is one of the biggest reservoirs in the US. The contract is worth US\$ 447 million. The project is technically very complex and involves construction of a water intake on the lake bed, at a depth of circa 100 metres and of a roughly 5-km long tunnel and the excavation of an access shaft of roughly 200 metres. Work is slated to be completed in the second half of 2012.

At 31 December 2010, 34.7% of the work was complete.

South Africa - Ingula hydroelectric plant

The procedures for the participation of Impregilo, CMC of Ravenna and a local company in construction of a hydroelectric plant in South Africa were finalised in March 2009. Impregilo has a 40% share of the project ("Ingula Pumped Storage Scheme"), which is worth approximately euro 600 million. It consists of the construction of a generating and pumping plant with a total installed capacity of 1100 MW which will generate electricity at peak times and reuse the water pumping it into the upper reservoir during times of less demand. Specifically, the contract entails underground civil works, including the installation of four pump-turbines, intake and outlet tunnels, discharge wells, penstocks, the plant cavity and transformers, access tunnels to the different units and the intake works up and down stream.

At 31 December 2010, 44.6% of the work was complete.

Widening of the Panama Canal

In July 2009, Impregilo obtained official confirmation that the consortium of which it is a member (Grupo Unido por el Canal), along with Sacyr Vallehermoso (Spain), Somague (Portugal), Jan de Nul (Belgium) and the Panama-based Constructora Urbana (Cusa) had been awarded the contract for the construction of a new system of locks as part of the project to widen the Panama Canal. The bid was for US\$ 3.22 billion (including the provisional sum) compared to the US\$ 3.48 billion maximum price set by the Panama Canal Authority.

The works will require the employment of roughly 6,000 persons and will be completed before the end of 2014 when the Canal's centenary celebrations will take place.

The contract is one of the largest and most important civil engineering projects ever to take place. It involves the construction of two new series of locks, one on the Atlantic side and another on the Pacific side, which will allow an increase in commercial traffic through the



Canal and better meet developments in the sea freight market with bigger ships that have greater capacity (the Post Panamax ships) compared to those that can currently use the existing locks.

At 31 December 2010, 10.7% of the work was complete.

United Arab Emirates - Abu Dhabi hydraulic tunnel – Lot 2

The parent was awarded the international tender called by Abu Dhabi Sewerage Services Company (ADSSC) in September 2009 for the construction of the first of the three lots of the Strategic Tunnel Enhancement Programme (STEP), which includes construction of a deep sewer tunnel roughly 40 kilometres long, which will collect the waste water from the island and land of Abu Dhabi and channel it to the Al Wathba treatment station.

The contract is worth approximately US\$ 243 million.

The works include construction of the first 15 km of the tunnel, with a 6.3-metre diameter, and of six access shafts to depths of between 40 metres and 50 metres. The very complex contract will require the concurrent use of three Tunnel Boring Machines (TBMs) which can bore and line the tunnel with prefabricated concrete shells at the same time. Both the hydraulic tunnel and access shafts will be lined with a special membrane that will ensure complete protection from the environment and a minimum duration of one hundred years.

Works are slated for completion in the second half of 2013.

At 31 December 2010, 13.6% of the work was complete.



Colombia - Hydroelectric project on the Sogamosa River

In December 2009, Impregilo (leader with a 60% share of the consortium comprising the Colombian Conalvias and Tecnica Vial) was awarded the tender to build a hydroelectric plant on the Sogamoso River in north-western Colombia, about 40 km from the city of Bucaramanga.

The project comprises construction of a 190 metre-high, 300 metre-long dam and an underground power station, which will house three turbines with installed capacity of 820 MW. The contract is worth roughly euro 345 million and the customer is ISAGEN S.A., a public/private operator active in power generation in Colombia. At 31 December 2010, 6% of the work was complete.

Impregilo is already involved in the preliminary work for the dam, which includes construction of two diversion tunnels of roughly 870 metres long and a diameter of 11 metres, as well as a system of access tunnels and roads to the underground station, worth a further euro 55 million. This preliminary work was 85.0% complete at the reporting date.

At 31 December 2010, 20.8% of the work was complete.



Order backlog

The order backlog at 31 December 2010 for the Construction segment is as follows:

(Impregilo's share is shown in millions of Euros)

Area/country	Project	Residual backlog at 31 December 2010	Percentage of total	Percentage of completion
High speed		47.4	0%	
Italy	Bridge over Messina Strait	1,710.3	18%	2.2%
Italy	Mestre motorway connector	55.6	1%	85.5%
Italy	Salerno-Reggio di Calabria motorway Lot 5	151.4	2%	72.1%
Italy	Salerno-Reggio di Calabria motorway Lot 6	188.9	2%	17.9%
General Contracting		2,106.2	22%	
Italy	Genoa underground	9.5	0%	80.8%
Italy	Route 36/Milan motorway connector	157.4	2%	38.3%
Italy	Frana Spriana	2.5	0%	94.0%
Italy	Consorzio Torre	5.5	0%	97.7%
Italy	Pedemontana Veneta	632.4	7%	0.1%
Italy	Work to complete Ravedis dam	3.4	0%	83.0%
Italy	Pedemontana Lombarda - Lot 1	384.0	4%	4.3%
Italy	Riviera Scarl	6.9	0%	37.2%
Italy	Milan outer east by-pass	448.2	5%	0.4%
Italy	A4 building of third lane	76.8	1%	2.3%
Italy	Sgf	0.5	0%	
Other work in Italy		1,727.3	18%	
Total Italy		3,880.8	40%	
Greece	Athens underground - new setion	0.6	0%	98.5%
Greece	Achelos river deviation tunnel	0.7	0%	99.4%
Greece	Thessalonica underground railway	204.3	2%	26.7%
Switzerland	Transalp Tunnel	55.1	1%	82.7%
Switzerland	Csc	177.6	2%	
Europe		438.2	5%	
Dom. Republic	Consorcio Acueducto Oriental	0.9	0%	99.5%
Dom. Republic	Guaigui hydraulic plant	36.5	0%	4.1%
Venezuela	Puerto Cabello - Contuy Ferrocarriles	544.7	6%	57.9%
Venezuela	Puerto Cabello - Contuy Ferrocarriles stations	235.7	2%	8.6%
Venezuela	Chaguaramas railway	194.7	2%	35.8%
Venezuela	San Juan de Los Morros railway	508.7	5%	24.8%
Venezuela	OIV Tocoma	288.2	3%	60.0%
Venezuela	Other Venezuela	2.1	0%	90.5%
Panama	Widening of the Panama Canal	792.2	8%	10.7%
Chile	Angostura	119.7	1%	12.0%
Ecuador	Mazar	1.6	0%	99.2%
Colombia	Sogamoso I	6.3	0%	85.0%
Colombia	Sogamoso II	189.9	2%	20.8%
Colombia	Ruta del Sol motorway	450.4	5%	0.0%
Colombia	Quimbo	166.8	2%	0.1%
Brazil	Serra Do Mar	5.6	0%	84.9%
Brazil	Consorzio Planalto	0.9	0%	98.4%
USA	Vegas Tunnel - Lake Mead	219.6	2%	34.7%
Americas		3,764.4	39%	
United Arab Emirates	Step Deep Tunnel Sewer Contract Lot 2	153.6	2%	13.6%
United Arab Emirates	Step Deep Tunnel Sewer Contract Lot 3	144.7	1%	0.0%
Iraq	IECAF - Engineering Services for the Al-Faw Port	15.4	0%	0.0%
Asia		313.7	3%	
Africa	Rivigo	57.1	1%	64.8%
Africa	Lidco	1,041.2	11%	8.3%
Africa	Ingula	145.9	2%	44.6%
Africa	SGF - Il nuovo Castoro	10.6	0%	
Africa		1,254.8	13%	
Total Abroad		5,771.1	60%	
Total Construction		9,651.9	100%	



The Construction segment's order backlog increased by euro 1,119.4 million on the end of 2009. Foreign contracts grew by 31.2% on 31 December 2009, with a foreign order backlog that rose from euro 4,397.4 million at 31 December 2009 to euro 5,771.1 million at 31 December 2010.

The section on the segment's Risk areas comments on the Libyan contracts which are worth euro 1,041.2 million.

Acquisition of new contracts

Chile - Angostura hydroelectric project

Impregilo was awarded the contract for a hydroelectric project in Chile worth approximately euro 200 million at current exchange rates by Colbun S.A., a Chilean company active in the power generation sector, at the end of June 2010.

The station will be located in the Angostura area roughly 600 km south of the capital Santiago.

The contract includes construction of a main dam, 152-metres long and 63-metres high, a secondary dam, 1.6-km long and 25-metres high, and an underground power chamber housing three generators with installed power of 316 MW. The generated electricity will approximate 1540 Gwh per annum.

At 31 December 2010, work was 12.0% complete.

Colombia - "Ruta del Sol" motorway

At the end of July 2010, the group won the tender for the concession of the third motorway lot of the "Ruta del Sol" project in Colombia. This concession, awarded to a group headed by Impregilo and including the Colombian companies Infracon, Grodco, Tecnica Vial and the private investment fund RDS (owned by Bancolombia and Fondo Pensioni Proteccion), includes the upgrading, widening to four lanes and management of the two motorway sections between the cities of San Roque and Ye de Cienaga and the cities of Carmen de Bolivar and Valledupar. The related investment approximates US\$ 1.3 billion. The concession contract provides for total revenue of roughly US\$ 3.7 billion (of which 40% for Impregilo), including revenue from tolls and a government grant of US\$ 1.7 billion, to be provided during the construction stage. The concession will have a 25-year term, including six years for the design and infrastructure modernisation stage and 19 years for management. The tender was called by the national concessions institute of the Ministry of Transport and is one of the most important road infrastructure projects in Colombia. It will lead to more modern and faster road connections with the main Pacific and Caribbean ports.

Colombia - El Quimbo hydroelectric project

Impregilo was awarded the tender called by EMGESA, the largest Colombian electricity company and one of the major operators in South America, in November 2010 to build the El Quimbo hydroelectric plant. The contract is worth approximately euro 250 million.

El Quimbo, located in the Department of Huila on the Magdalena River, will have an installed capacity of 400 MW. Construction will take about four years and will consist of a 150-metre high, 635-metre long main dam and 66-metre high, 410 metre-long secondary dam.



United Arab Emirates - Abu Dhabi hydraulic tunnel – Lot 3

Impregilo won the international tender called by Abu Dhabi Sewerage Services Company (ADSSC) for the third and last of the three lots of the Strategic Tunnel Enhancement Programme (STEP) in November 2010. The Programme entails the construction of a hydraulic tunnel of approximately 40 km in Abu Dhabi which will collect waste water and convey it to a treatment station in Al Wathba.

The new contract is worth roughly US\$ 200 million and includes the construction of another 10 km of the 7- metre diameter hydraulic tunnel, of which Impregilo is already engaged in building the first 15 km after winning the previous tender in September 2009 for approximately US\$ 243 million.

In addition to the tunnel, the contract includes the construction of four access shafts to depths of between 60 metres and 80 metres as well as the links to the main tunnel. The work will be completed in just over three years.

The project presents significant technical and logistical complexities, involving the simultaneous use of two earth pressure balance machines (EPBM) in pressures up to 8 bar, whilst lining the tunnel with prefabricated concrete shells. This is the first time mechanised boring technology has been used in this country. Both the hydraulic tunnel and the access shafts will be lined with a special membrane to ensure the concrete structures are fully protected from the aggressive environment, for a minimum term of one hundred years.

Risk areas

Libya

Impregilo is active in Libya through its subsidiary Impregilo Lidco Libya General Contracting Company (Lidco) in which it has a 60% interest. The other shareholder is Libyan Development Investment Co.

Over the last two years, the subsidiary had acquired important contracts for the construction of:

- infrastructural works in Tripoli and Misuratah;
- university campuses in Misuratah, Tarhunah and Zliten;
- a new Conference Hall in Tripoli.

These contracts were worth approximately euro 1,135 million at the reporting date while the order backlog was euro 1,041 million.

Recovery of the carrying amount of the net assets held via the subsidiary in Libya is not currently deemed to be critical considering the internal political events that have taken place since February 2011 to the date of this report. The modest investments made since the deterioration of the country's political situation are fully covered by the contractually provided for advances.

The works covered by the contracts agreed by the Libyan subsidiary are works of national interest which are currently expected to be continued. It is clear that there is considerable doubt about the subsidiary's effective ability to perform in line with the forecasts made before the crisis exploded. Accordingly, Impregilo does not expect to develop its revenue in this country in the near future.

The group is monitoring the situation closely and it cannot be excluded that events which cannot currently be foreseen may take place after the date of preparation of this report that require changes to the assessments made to date.



Proceedings with the Florence Court - C.A.V.E.T.

As part of a number of disputes that the Tuscan judiciary had raised against C.A.V.E.T. and certain directors and managers of the consortium in connection with the Bologna - Florence high speed/capacity railway works, criminal cases nos. 10221/99 and 4923/00 RGNR were commenced in previous years followed by other related proceedings.

The main charges raised against the consortium included, inter alia:

- water theft from the water bed during excavation of the tunnels and subsequent use of such water during construction;
- impoverishing and damaging of surface and underground water sources;
- illegal traffic of toxic waste during the elimination of soil, rocks and silt which the consortium had treated as if such materials were not "waste".

The consortium has always sustained that it operated in compliance with the law and, specifically:

- with respect to the alleged water theft, in addition to the fact that the issue is no longer punishable by law, the consortium holds that it acted in compliance with the contractual conditions and design specifications agreed with the customer;
- with respect to the alleged damaging and impoverishing of the water bed, the consortium holds that, as above, it acted in full compliance with the customer's instructions and diligently and that, therefore, the penal charges made by the authorities are ungrounded. The current situation of the water drainage in this area (Tuscany) following finalisation of the tunnels is in line with the designs and as agreed during the Services Conference. As a result, should the actual damage be proven and quantified during the later stages of the proceeding, it deems that such damage would not be attributable to the consortium but to the design specifications and complex characteristics of the works carried out on behalf of the customer. Therefore, the customer should be directly accountable for any consequences;
- with respect to the alleged illegal traffic of waste, classification of materials such as rocks and earth (which the authorities considers to be "waste") complies with the contamination limits set by Law no. 443 of 21 December 2001 for the purposes of their exclusion from the definition as "waste". The consortium is able to prove this, also on the basis of specific technical appraisals.

The first level criminal proceedings closed with the ruling of 3 March 2009 in which the Pontassieve section of the Florence Court:

- deferred the acts to the Constitutional Court for the "water theft". On 7 July 2010, the Court ruled that the issue was inadmissible, acknowledging the consortium's grounds;
- acquitted the parties of the wilful damage of the water bed and surface watercourses pursuant to article 530 of the Criminal Procedural Code as this is not covered by the law as a crime;
- found the parties guilty of the waste management crimes (unauthorised management of waste, non-reclamation, organised illegal traffic of waste).



As part of this ruling, additional interdictive sanctions were approved for the individuals involved to the same extent as the main sanctions. These payments are subject to execution under entry of judgement.

The court also ordered reclamation of the environment and compensation of the damage incurred by the civil parties, payment of which is to be quantified by a civil judge. It issued a final ruling for the moral prejudice to be compensated to private environmental associations of euro 15,000.00.

The court also handed down an interim general payment order in favour of the civil parties to compensate them which is effective immediately. Specifically, the civil parties are the Ministry for the Environment, the Tuscany Regional Authorities and the Florence Municipal Authorities which are due to receive euro 50 million each, plus additional amounts to other civil parties of approximately euro 0.2 million.

Upon the defendants' petition, the Florence Appeals Court ordered the suspension of the enforcement of the interim order, confirming the existence of the serious reasons highlighted by the petitioners.

The above sums do not represent a calculation of the damage either in terms of an estimate or accurate calculation thereof, but are to protect the civil parties which cannot however consider them as definitively obtained unless a final criminal ruling is issued after which an independent civil hearing would have to take place to quantify the damage.

The defendants have appealed against the first level ruling and the related proceeding will commence in March 2011.

At the date of preparation of this report, it is not possible to determine either the amount of the alleged damage to third parties or when any damages will be paid as the ruling would only be valid after hearings at all three levels have been heard.

The consortium's legal advisors agree with it that its correct conduct can be clearly demonstrated in the appeal hearing. They are confident that the sentence will be substantially changed, including with respect to the negative charges made by the first level hearing.

Based on these considerations, no specific accruals were made in the consolidated financial statements at 31 December 2010.

Tax litigation - Iceland

With respect to the contract for the construction of a hydroelectric plant in Karanjukar (Iceland) that the group successfully completed in previous years, a dispute arose with the local tax authorities in 2004 about the party required to act as the withholding agent for the remuneration of foreign temporary workers at the building site. Impregilo was firstly wrongly held responsible for the payment of the withholdings on this remuneration, which it therefore paid. Following the definitive ruling of the first level court, the company's claims were fully satisfied. Nevertheless, the local authorities subsequently commenced a new proceeding for exactly a similar issue. The Supreme Court rejected the company's claims in its ruling handed down in February 2010, which is blatantly contrary to the previous ruling issued in 2006 on the same matter by the same judiciary authority. The company had expected to be refunded both the wrongly paid withholdings of euro 6.9 million and the related interest matured to date of euro 6.0 million. Impregilo had prudently impaired the interest amount in previous years, despite a previous local court ruling and the opinion of its consultants that confirmed its grounds, and only continued to recognise the unduly paid principal. After the last ruling, the company is taking legal action at international level (appeal presented to the EFTA Surveillance



Authority on 22 June 2010) and, as far as possible, again at local level (another reimbursement claim presented to the local tax authorities on 23 June 2010) as it deems, again supported by its advisors, that the last ruling issued by the Icelandic Supreme Court is unlawful both in respect of local legislative and international agreements which regulate trade relations between the EFTA countries and international conventions which do not allow application of discriminatory treatments to foreign parties (individuals and companies) working in other EFTA countries. With specific reference to this aspect, in April 2010, the European Court of Human Rights (the European body which rules on discrimination) issued a ruling on an appeal presented by an Icelandic citizen cancelling a decision handed down by the Icelandic Supreme Court about tax issues. Considering Impregilo's case and based on the above considerations and reasonings, Impregilo does not believe objective reasons exist to change the valuations made about this dispute.

Ente irriguo Umbro-Toscano - Imprepar

The group was informed that part of the sill above the surface discharge of the Montedoglio dam in the Arezzo province had been damaged on 29 December 2010. The Irrigation Body notified Imprepar in January 2011 that *"investigations and checks are being carried out to ascertain the reasons and responsibilities for the damage"*. As the transferee of the "sundry activities" business unit, which includes the "Montedoglio dam" contract, Imprepar informed the body that the activities related to the damaged works were carried out by another company in 1979 and 1980, from which Impregilo (then COGEFAR) only took over the contract in 1984. The works had been tested and inspected with positive results. The company specifically explained its non-liability for any damage caused by the event in its communication to the body and does not believe that there are reasons to modify its related assessments, supported by the opinion of its legal advisors.



ENGINEERING & PLANT CONSTRUCTION

The Engineering & Plant Construction segment, headed by FISIA Italmimpianti and FISIA Babcock Environment (Germany), includes the operation of plants for the desalination of sea water, fume treatment and waste-to-energy processes, as well as environmental services (contamination clean-up) and urban solid waste (USW) disposal. The sea clean-up activities and coastal protection business unit was sold in 2009.

Beginning from 2009, the Engineering & Plant Construction segment includes the Chinese company Shanghai Pucheng Thermal Power Energy Co. Ltd, 50% held by FISIA Babcock and consolidated on a proportionate basis. The Engineering & Plant Construction segment's order backlog solely includes the contractual amounts of the engineering contracts and environment services. It does not include the Chinese company's estimated future revenue. In order to present the group's future revenue consistently, this figure is included in the Concessions segment in the graphs set out in the section on the group's highlights of this report. The general data related to transactions with the grantor are summarised below:

Country	Company	% of investment	Installed voltage	Pop. served	Stage	Start	End
China	Shanghai Pucheng Thermal Power Energy Co. Ltd	50.00	17 mw	1.6 m	active	2004	2034

The business segment's revenue amounted to euro 309.9 million for the year (euro 734.1 million) and the operating loss (EBIT) totalled euro 37.0 million (euro 76.1 million).

FISIA Italmimpianti, which heads the segment, was affected by the continued backlash of the international financial crisis and ongoing stagnation (commented on in previous reports), which led, inter alia, to the postponement of new desalination contracts which had been scheduled to start in previous years. As part of these contracts, FISIA Italmimpianti had taken part in the different qualification stages and had been evaluated very satisfactorily in the preliminary rounds. However, the contracts have still not been formally awarded.

This situation and the concurrent continuation of work on the main desalination projects, as well as non-payment by the local authorities of the large amounts due in connection with the USW Campania projects, led to a significant fall in the segment's turnover and an operating loss again for the year.

FISIA Babcock, active in the fume treatment and waste-to-energy sectors, saw a slight decrease in its revenue compared to 2009, in line with forecasts and developments in its main projects, to euro 146.2 million. It made an operating profit (EBIT) of euro 4.0 million. Most of its production relates to the construction of waste treatment plants with the remainder relating principally to fume treatment plants.



Order backlog

The Engineering and Plant Construction order backlog at 31 December 2010 is as follows:

(in millions of Euros)

Area/country	Project	Residual backlog at 31 December 2010	Percentage of total	Percentage of completion
FISIA Italmimpianti				
Middle East	Jebel Ali L2	5.6	1%	97.1%
Middle East	Jebel Ali L1	2.0	0%	99.1%
Middle East	Taweelah B	0.6	0%	99.8%
Middle East	Ras Abu Fontas B	28.4	5%	86.1%
Middle East	Jebel Ali M	47.5	9%	93.8%
Middle East	Ras Abu Fontanas A1	11.5	2%	96.5%
Middle East	Shuaiba North	26.7	5%	92.1%
Middle East	Shuaiba North - spare parts	16.9	3%	9.2%
Middle East	Other	0.1	0%	n.d.
Desalination		139.3	26%	
Total FISIA Italmimpianti		139.3	26%	
FISIA Babcock				
Germany	Datteln REA	2.4	0%	93.0%
Germany	Neurath ESP	3.6	1%	92.0%
Germany	Moorburg - ESP	19.6	4%	53.0%
Germany	Manheim Block 9 RRA	63.5	12%	11.0%
Netherlands	Maasvlakte Block 3 REA	26.3	5%	33.0%
	Other Italy	2.6	0%	n.d.
	Other Abroad	5.5	1%	n.d.
Fume treatment		123.5	23%	
Germany	Moskau Wte	110.2	20%	2.0%
Germany	Krefeld Wte	12.4	2%	85.0%
Germany	Ruhleben Wte	86.0	16%	25.0%
Korea	Gyeongju Wte	2.8	1%	10.0%
Lituania	Klaipeda Wte	35.7	7%	7.0%
Italy	Other Italy	18.2	3%	75.0%
	Other Abroad	6.8	1%	n.d.
Waste-to-energy		272.1	50%	
	Other	6.6	1%	n.d.
Other		6.6	1%	
Total FISIA Babcock		402.2	74%	
TOTAL ENGINEERING & PLANT CONST.		541.5	100%	

Risk areas

The considerable slow-down in industrial production seen in international markets due to the generalised financial crisis, which began in previous years, continues to be highly critical for the markets in which FISIA Italmimpianti, the company which heads the segment, operates. The Arabian Gulf countries, which are FISIA Italmimpianti's key markets, have not yet recommenced their development programmes halted in 2008 in an organised manner. This has critical repercussions on the company's order backlog, which is completing contracts acquired in previous years while the acquisition of new orders has been deferred. To combat this situation, it is successfully developing new projects based on cutting edge technologies for the desalination sector, which may be used in new and different geographical locations to those in which the group is traditionally active, even though significant feedback in terms of results will only be obtained in future years. This situation is aggravated by the ongoing difficulties arising from FISIA Italmimpianti's and FISIA Babcock Environment's involvement in the USW Campania projects, related to completion of the Acerra (Naples) waste-to-energy plant, which is currently working and operational to the benefit of the relevant local authorities, and management of the complex situation with suppliers for which the commissioner's non-compliance has led to numerous disputes. With respect to these disputes, for which the companies involved oppose the public bodies' liability at all levels in line with the rulings of the administrative courts (see the section on "Non-current assets held for sale and discontinued operations"), certain suppliers commenced insolvency proceedings against FISIA Italmimpianti in the first half of 2010, even though the amounts involved were not significant. The group has decided to adopt a number of financial measures, as part of a more general programme, thus closing the proceedings. With respect to FISIA Italmimpianti and FISIA Babcock's exposure as part of the USW Campania projects, the directors are reasonably certain that the inventories and receivables relating to the construction of the waste-to-energy plant in Acerra and to outstanding progress billing, along with the receivables arising from management of the RDF plants, are recoverable based on the amounts and negotiations underway with the public body in charge of the waste emergency in Campania and the opinions of their legal advisors. Reference should be made to the section on "Non-current assets held for sale and discontinued operations" for further details.



CONCESSIONS

Group activities in this business segment relate to the management of investments in numerous subsidiaries and other investees, almost entirely abroad, which hold concessions mainly for the management of motorway networks, plants that generate energy from renewable sources, electricity transmission, integrated cycle water systems and the management of non-medical hospital service activities.

The segment is headed by Impregilo International Infrastructures N.V., the Dutch sub-holding company wholly owned by Impregilo S.p.A.. It coordinates the segment.

At the end of July 2010, the Dutch company resolved to accept the friendly takeover bid made by San Giacomo S.r.l. for the ordinary shares of Mediterranea delle Acque S.p.A., which is no longer considered strategic. The bid was for 3,919,527 ordinary shares, equal to 5.11% of the share capital held by Impregilo International Infrastructures N.V. of Mediterranea delle Acque, for euro 11,758,581.

As part of the restructuring of its financial structure and to assist the Concessions segment's new projects, Impregilo International Infrastructures N.V. placed two notes issues in November for a total nominal amount of euro 300 million with qualified institutional investors. The issues of euro 150 million each are redeemable in 2013 (bearing interest at Euribor plus a 3.5% spread) and in 2015 (bearing interest at a fixed rate of 6.526%). The notes are listed on the Luxembourg stock exchange and underwritten by Impregilo S.p.A..

The following tables summarise the key figures of the Concessions backlog at year end, split by business segment.



MOTORWAYS

Country	Operator	% of investment	Total km	Stage	Start date	End date
Brazil	Ecorodovias Infraestrutura e Logística S.A.	29.24		holding		
	Ecovias Dos Imigrantes	29.24	176	active	1998	2024
	Ecovia Caminho Do Mar S.A.	29.24	137	active	2000	2021
	Ecosul S.A.	26.32	623	active	2001	2026
	Ecocataratas S.A.	29.24	387	active	2001	2021
	Ecopistas (Ayrton Senna)	29.24	135	active	2009	2039
Italy	Tangenziale Esterna S.p.A.	15.50	33	Not yet active		
	Pedemontana Veneta S.p.A.	20.05	90	Not yet active		
Argentina	Iglys S.A.	98.00			holding	
	Autopistas Del Sol	19.82	120	active	1993	2020
	Puentes del Litoral S.A.	26.00	59.6	active	1998	2023
	Mercovia S.A.	60.00	18	active	1998	2023
Colombia	Yuma Concessionaria S.A. (Ruta del Sol)	40.00	465	active	2011	2036

ENERGY FROM RENEWABLE SOURCES

Country	Operator	% of investment	Installed voltage	Stage	Start date	End date
Argentina	Yacylec S.A.	18.67	T line	active	1994	2088
	Enecor S.A.	30.00	T line	active	1992	2088

INTEGRATED WATER CYCLE

Country	Operator	% of investment	Pop. served	Stage	Start date	End date
Argentina	Aguas del G. Buenos Aires S.A.	42.58	210 k	liquidation		
Peru	Consorcio Agua Azul S.A	25.50	740 k	active	2002	2027

HOSPITALS

Country	Operator	% of investment	No. of beds	Stage	Start date	End date
GB	Impregilo Wolverhampton Ltd	20.00	150 k medical visits	active	2002	2032
	Ochre Solutions Ltd	40.00	220	active since January 2009	2005	2038
	Impregilo New Cross Ltd.	100.00		holding		

CAR PARKS

Country	Operator	% of investment	No. of parks	Stage	Start date	End date
GB	Impregilo Parking Glasgow Ltd	100.00	1,400	active	2004	2034



As illustrated in the table summarising performance by business segment, the Concessions segment's operating profit and revenue amounted to euro 156.5 million (euro 65.8 million) and euro 280.5 million (euro 170.8 million) for the year, respectively. These results benefitted from the group's sale of its investment in the Argentine operator Caminos de Las Sierras. The related agreements had been finalised at the end of 2009 and the transaction was executed upon satisfaction of the last conditions precedent on 31 August 2010 leading to a gain of euro 65.5 million, recognised as Other revenue in the income statement. Without considering this transaction, the Concession segment's revenue and operating profit would have been euro 215.0 million and euro 91.0 million (R.o.S. of 42.3%), respectively.

The main events that affected the major Concessions segment companies in 2010 are summarised in the following paragraphs.

Brazil

The group is active in Brazil in the motorway concessions and logistics sector via the jointly controlled Ecorodovias Infraestrutura e Logística S.A. (formerly Primav Ecorodovias S.A.).

The motorway concessions sector's performance was better than that of 2009 with an upturn in revenue, mainly due to the contribution of the operator Ecopistas S.A., which signed a contract with ARTESP (the agency which regulates public transport in the state of São Paulo) for the management of the Ayrton Senna/Carvalho Pinto motorway under concession in June 2009.

As mentioned earlier in this report, Ecorodovias was engaged in its flotation on the São Paulo stock exchange in 2010. The transaction was finalised on 1 April 2010 and involved the issue of 92,000,000 shares at an issue price of R\$ 9.5 (equal to euro 3.97) for each new share. The flotation procedure was completed successfully in the first week of April 2010 after which Impregilo International Infrastructures' investment in the Brazilian company decreased to 29.24%. The Brazilian group's corporate governance structure has not changed and Impregilo group continues to jointly control Ecorodovias with its local partner CR Almeida.

During the first half of the year, Ecorodovias signed a strategic agreement with a local partner Logística Brasil for Elog S.A., controlled by Ecorodovias, which heads the Brazilian group's activities in the logistics sector. As a result, the new local partner fully subscribed Elog's share capital increase, thus acquiring an interest of 20% therein. The agreement provides, inter alia, that Elog S.A. is now jointly controlled by Ecorodovias and Logística Brasil. Previously, Ecorodovias had full control given its 100% investment. This transaction figures as a change of control over Elog under the IFRS and led to the recognition of a gain for Impregilo group on the sale and adjustment to transaction-date fair value of the carrying amount of assets and liabilities still owned by the group under (revised) IAS 27, approximating euro 9.4 million and euro 33.6 million, respectively. Change of control also entailed the different consolidation treatment of the investment (application of the proportionate method). Given the non-recurring nature of the transaction, the group classified its effects in a specific new income statement caption "Gain on the partial sale of an investment in a subsidiary", after the operating profit and before the financing income (costs) and gains (losses) on investments.

Towards the end of 2010 and as part of Ecorodovias' policy of developing its logistics business, it acquired 100% of EADI SUL Terminal de Cargas Ltda. (EADI) and Armazéns Gerais Columbia S.A. (Columbia) from third parties via the sub-holding company Elog. The notes to the consolidated financial statements provide more information about these acquisitions.



Argentina

The Argentine market, where the Concession segment is active in motorway management and electrical energy transmission, still presents significant critical issues due to the non re-negotiation of contracts in line with the Argentine monetary policy and the local authorities' policy of freezing tariffs following the economic crisis which began at the end of 2001.

The key events affecting the group's Argentine companies are described below.

The subsidiary Mercovia S.A. continued its activities recording a substantial breakeven. The Montevideo International Arbitration Tribunal issued its award on a litigation commenced in previous years, recognising the subsidiary's right to accrued interest income of euro 8.4 million, in the first half of 2010.

Negotiations are in place for Puentes del Litoral S.A. to redefine the concession contract terms. Certain critical issues identified in previous years which involved the company in a bankruptcy proceeding have been resolved.

With respect to Caminos de Las Sierras, an additional agreement was reached by the company, Impregilo International Infrastructures and the Cordoba provincial authorities during the first quarter of 2010, whereby the entire investment in the Argentine operator was to be transferred by the current shareholders to the provincial authorities should numerous conditions precedent be met, including the group's waiver of continuation of the pending disputes. The group sold its entire investment in the Argentine operator Caminos de Las Sierras to the Cordoba provincial authorities on 31 August 2010 when the last condition precedent was met. The agreement also provided for repayment of the loan granted by the group to Caminos de Las Sierras in 2009 to allow it to, in turn, repay a loan to a leading Argentine bank. The group made a net gain of euro 65.5 million on the transaction.

Italy

Italy – Milan outer east by-pass

As described in the section on the Construction segment, following the proposal presented by the joint venture headed by Impregilo as lead contractor, a contract was signed with Concessioni Autostradali Lombarde in February 2009 for the concession for the engineering, construction and management of the Milan outer east by-pass (under project financing).

The infrastructure management contract has a term of 50 years starting from when the works are completed, slated for six years including the engineering stage. Based on traffic surveys, Impregilo should also receive approximately euro 2.4 billion from the infrastructure management contract.

Pedemontana Veneta toll highway

With respect to the concession for the engineering, construction and management of the Pedemontana Veneta toll highway awarded to the joint venture headed by Impregilo in December 2007, the Council of State accepted the appeal presented by Consorzio SIS, which failed in a first level hearing before the Veneto Regional Administrative Court, in its decision no. 3944/09 of 17 June 2009 and cancelled the awarding



of the tender to Impregilo establishing that the Veneto Regional Authorities shall award the contract to Consorzio SIS “..., pursuant to the legal inspections”.

The joint venture subsequently prepared an appeal to be presented to the Council of State to quash and reverse this decision. However, the Council of State stated that the appeal was inadmissible in its measure of 22 October 2009.

In December 2009, the joint venture presented a new appeal to the Lazio Regional Administrative Court aimed at challenging the positive results of the inspections of the subjective qualifications of Consorzio SIS by the extraordinary commissioner, which has taken over from the Regional Authorities as the contractor. The appeal made by the joint venture in August 2009 challenging the final awarding of the tender to Consorzio SIS is still before the Veneto Regional Administrative Court.

These appeals are intended to re-obtain the contract not simply compensation of the damage, as the contract entered into by Consorzio SIS is expressly subject to the outcome of the proceedings.

Acquisition of new concessions

Colombia

As already described in the section on the Construction segment (to which reference should be made for more information), the group won the tender for the concession of the third motorway lot of the “Ruta del Sol” project in Colombia at the end of July.

Risk areas

The risk areas basically relate to the group's subsidiaries and associates operating in Argentina. The group carried out specific appraisals of the situation in the past and updated them to reflect the above developments. To date, no additional critical issues have come to light. The 100% impairment losses on the carrying amounts of the group's investment in the associate Aguas del Gran Buenos Aires S.A. and loans due from it have been maintained.



IMPREGILO GROUP RISK MANAGEMENT

Impregilo group uses its complex and articulated risk management process as an important strategic tool in achieving its objectives in terms of creating utmost value for, and protecting shareholders.

The diversification of the group's operating activities, both in core business sectors and in discontinued operations, means management faces a wide variety of issues, which, in many cases, are difficult to foresee. Depending on the various operating situations and the different resulting risk types that can arise, management has created specific ongoing management and monitoring strategies to limit as far as possible fluctuations in cash flows due to the development of situations that arise.

To this end, the risk areas existing currently are described in the sections on each segment's performance so as to allow comparison with the comments given in the 2009 consolidated financial statements and an analysis of any new situations that have arisen at the date of preparation of this report.

These descriptions are integrated by additional general considerations about risks common to the entire group's operations. The key types of risks identified and monitored by Impregilo are:

- (i) **operational risk** being the risk related to performance of contracts and relationships with individual customers.
- (ii) **financial risk**, split into the following components:
 - **market risk** deriving from the group's exposure to interest rate fluctuations, exchange rate fluctuations and, with respect to the Engineering & Plant Construction Segment, commodity price volatility;
 - **credit risk** deriving from the group's exposure to potential losses arising from the customers' non-compliance with their obligations;
 - **liquidity risk** deriving from the risk that the financial resources necessary to meet obligations may not be available at the agreed terms and deadlines.

The notes to the consolidated and separate financial statements give detailed information about management of these risks.



NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

I.1 USW CAMPANIA PROJECTS: THE SITUATION UP TO 31 DECEMBER 2009

As already described in detail in previous reports, Impregilo group became involved in the urban solid waste disposal projects in the Province of Naples and other provinces in Campania at the end of the 1990's through its subsidiaries FIBE and FIBE Campania (the "companies").

From 2000 to 2003, the companies completed the construction of the RDF plants, built for them by other Impregilo group companies, namely FISIA Italmimpianti (for the electromechanical parts) and Impregilo Edilizia e Servizi (for the civil works) and took the steps necessary to produce RDF and store it temporarily until the waste-to-energy plants were ready.

Over the years, the situation began to become increasingly critical due to the following main factors:

- non-commencement by the Campania Regional Authorities of the scheduled separated waste collection with the related agreed volumes, an essential factor underpinning the project and service contracts agreed by the companies with the government commissioner;
- inadequate landfill areas made available by the government commissioner;
- commencement of activities at the Acerra waste-to-energy plant, which should have commenced as per the contract in early 2001, only in August 2004 following the extraordinary intervention of more than 450 policemen who cleared the work areas occupied since January 2003 by demonstrators;
- the Santa Maria La Fossa waste-to-energy plant only obtained the E.I.V. (environmental impact valuation) in 2007, although activities should have started there concurrently with those at Acerra;
- on 12 May 2004, the Naples public prosecutor seized the plants with their concurrent release on attachment bond as part of proceedings which included investigation of the directors of the group companies involved in the project (FIBE, FIBE Campania and FISIA Italmimpianti) and top management of the commission;
- an increasing number of municipalities, companies and inter-municipality consortia started to not pay the tariffs due to the companies for the treatment of their waste with the result that the companies saw a significant rise in receivables leading to the inevitable financial tension;
- given this critical situation, the banks that had granted FIBE project financing to construct the RDF plants and waste-to-energy plant at Acerra suspended all further disbursements (they had granted euro 173.5 million); moreover, the negotiations aimed at agreeing similar funding for the RDF plants and waste-to-energy plant of FIBE Campania (at Santa Maria La Fossa) were interrupted; these circumstances worsened the two companies' financial positions and that of the entire Impregilo group (as FISIA Italmimpianti, Impregilo Edilizia e Servizi, FISIA Babcock and FISIA Italmimpianti were engaged to build the RDF plants and the waste-to energy plants and FISIA Italmimpianti also provided plant management services).

Given this situation, beginning from early 2005, measures and procedures were adopted at top institutional levels following the direct involvement of the Italian government to return the project to its original status and normal operating conditions. Specifically:

- the overdue receivables for the waste tariffs through to 31 December 2004 should have been recovered following issue of Law decree no. 14 of 17 February 2005 (converted into Law no. 53 of 15 April 2005) whereby the Cassa Depositi e Prestiti should have ensured payment of the outstanding amounts under a specific procedure of roughly 60 days;
- recovery of the receivables overdue after that date should have taken place by the appointment of *ad acta* commissioners by the extraordinary government commissioner using its powers assigned by the Prime Minister's Order ("OPCM") no. 3397 of 28 January 2005;



- the problems related to the judicial seizure of the plants would have been resolved by implementation of a “Programme for structured and management actions for RDF plants” prepared by the commissioner and subject, for certain aspects, to the approval of the Naples public prosecutor, which should have allowed their release from seizure within six months as per the “Conformity Deed” signed by FIBE and FIBE Campania;
- with respect to the availability of the landfill areas, the government commissioner issued an order on 7 December 2004 for the “Montesarchio” landfill and another for the “Campania” landfill on 1 April 2005. These orders substantially established that, upon the closure of the then used landfills, two new sites in the Campania region would be set up and used to ensure at least one year of regular performance of the project and giving rise to the concurrent reasonable belief that the issue of the landfills could be managed positively after that time period.

Based on these assumptions, the directors of both FIBE and FIBE Campania approved a business plan for the period of the service on a going concern basis.

However, a number of events took place in the following months that significantly negatively altered the assumptions inferred from the legal and administrative measures. Specifically:

- the Cassa Depositi e Prestiti had not yet shown any signs of applying the measures set out in Law decree no. 14/2005 (converted into Law no. 53/2005) many months after its issue and, therefore, the receivables overdue at 31 December 2004 were still outstanding with further problems about the collection of those that became due in 2005;
- following social-political agreements, the government commissioner had delayed the use of one of the two previously authorised landfills and had not allowed preparation of the second. This implied that, in order not to disrupt services, FIBE and FIBE Campania had to use private landfills outside the region fully bearing the very high and unplanned disposal and transportation costs from April. No feedback from the commissioner was received about their request for reimbursement;
- meanwhile, the government commissioner, with a writ of summons of May 2005, took legal action claiming compensation from FIBE, FIBE Campania and FISIA for alleged damage being the costs it incurred in the past to transport waste outside the region (subsequent parts of this section give more information about this dispute);
- the banks that had given the first instalment of euro 173.5 million of the project financing agreed with FIBE not only confirmed that they would not provide the rest of the financing but also formally requested that the project financing structure be dismantled as it was no longer considered suitable given the critical situation of the USW Campania project.

In this situation, Law decree no. 245 (converted into Law no. 21 of 27 January 2006) was issued on 30 November 2005 and became applicable on 15 December 2005. It:

- terminated the contracts between FIBE S.p.A., FIBE Campania S.p.A. and the extraordinary government commissioner for the Campania Waste Emergency on an *ope legis* basis on 15 February 2005 “*without prejudice to any claims arising from the terminated contracts*” (article 1.1);
- required the commissioner to:
 - identify “urgently”, with a “*swift EU*” procedure, the new parties to which the waste disposal service for Campania should have been awarded, taking over the contracts from FIBE and FIBE Campania (article 1.2);





- (ii) construct "*the landfills ... continue work to build the waste-to-energy plants at Acerra and Santa Maria la Fossa*" (article 6.2). The measure did not in any way establish the procedures or contracts to be introduced/agreed for the plants' final use;
- c) provided that, pending the identification of new providers of the waste treatment service (the "transition period") *until the awarding of the contract and, however, no later than 31 May 2006* (article 1.6 which extended the emergency state until this date), FIBE and FIBE Campania were to continue to provide the service, *in full compliance with the coordination activities carried out by the government commissioner* against their right to claim payment from the commissioner's office of expenses and costs incurred in this regard (article 1.7, as modified by the aforesaid Law decree no. 263/2006 - article 1.4 of Prime Minister's Order no. 3479/05);
- d) set specific regulations for:
 - (i) "*speeding up the procedure to obtain payment*" of the waste disposal tariffs (article 2);
 - (ii) "*guaranteeing that the separate waste collection objectives are met ... and resolution of the current emergency situation*" (article 5).

In order to assist the tender procedure described in paragraph "b.i", FIBE and FIBE Campania complied with the commissioner's request in March 2006 to formalise a sale promise, irrevocable until 30 September 2006 ("statements of promises to sell"). They thus committed themselves to selling the following assets to the commissioner (or parties indicated by it upon the outcome of the tender):

- the waste-to-energy plant in Acerra at its carrying amount on 15 December 2005, increased by additional entries made by the current owner FIBE for work carried out and to capitalise financial expense and technical costs in the period between 16 December 2005 and the payment date;
- the land on which the waste-to-energy plant of Santa Maria La Fossa is to be constructed, owned by FIBE Campania, for its carrying amount at 15 December 2005;
- sundry equipment used to manage the waste treatment plants and RDF stocking sites, owned by FIBE, FIBE Campania and FISIA Italmimpianti, at their carrying amount at 15 December 2005;
- the RDF stocking sites and related stocked materials of FIBE and FIBE Campania at their carrying amount at 15 December 2005.

The tenders published on 31 March 2006 also provided that the parties would have had to pay FIBE and FIBE Campania for the right to use the RDF plants (which are owned by the government commissioner) the "*unamortised costs incurred by the previous providers of the service up until 15 December 2005*".

The tender called on 31 March 2006 was not awarded since only two bids were presented, one of which by a non-eligible bidder.

With respect to this situation, the public institutions involved showed their intention to begin a new procedure, calling bids from throughout the European Union and committing themselves to conducting the procedure in a significantly shorter time span than the previous one. They asked FIBE and FIBE Campania to renew their "statements of promises to sell" as described above. This request was accepted and the statements were renewed until 31 March 2007.

In August 2006, the tender for the allocation of the urban solid waste disposal services for the Campania region was called again. The assets to be sold and the amounts were unchanged from the previous tender.

Given the continued critical waste situation in the region, the government issued two law decrees aimed at resolving it. Specifically:

- a) Law decree no. 263 of 9 October 2006 (converted into Law no. 290 of 6 December 2006) which, *inter alia*:
 - (i) appointed a new commissioner, the head of the Civil Protection Department, who reported directly to the Prime Minister (article 1.1);

- (ii) cancelled the tender called in August 2006 (article 3.1);
- (iii) required the new commissioner to redefine "*the conditions for allocation of the waste disposal service in Campania*" (article 3.1);
- (iv) amended Law no. 21/2006 establishing that the current holders of the contract are required to continue to provide the service until the tender is closed, and this "*on the basis of the necessary transfer of duties to the new holders, including those related to personnel and any movable and immovable property that should be transferred, considering their use, age and maintenance*" (article 3.1-bis);
- (v) provided for measures aimed at ensuring the effective separate collection of urban solid waste (article 4);
- (vi) extended the transition period for the waste emergency situation in Campania until 31 December 2007 (article 1.1);
- b) Law decree no. 61 of 11 May 2007 (converted into Law no. 87 of 5 July 2007) which, inter alia:
 - (i) opened, "*also to avoid new emergency situations*", new sites to be used as landfills (article 1.1);
 - (ii) requested the commissioner to identify "*urgently ... also by directly engaging parties other than the current service providers ... the best possible solutions for the treatment and disposal of waste and possible disposal of waste bales*" (article 2);
 - (iii) requested the commissioner to adopt "*a plan for introduction of an integrated waste cycle in Campania*" (article 9).

On 5 July 2007, concurrently with the issue of the aforesaid legal measure, a new extraordinary commissioner for the waste emergency in Campania was appointed, namely the Naples Prefect.

Following specific requests presented by FIBE and FIBE Campania, on 10 August 2007, the new commissioner provided for the speeding up of the process aimed at reimbursing the two companies the costs incurred by them to manage the service which they had not yet received and for the direct payment, by means of advances, of personnel expenses and the costs of strategic subcontractors engaged in providing the service with them.

In Autumn 2007, the commissioner recommenced the procedures for the preparation of a new tender to identify an USW service operator. To overcome the problems that beset the previous tenders, the commissioner started an in-depth preliminary survey of the actual situation of the plants and equipment as well as the related labour required to provide the service under tender. It was assisted in this by FIBE and FIBE Campania. This survey was based on formats that reflected those underlying the original contracts with FIBE and FIBE Campania which had been terminated:

- a) geographical: the survey focused on two areas: the Province of Naples and other provinces;
- b) technical: the existing RDF plants and the Acerra waste-to-energy plant, still under construction.

A new tender was called in December 2007 for solely the USW disposal service in the Province of Naples. The Prime Minister issued a decree dated 28 December 2007 extending the waste emergency status of Campania until 30 November 2008.

At the start of the first quarter of 2008, the commissioner received expressions of interest from two major industrial groups active in the waste treatment and energy generation sector. After having requested and obtained an extension of the tender until the end of January 2008, they withdrew from the procedure, communicating their doubts about the existence of *both* suitable guarantees from the body calling the tender about the availability of landfills for the waste from the RDF processing *and* suitable certainty about the availability of the benefits provided for under measure "CIP6" for the Acerra waste-to-energy plant under construction for the sale of electricity generated by the plant at favourable tariffs.





Given this situation and the further worsening in the waste collection and disposal emergency in the region, the Prime Minister issued orders nos. 3656 and 3657 of 6 February and 20 February 2008, respectively:

- (i) the first confirmed the benefits provided for by the "CIP6" measure for the Acerra waste-to-energy plant: these benefits were confirmed by Law no. 31 of 28 February 2008 whereby, during conversion of the "Milleproroghe decree" *"for the plant ... in Acerra ... the government grants and incentives provided for by the Interministerial price committee resolution no. 6 of 29 April 1992 ... are due 1992"*;
- (ii) the second authorised the elimination of the waste treated by the RDF plants in the waste-to-energy plant under construction and currently stored in the region.

In addition, the Prime Minister's Order no. 3653 of 30 January 2008:

- (i) appointed a commissioner to wind up the commission activities at 31 December 2007 and speed up transfer of the ordinary integrated waste management cycle for the Campania region to the municipalities;
- (ii) gave this commissioner a mandate to identify all the outstanding receivables up to 31 December 2007, by preparing a suitable financial plan; and
- (iii) organised an institutional conference involving the commissioner, the president of the Campania region and the provincial presidents in order to facilitate the gradual transfer to the relevant bodies and municipalities, manage the transition period and the procedures for the definitive transfer of the works.

The commissioner, appointed with Prime Minister's Order no. 3563/08, provided that:

- 1) with order no. 001/08 of 1 February 2008, the companies were obliged to *"guarantee until further instructions the continuous cycle working of the former RDF plants (still functional) in Campania, with costs and charges to be recognised pursuant to Prime Minister's Order no. 3479/05 – including for any overtime worked by the two companies' employees – by the commissioner appointed with Prime Minister's Order no. 3653/08"*;
- 2) with its subsequent order no. 048/08 of 14 March 2008, the companies' obligation to:
 - (i) *"ensure waste disposal service continuation in the Campania region, management of the companies and use of the assets as available in compliance with the coordination activities carried out by the commissioner until the awarding of the service to the new providers and, however, not after 30 November 2008"*;
 - (ii) *"agree the necessary contracts with all the parties, whose operations are necessary to correctly provide the waste disposal service"*;
 - (iii) *"ensure compliance within the plants, as available, with workplace safety regulations"*.

Payment to FIBE S.p.A. and FIBE Campania S.p.A. for their services provided to meet their obligations under the terms of this order should have been made by the commissioner in accordance with article 1.4 of Prime Minister's Order no. 3479 of 14 December 2005".

FIBE and FIBE Campania appealed against these measures before the Lazio – Rome Regional Administrative Court which issued its decree no. 7280/08 on 23 July 2008, stating the impossibility to proceed with the appeal due to the intervening lack of interest, considering the *medio tempore* regulations governing the entire sector, which is of particular relevance and significance to the companies and is satisfactory to the shareholders.

After issue of these orders, the government intervened again directly enacting significant measures aimed at resolving the existing critical situation, including the allocation of the position as extraordinary commissioner for the waste emergency in Campania, which had been held

to then by the under-secretary of state who reported to the Prime Minister, to the head of the Civil Protection Department.

These measures were:

- a) Law decree no. 90 of 23 May 2008 and Law decree no. 107 of 17 June 2008, both converted into Law no. 123 of 14 July 2008. The conversion law, *inter alia*:
 - (i) confirmed FIBE's obligation to complete the Acerra waste-to-energy plant (see article 6-bis.4);
 - (ii) expressly authorised "*use of the Acerra waste-to-energy plant*" (see article 5.2) and combustion of the "eco-bales" (see article 5.1);
 - (iii) authorised "*construction of the Santa Maria La Fossa waste-to-energy plant*" (see article 5.3) and "*construction of a waste-to-energy plant in the Naples municipality*" (see article 8.1);
 - (iv) provided for the possible allocation of the benefit of the CIP 6 "*for the waste-to-energy plants located in the Salerno, Naples and Santa Maria La Fossa municipalities*" (see article 8-bis.1);
 - (v) definitively authorised Impregilo group's exit from the waste disposal business, transferring "title" to the RDF plants "*located in their municipalities*" to the provincial authorities (see article 6-bis.1) and providing for "*the involvement of the Armed Forces for the technical and operating management of the plants*" (see article 6-bis.3);
 - (vi) ordered "*an assessment of the value*" of the RDF plants and Acerra waste-to-energy plant by a panel of five experts appointed by the president of the Naples Appeal Court, "*also for the possible purchase against consideration by the new service operator*" and that the assessment of the RDF plants be carried out considering "*their effective use, age and maintenance*" (see article 6.1);
 - (vii) established that the commissioner would directly pay the fees of third parties (i.e., unrelated to the former service providers) in order to release FIBE and FIBE Campania from financial burdens during their services they might be called to provide to the commissioner (i.e., completion of the Acerra waste-to-energy plant). This system was also to be applied to the *reporting* of the operating costs incurred by the two companies in the period from 16 December 2005 to 31 December 2007, which the commission still has not settled ;
 - (viii) extended the state of emergency to 31 December 2009.
- b) Law decree no. 97 of 3 June 2008, converted into Law no. 129 of 2 August 2008 which, *inter alia*, required the Ministry for Economic Development, together with the Ministry for the Environment, to establish "*the methods to provide government incentives, as per resolution no. 6 of 29 April 1992 of the Interministerial price committee, to the waste-to-energy plants located in the municipalities of Salerno, Naples and Caserta*";
- c) Order of the Prime Minister no. 3685 of 19 June 2008 which provided for, *inter alia*:
 - (i) transfer of the "*operating resources present in each plant*" to the provincial authorities that gain title to the RDF plants;
 - (ii) taking over of the employees of the RDF plants (other than management) by the Provincial Authorities using term employment contracts;
- d) Decree no. 3299 of 30 June 2008 and letter no. 1882 of the same date, both issued by the under-secretary of state which, *inter alia*, included orders related to:
 - (i) completion by FIBE of the Acerra waste-to-energy plant;
 - (ii) transfer of management of the RDF plants to the municipalities.



These measures are of fundamental importance given that, in short:

- a) the Acerra waste-to-energy plant is nearly finished, the work completion certificate was signed on 11 September 2009 and the test certificate issued on 16 July 2010;
- b) combustion of the "eco-bales" is expressly provided for at this plant;
- c) an additional two waste-to-energy plants will be built, benefiting from CIP 6, like the Acerra waste-to-energy plant;
- d) management of the RDF plants has been definitively taken from FIBE and FIBE Campania and title thereto has been transferred to the Campania municipal authorities while they will be managed by the Armed Forces.

Following enactment of these measures, and as coordinated by the relevant commission offices, FIBE and FIBE Campania took steps to ensure they were fully implemented. Specifically:

- a) possession of all the plants and related assets by the relevant commission offices was completed with contracts signed on 30 July and 7 August 2008;
- b) in July 2008, the relevant authority commenced a preliminary investigation to identify the costs already incurred and not yet paid to third parties for work performed after the contracts had been terminated and the activities currently ongoing and required to complete the roll out of the Acerra waste-to-energy plant.
- c) after the due meetings with the trade unions, the procedure to decrease FIBE's personnel and to transfer them to the relevant *ad acta* commissioners of the Campania provinces was completed.

A new operator was identified in December 2008 during the procedure to allocate management of the nearly operative waste-to-energy plant, namely a leading Italian company which currently owns other major waste-to-energy plants.

Subsequently, the commissioner ordered the return of the individual assets given to the *ad acta* commissioners to the companies with a number of orders (no. 0021331, no. 0021332, no. 0021333, no. 0021334 and no. 0021335 of 12 November 2008 of the Technical operational head under Prime Minister's Order no. 3705 of 18 September 2008), based on an assessment of their inoperability, pursuant to Prime Minister's Order no. 3693/2008. The companies questioned these orders with FIBE letter no. U/08/462 of 18 November 2008, querying their content and affirming that they had been fully excluded from the integrated waste management system and had no further management obligations with respect to works and assets indisputably used as part of such system.

This was followed by order no. 0022743 of 21 November 2008 of the Technical-operational head under Prime Minister's Order no. 3705 of 18 September 2008, which substantially reiterated the content of the previous return measure and contested the role of FIBE and FIBE Campania as the mere service providers from 15 December 2005, with the related implied continued obligation for them to manage the offices, sites and plants that were not necessary for the waste treatment service as part of the assessment carried out by the municipalities after the "temporary" takeover by the *ad acta* commissioners.

These measures were appealed against with the relevant Lazio – Rome Regional Administrative Court which handed down its decision no. 2537 of 13 March 2009 accepting the appeal and quashing the measures. The under-secretary has appealed against this ruling and FIBE and FIBE Campania have filed a cross appeal.

The Council of State issued its opinion on the appeal made by the under-secretary on 26 January 2010 with ruling no. 290/2010, confirming Impregilo group's reasoning and thus quashing the claims made by the under-secretary about the alleged inoperability of the sites under



dispute. Pending this decision, on 22 July 2009, the under-secretary, via the *ad acta* commissioners, again ordered the companies to take back the sites. FIBE and FIBE Campania appealed against this order to the Lazio Regional Administrative Court.

On 18 March 2009, the Prime Minister issued Order no. 3748 with the intention to “fully settle all aspects related to the transfer of waste to the Acerra waste-to-energy plant”. The order provides for the transfer of only waste produced and stored from the date on which the service contracts were terminated with the companies (15 December 2005) to this plant. No mention was made of the waste produced before this date.

This order was challenged promptly before the Lazio Regional Administrative Court and a date for the relevant hearing has yet to be set.

Moreover, given the legal provisions described above under which the group, and specifically FIBE S.p.A., is only obliged to complete the Acerra waste-to-energy plant, FIBE Campania S.p.A. was merged into FIBE S.p.A. in 2009. The merger became effective from 1 November 2009 with accounting effect backdated to 1 January 2009.

The Acerra plant was completed during 2009 and the commissioning activities were commenced. The work completion certificate was signed on 11 September 2009. The preliminary work for the final testing was carried out in the first quarter of 2010 and the related certificate was issued on 16 July 2010 confirming the procedure's successful completion.

In December 2009, the *ad acta* commissioner, appointed by the Regional Administrative Court to recover the receivables due to the two companies from the Campania municipalities for the waste disposal service provided until 15 December 2005, completed the first key stage of its engagement, checking the receivables (of FIBE and FIBE Campania) and the payables (of the municipalities). It also determined the additional amounts due to FIBE for default interest accrued until 15 December 2005. Specifically, the *ad acta* commissioner found that the amounts claimed by FIBE and those recorded by the municipalities were substantially the same with respect to:

- a) amounts due to the former service providers for waste disposal tariffs of approximately euro 138 million;
- b) amounts due to the former service providers for default interest accrued to 15 December 2005 of approximately euro 8 million;
- c) collections recorded by the local authorities as tariffs and interest of approximately euro 39 million.

Following this procedure, the *ad acta* commissioner stated it would have submitted the check of the differences between the amounts documented by FIBE and those presented by the municipalities to the Regional Administrative Court, especially with respect to approximately euro 8 million (tariffs and interest), which FIBE states has been collected by the municipalities but which the municipalities deny having collected, alleged compensation due by the municipalities to FIBE of roughly euro 38 million, default interest accrued after 15 December 2005 to 31 December 2008 calculated by FIBE to approximate euro 40 million and additional collections that the municipalities hold FIBE has collected but which FIBE claims it has not collected for another approximate euro 4 million.

There are still large differences between the municipalities' and FIBE's figures, the assessment of which has been resubmitted to the Regional Administrative Court by the *ad acta* commissioner. However, the commissioner issued a payment order to the municipalities owing amounts to FIBE as described above, showing its determination to resolve the situation, even if with four years' delay, by settling at least the amounts due to the former service providers at the contract termination date.



I.2 USW CAMPANIA PROJECTS: DEVELOPMENTS IN 2010

Following termination of the state of emergency of the waste situation in Campania, as provided for by Law no. 123/2008, previously set for 31 December 2009, on 30 December 2009, Law decree no. 195/2009, amended and converted into Law no. 26 of 26 February 2010, was approved. This law includes, *inter alia*, certain significant measures as summarised below:

- a) the missions, provided for as part of the emergency under Law no. 123/2008, are to be replaced by two units, an Operating Unit and an Emergency Unit which will be included in "the Civil Protection Department under the Prime Minister";
- b) the Emergency Unit is to identify the assets and liabilities "arising from the operations carried out during the waste emergency period in Campania and related to the commissioner and the under-secretary of State for the waste emergency", organise such assets and liabilities using a procedure similar to that used for bankruptcy proceedings and allocate the limited financial resources earmarked by the government for the unit under this procedure;
- c) the amount for the Acerra waste-to-energy plant was determined to be euro 355 million. Transfer of title to the plant by Impregilo group to the Campania Regional Authorities (or the Prime Minister - Civil Protection Department or a private body) is to take place by 31 December 2011 in accordance with the Prime Minister's new decree and after checking the related financial resources. Until then, the former service provider will be paid a monthly lease payment of euro 2.5 million for 15 years. The payments for the 12 months before transfer of title will be deducted from the consideration to be paid as well as the amounts advanced to the former service provider, pursuant to article 12 of Law decree no. 90/2008, as advances for work in progress when the plant was being built;
- d) the Acerra plant cannot be sold, disposed of, given as pledge or security nor can other registrations or damaging acts be made for it until title has been transferred;
- e) the former service provider is required to pay additional amounts for guarantees which are considerably higher than the current best practices for the engineering & plant construction sector. The plant will be managed by a new operator starting from 2010, despite the guarantees given and that it still belongs to Impregilo group.

Pending conversion of Law decree no. 195/2009 into law, the group companies affected by the measure immediately appealed against it in early 2010 before the Lazio Regional Administrative Court.

The appeal before the Lazio Regional Administrative Court refers to the damage to FIBE's rights as owner of the Acerra waste-to-energy plant with the purchase and mandatory lease of the plant without immediate compensation to the company. FIBE has also requested (in addition to the referral of the proceedings to the Court of Strasburg or the Constitutional Court) an injunction against the documents related to the sale of the plant and the amounts already collected and to be collected by the department from GSE related to the sale of electrical energy by the plant, which the legislative measure allocated ex-lege to the Civil Protection Department.

Following the hearing of 24 November 2010, the Regional Administrative Court:

- a) with **order no. 5032/2010**, filed the day after, rejected the precautionary motion, noting that "*at present, the periculum in mora assumption would not seem to exist as Decree law no. 195/2009, as amended by the conversion law no. 26/2010, quantified the consideration for the transfer of title to the waste-to-energy plant to be euro 355 million payable before 31 December 2011 and, moreover, provided for a monthly lease payment for use of the plant of euro 2,500,000*". This order was challenged by FIBE with an appeal currently pending as R.G. no. 10469/2010 which will be linked to that being prepared against the interim ruling referred to below;



b) with **order no. 1992/2010**, referred the issue of unlawfulness of articles 6 and 7.1/2/3 of Law decree no. 195/2009 to the Constitutional Court considering the principles protecting title set in the European Convention on Human Rights. Specifically, the issue of the unconstitutionality of these articles was deemed to be grounded as:

- the plant's value is tied to the law's conversion date, 28 February 2010, but is based on the Italian National Authority for Alternative Energy's (ENEA) estimate which clearly valued the asset in 2005 and 2006;
- the plant's value, estimated in this manner, is unlawfully decreased by the lease payments made in the first 12 months before the transfer deed;
- the time when the former owner's right to the receivable is not specified;
- the party to which the asset is to be transferred is not identified;
- the transfer date is not identified;
- basically, the financial resources necessary for the asset's transfer are not identified.

Based on these reasons, the unconstitutionality of the law is deemed to be not openly without grounds and the issue has been transferred to the Constitutional Court so that it can decide on the highlighted points;

c) with **interim ruling no. 39180/2010**, found inadmissible the "appeal in the part in which the non-allocation of the revenue to the appellant arising from the sale of electrical energy generated at the Acerra waste-to-energy plant is challenged and, as a result, states the issue of constitutional lawfulness to be irrelevant with respect to article 7.5 of Law decree no. 195/2009 converted, with amendments, by Law no. 26/2010"; it also stated "the issue of constitutional lawfulness with respect to article 7.4/6 of Law decree no. 195/2009 converted, with amendments, by Law no. 26/2010 to be manifestly unfounded";

The appeal hearing against the interim ruling is set for 15 March 2011, while the company is awaiting publication of the ruling of referral to the Constitution Court in the Italian Official Journal so that it can prepare its briefs.

With respect to assessment of the statement of affairs of the Campania waste emergency commission offices (procedure provided for by Law decree no. 195/2009 after termination of the emergency state), on 7 December 2010, the Prime Minister's decree no. 903 was published in the Italian Official Journal calling for information about their debts and granting a 60-day period from its publication for presentation of the related claims for inclusion. The Emergency Unit, set up for this purpose by the aforesaid Law decree no. 195/2009, received claims for euro 2,403,801,269.74 related to those already made in court (including, receivables for tariffs prior to December 2005, receivables for 2006/2007, receivables for the RDF plants) and claims for compensation (damage arising from the greater costs and loss of profits from the *ex lege* termination of the service contracts and damage as per the counterclaim already presented in the civil proceedings pending before the Naples Court). The claim for payment of the consideration for the Acerra waste-to-energy plant was not included as it does not fall within the responsibility of the Emergency Unit and is covered by the legal action already commenced and described earlier.

* * *



II. THE LITIGATION CURRENTLY PENDING FOR THE USW CAMPANIA PROJECTS

II.1 The administrative litigation

- A) In October 2006, FIBE and FIBE Campania took legal action before the Lazio Regional Administrative Court censuring the commissioner's failure to comply with its obligations under Law decree no. 245/2005 (converted into Law no. 21/2006), namely: (i) recovery of amounts due by municipalities for waste disposal services outstanding at the date of termination of the contracts (15 December 2005); and (ii) identification of landfills for organic waste and stockpiles generated by the RDF plants and preparation and implementation of a plant maintenance plan.

After accepting the precautionary motion presented by FIBE and FIBE Campania (in its ruling of 11 October 2006, confirmed by the Council of State on 7 November 2006), in its decision no. 3790 filed on 27 April 2007, the Court found that:

- (i) FIBE and FIBE Campania effectively provided the waste disposal service under the 2000 and 2001 contracts up until 15 December 2005 and had the right to request completion of the legally-provided for procedure for collection of outstanding receivables by the municipalities;
- (ii) due to the *ope legis* termination of the service contracts, FIBE and FIBE Campania "*with effect from 15 December 2005 merely provided the service on behalf of the commissioner [waste disposal] and had definitively lost title thereto*";
- (iii) the commissioner was to complete the procedure aimed at meeting the companies' requests within 45 days;
- (iv) an *ad acta* commissioner to take the necessary measures within a further 45 days, should the local administrative bodies not fulfil their obligations, would be appointed.

The commissioner appealed against this ruling with the Council of State. Ruling no. 6057 of 28 November 2007 rejected the appeal, fully confirming the Lazio Regional Administrative Court's ruling.

As a result of the newly introduced regulations mentioned earlier, the companies are no longer interested in completing the procedure for identification of the landfills for organic waste and stockpiles generated by the RDF plants and preparation and implementation of a plant maintenance plan, given that they are to be transferred to the relevant municipalities. However, they continue to be interested in completion of the procedure for the recovery of their outstanding receivables for services provided up until 31 December 2005.

As already described in point I.2, the *ad acta* commissioner appointed by the Regional Administrative Court to recover the receivables due to the two companies from the municipalities in Campania for the waste disposal services provided until 15 December 2005, completed the first important step of its engagement in December 2009, checking the receivables (of Impregilo group) and payables (of the municipalities) and determined that the group is also due default interest accrued to 15 December 2005.

- B) The Lazio Regional Administrative Court confirmed the findings of its ruling no. 3790/2007 in its ruling no. 7280 of 23 July 2008, reiterated by the Council of State decision no. 6057/07, as confirmed and integrated by the *medio tempore* regulations and aforesaid Law decrees nos. 90/08 and 107/08, converted into Law no. 123/08 and following laws.

This ruling, which is practically final as it has not been appealed against by the municipalities, is very important for the companies as, in the justification section, it reconstructs the role and responsibilities attributable to the former service providers after 15 December 2005 "mere executors" of the commissioner's orders – and to the commissioner – sole responsibility for the waste disposal service and coordination activities, required to identify the best solutions for waste disposal. The ruling concurrently establishes that all obligations

imposed on the former service providers by law ceased to exist on 31 December 2007, contrary to the extension measures challenged with the previous regulations governing the conditions and limits of the specific emergency measures. Moreover, the *medio tempore* regulations also affected the orders as they were applied to past negotiations involving the companies whereby *"no further activities are requested except for those to allow the taking over of management of the plants, employees and assets as well as transactions with third parties by the municipalities and the Armed Forces..."*. Given the above, the Regional Administrative Court concluded *"It can logically be deducted that the commissioner is required to meet the obligations ..."*.

- C) In December 2008, FIBE and FIBE Campania challenged a number of orders before the Lazio Regional Administrative Court whereby the parties appointed by the commissioner for technical and operating activities (Technical-operational head under Prime Minister's Order no. 3705/2008 and the *ad acta* commissioners for the provinces) obliged the companies to re-acquire possession of certain areas and stocking sites, which such parties had acquired in August 2008, as these areas and stocking sites were not deemed necessary to provide the service, requesting the concurrent declaration - *"of the inexistence of any obligation to manage the offices, sites and plants used at any time as part of the integrated waste treatment system in Campania for the companies in the light of the ruling sector regulations which fully regulated the previous situations in full compliance with the Lazio Regional Administrative Court's ruling no. 3790/2007, confirmed by the Council of State with ruling no. 6057/2007 and the Lazio Regional Administrative Court ruling no. 7280 of 23 July 2008 about the nature of the relationships between the municipalities, FIBE and FIBE Campania and third parties, the municipalities' obligation to comply with the relevant instructions in the above court ruling no. 3790/2007, confirmed by the Council of State with ruling no. 6057/2007 and the Lazio Regional Administrative Court ruling no. 7280 of 23 July 2008 about the nature of the relationships between the municipalities, FIBE and FIBE Campania and third parties"*.

Following the hearing of 19 January 2009, the Regional Administrative Court suspended the enforceability of the challenged measures and accepted the appeal made by FIBE and FIBE Campania in its ruling no. 2357/09 on 13 March 2009, cancelling the challenged measures.

The municipalities appealed against this ruling to the Council of State on 8 July 2009. The companies presented themselves for the related proceeding and made an cross appeal against the same ruling, requesting that the reprimands deemed to have been covered by the first level hearing and particularly related to the non-existence of the assumptions about the inoperability of the sites for the purposes of the waste management service, be examined. They also requested that the inexistence of any obligation for them to manage the offices, sites and plants used at any time for the integrated waste treatment system in Campania be confirmed in line with the sector regulations and the municipalities' obligation to comply with the rulings of the Lazio Regional Administrative Court no. 3790/07, confirmed by the Council of State's ruling no. 6057/07 and the Lazio Regional Administrative Court ruling no. 7280 of 23 July 2008 about the nature of the relationships between the municipalities, FIBE and FIBE Campania and third parties.

On 22 July 2009, the under-secretary of State notified FIBE and FIBE Campania via the *ad acta* commissioners of new orders to take back the above sites. The companies have appealed to the Regional Administrative Court.

On 26 January 2010, the Council of State issued ruling no. 290/2010 definitively confirming the cancelling of the orders issued in December 2008, freeing FIBE from any obligation to manage the sites which, according to the municipalities, were not suitable for their activities.

Specifically, this ruling analysed Prime Minister's Order no. 3693/2008 deeming that the challenged orders were unlawful as contrary to the reference legislation due to the erroneous valuation of the concept of the operability of the assets for the waste management service.





The Council of State based its assessment of the operability of the sites on article 183.1.D) of Legislative decree no. 163/2006, which expressly defines the concept of waste management as the collection, transportation, recycling and elimination of waste, including monitoring of these activities as well as of the landfill after it has been closed.

This led to confirmation of the operability of the assets, the return of which had been ordered, for the waste management service as a whole, with the related statement of unlawfulness of the challenged measures.

Despite this outcome, the party engaged under Law no. 26/2010 to manage the sites in the Province of Caserta and, subsequently, the party engaged to manage the sites in the Province of Naples have taken new action to see FIBE S.p.A. charged with the custody costs for the sites.

The company presented a motion for the cancellation of this action to the relevant judicial authority which was rejected on 25 October 2010. However, following the request for clarifications about the custodian obligations, the fifth criminal section of the Naples Court established in its order of 24 November 2010 that the official receiver has "as its sole scope and responsibility that of ensuring the integrity of the seals, the property under seizure and to report any dangers to the judicial authority". This clarification bears out the company's thesis, supported by its legal advisors, that official receiver is exempt from any liability once it diligently and promptly informs the relevant authority of all events that could in any way compromise the integrity of the property under seizure and that the persons indicated as official receivers are behaving in this way.

- D) FIBE and FIBE Campania appealed to the Lazio Regional Administrative Court again on 30 April 2009 (R.G. no. 3770/2009) disputing the commissioner's slackness in completing the administrative procedures for the recording and recognition of the costs incurred by the former service providers for the services provided as required by law and the work ordered by the municipalities and carried out by the companies during the transition period (16 December 2005 - 31 December 2007). They requested the Court to state the unlawfulness of this silence and to verify the municipalities' obligation to finalise the procedure in a suitable timeframe, with the concurrent appointment of an ad acta commissioner that would take the measures required of the defaulting commissioner should the latter not respond within the set timeframe. Upon conclusion of the hearing of 24 June 2009, the Court stated the appeal was inadmissible in its ruling no. 7070/2009 and that with respect to "*checks into financial claims, even when based on obligations assumed by law*", the companies should not have already activated the special silence procedure but should have filed a specific action for declaration and satisfaction to the Court on an exclusive jurisdiction basis.

On this basis, the companies prepared a new appeal for the Lazio Regional Administrative Court (R.G. no. 7338/2009) for an exclusive jurisdiction hearing pursuant to article 4 of Law decree no. 90/2008 for the issue of the necessary rulings on the declaration and satisfaction of the local governments to pay the amounts requested, including on an admonitory basis. The monitory motion was quashed as the Court did not accept the assumptions for issue of a payment order. The merits hearing has yet to be held about the group's receivables. While awaiting a date for the related hearing, a preliminary motion was notified and subsequently filed on 8 April 2010 for the appointment of a court-appointed expert that, after examining the documentation presented, identifies the amount of:

- a) *the amount due by the local governments for the management activities reported by the companies from 16 December 2005;*
- b) *the amount already paid by the municipalities for this service;*
- c) *the amount of the payable already checked and acknowledged but not yet paid by the municipalities as per the administrative measures already issued and added to the court records;*
- d) *the amount not yet checked nor paid by the municipalities for the services reported by the companies;*

- e) the amount due by the municipalities **for the services** entrusted to the companies and provided by them since 16 December 2005;
- f) the amount already paid by the municipalities for the services as per point e);
- g) the amount of the payable already checked and acknowledged but not yet paid by the municipalities as per the administrative measures already issued and added to the court records;
- h) the amount of the payable not yet checked or paid by the municipalities for the services provided as requested by such local governments by FIBE S.p.A. and FIBE Campania S.p.A., based on the documentation added to the court records;
- i) specifies the consultancy role based on the verification of the above documents, the amount of the municipalities' payables for all the activities imposed on and carried out by FIBE S.p.A. and FIBE Campania S.p.A. for them, starting from 16 December 2005, net of the amount already paid for such services and any other issue that this court will consider.

The Regional Administrative Court has yet to rule on this motion and a special motion has been filed to urge the hearing be set soon (currently set for 6 April 2011).

- E) With their appeal notified on 18 May 2009 (RG no. 4189/09), the companies challenged Prime Minister's Order no. 3748/09 before the Lazio Regional Administrative Court whereby only refuse produced and stored after the date of termination of the service contracts with the companies (after 15 December 2005) was to be transferred to the Acerra waste-to-energy plant. A date for the related hearing has yet to be set.

While they are convinced that the obligation to dispose of the bales produced and stored in Campania (regardless of the solution chosen by the local government about which waste was to be disposed of first), remains solely with the municipalities, the companies have prudently appealed against this order with the relevant Lazio Rome Regional Administrative Court.

- F) The Lazio Regional Administrative Court has recently set the date for the public hearing as 20 April 2011 to discuss the appeal made by FIBE (R.G. 9942/2009) into the non-compliance by the municipalities with their obligation to pay the company's unamortised costs at 15 December 2005 for the Campania RDF plants.

* * *

II.2 The civil litigation

The government commissioner presented a writ of summons in May 2005 requesting compensation from FIBE, FIBE Campania and FISIA Italmimpianti for alleged damage of approximately euro 43 million. During the hearing, the commissioner increased its claims to more than euro 700 million, further to the additional claim for damage to its reputation, calculated to be euro 1 billion.

The companies appeared before the court to dispute the claims made by the government commissioner and lodged a counterclaim requesting compensation for damage and sundry charges determined before the court of first instance for more than euro 650 million, plus another claim for damage to their reputation of euro 1.5 billion. They also complained about the significant delay (compared to that provided for in the 2000 and 2001 contracts) in the release of the authorisations required to construct the waste-to-energy plants and the related delay in the construction of such plants. These delays have led to *both* the lengthening of the temporary stocking periods of the produced "eco-bales" *and* an increase in the stocked "eco-bales" with the related need to find bigger stocking areas: circumstances that led to the incurring of greater costs by FIBE and FIBE Campania.



In the same proceeding, the banks that issued FIBE and FIBE Campania's performance bonds to the government commissioner also requested that the commissioner's claim be rejected. In addition, they requested to be held harmless by Impregilo from the commissioner's claims. Impregilo appeared before the court and disputed the banks' requests.

The proceeding is at a preliminary hearing stage. At the hearing of 20 January 2009, after the correctness of the cross examination had been confirmed, the relevant judge reserved its opinion on the objection raised by FIBE of the ordinary court's jurisdiction as opposed to the administrative court (article 4 of Law decree no. 90/08 converted into Law no. 123/2008). The judge deferred the hearing to 10 November 2009, after making the decision on the reservation, and then, on his own motion, to 17 June 2010 and again to 20 September 2010, when the case was left open and, therefore, a decision is still pending.

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II.3 The penal litigation

In September 2006, the public prosecutor at the Naples Court served Impregilo S.p.A., Impregilo International Infrastructures N.V., FIBE S.p.A., FIBE Campania S.p.A., FISIA Italmipianti S.p.A. and Gestione Napoli S.p.A. in liquidation with a "*Notice of the conclusion of the preliminary investigations about the administrative liability of companies*" related to the alleged administrative crime pursuant to article 24 of Legislative decree no. 231/2001 as part of a criminal case against several former directors and employees of the above companies, investigated for the crimes as per article 640.1/2.1 of the Penal Code in relation to the tenders for management of the urban solid waste disposal cycle in Campania. Following the preliminary hearing of 29 February 2008, the Judge for the Preliminary Hearing at the Naples Court accepted the request for a hearing made by the public prosecutor. The hearings for the merits of the case are still ongoing and are in the trial stage. The Court has accepted the exception proposed by the companies' defence council and has stated in an order the unlawfulness of the civil parties' claims against the bodies involved pursuant to Legislative decree no. 231/2001. Therefore, all their claims made in the preliminary hearing have been found inadmissible.

The public prosecutor requested the following **precautionary measures** relating to:

- "assets", pursuant to article 19 of Legislative decree no. 231/2001 (seizure: of the RDF production plants and Acerra waste-to-energy plant; approximately euro 43 million belonging to the Impregilo group companies; receivables of approximately euro 109 million due to FIBE and FIBE Campania from municipalities in the Campania region); and
- "interdiction", pursuant to article 9 of Legislative decree no. 231/2001 (or: ban on negotiating with public bodies; exclusion from subsidies, loans and similar assistance, ban on advertising goods and services).

In its ruling of 26 June 2007, the Judge for the Preliminary Investigation ordered the precautionary seizure of the profit from the alleged crime, estimated to approximate euro 750 million; specifically, the Judge ordered the precautionary seizure of:

- euro 53,000,000.00, equal to the amount advanced by the commissioner to construct the plants in provinces other than Naples;
- the total amount of euro 301,641,238.98 for the regularly collected waste tariffs;
- certain, liquid and due receivables due from the municipalities and not yet collected of euro 141,701,456.56;
- the expense incurred by the commissioner for the disposal of the USW and related processing at the RDF plants of euro 99,092,457.23;



- euro 51,645,689.90 being the missing guarantee deposit, payment of which had been agreed to guarantee correct compliance with contractual obligations;
- amounts received as premiums for the collection service performed on behalf of the commissioner and municipalities to be determined upon enforcement;
- euro 103,404,000.00 being the value of the works carried out to build the Acerra waste-to-energy plant up to 31 December 2005.

In the ruling of 26 June 2007, the Judge for the Preliminary Investigation also ordered that the companies were banned from contracting with public bodies for one year with respect to waste disposal, treatment and waste-to-energy activities as an interdiction measure; this finished in June 2008.

The precautionary measures ordered by the Judge for the Preliminary Investigation did not imply the expropriation of the assets but their “blocking” as they continued to be owned by the parties to which they “belonged” and could only be expropriated after the relevant rulings had been issued by the Naples Court, the Court of Appeals and the Supreme Court. However, the precautionary measure was partly executed with the seizure of liquidity of approximately euro 124.8 million deposited by Impregilo, FISIA Italmimpianti, FIBE and FIBE Campania with several banks as well as receivables of approximately euro 190 million of FIBE and FIBE Campania from local administrative bodies for activities performed prior to 15 December 2005.

The precautionary seizure measure was appealed against on 7 July 2007. The Review Court however rejected the appeal on 24 July 2007.

The precautionary seizure measure, confirmed by the Review Court, was appealed against with the Supreme Court on 5 November 2007.

The Second Chamber of the Supreme Court, charged to hear the appeal, referred the relevant ruling to the United Chambers on 23 January 2008. On 27 March 2008, the United Chambers cancelled and deferred the seizure measure:

- a) on one side, confirming the principle whereby *“the profit from the crime ... is the direct and immediate economic benefit of the crime and can be accurately calculated net of the effective use obtained by the damaged party, as part of the bilateral relationship with the body”*;
- b) on the other, noting that neither the Judge for the Preliminary Investigation nor the Naples Review Court correctly applied this principle. Specifically, as the United Chambers stated: *“the reasoning on which [the Review Court’s decision] is based, while considering the factual issues of the events examined, leads to partial and simplistic legal considerations with respect to the concept of “profit”, it does not take into account the notion as specifically set out and, based solely on the serious breach of contract by the service providers, ends by identifying the assets that can be seized in an abstract manner, without properly checking the relationship between the illegal act and the advantage obtained”*;

The Supreme Court also analysed the individual items subject to the precautionary seizure in detail, concluding that:

- (i) none of the above items, except for the tariff net of VAT, constitute “profit from crime”;
- (ii) the amount of the tariff (net of VAT) that could legitimately be seized is to be determined deducting the value of the services provided by FIBE and FIBE Campania to the benefit of the municipalities from the tariff. In this respect, the following should be emphasised:
 - the Supreme Court recognises that *“the service provided”* by FIBE and FIBE Campania *“was not always connoted by illegality and took place over a long period of time without being formally challenged by the municipalities”*;
 - the Lazio Regional Administrative Court and the Council of State (with the mentioned rulings no. 3790/2007 and 6057/2007) recognised that these companies effectively provided the waste disposal service entrusted to them under the 2000 and 2001 contracts up until 15 December 2005.





Following this Supreme Court ruling, with its order filed on 7 August 2008, the Naples Review Court ordered that the measure be cancelled and the assets effectively seized be immediately returned. On 18 August 2008, the Naples public prosecutor presented an appeal to the Supreme Court against this order assigned to the Second Chamber. The latter Chamber in its hearing of 16 April 2009 *"cancel(led) the challenged measure except for the part relating to the seizure of euro 301,841,238.98 and ordered the forwarding of the acts to the Naples Court to be re-examined"*.

The related hearing was held on 20 October 2009 when the Naples Review Court examined the valuation returned to it by the Supreme Court of the additional sums exceeding the amount of euro 301,841,238.98, for which the release from seizure was confirmed. The ruling was published on 2 February 2010, three months from the hearing. Subsequently, the Review Court readjusted the captions that the Naples Judge for the Preliminary Investigation had indicated in the first ruling of July 2007 as subjectible to seizure. The adjustment excluded from the seizable captions the tariffs collected from the former service providers up to 15 December 2005, the exclusion of which had already been ordered by the aforesaid Supreme Court ruling, approximately euro 103 million related to the works for the Acerra waste-to-energy plant at 15 December 2005, euro 53 million related to the advances provided by the commissioner to build the RDF plants outside the Province of Naples, approximately euro 26 million of receivables for waste fraction as well as other immaterial captions of approximately euro 182 million, which, added to the approximate euro 301 million as per the second Supreme Court ruling, decrease the total seizable amount to approximately euro 483 million. However, the same court ordered that the following captions were to be seized:

- documents representing receivables of euro 115.5 million (equal to the receivables not yet collected at 15 December 2005 that the Judge for the Preliminary Investigation had calculated to be euro 141.7 million in July 2007, less approximately euro 26 million related to receivables for the disposal of waste and waste fraction as allegedly *"the activities of the joint venture have benefitted the community"*);
- approximately euro 99 million of costs allegedly incurred by the commissioner to dispose of the waste outside the region; and
- approximately euro 52 million for the guarantee deposit to be collected in the case of non-performance of contractual obligations.

Immediately after the Review Court's ruling, the seizure measure was again enacted.

The group appealed against the Review Court's ruling again before the Supreme Court and also lodged an enforcement objection pursuant to article 666 of the Criminal Procedural Code with the Naples Court demurring that, in its opinion and that of its legal advisors, the enforcement proceeding has defects of form and substance. With reference to the second proceeding, which is still pending, on 29 October 2010, the Supreme Court's First Chamber decided that the Naples Ordinary Court was competent to execute the requested seizure contrary to the motion that promoted the Judge for the Preliminary Investigation's offices at the Naples Court as the appropriate body. The Supreme Court hearing of 17 June 2010 rejected the public prosecutor's appeal and accepted the group companies' appeal ordering the cancellation, with no further recourse, of the seizure of approximately euro 99 million and approximately euro 52 million as well as quashing, with deferral for review, of the seizure of documents representing receivables of euro 115 million to allow the Review Court to ascertain that the receivables due to FIBE exist, are liquid and collectible and also the effective seizability of such receivables pursuant to article 19.1 of Legislative decree no. 231/2001 which excludes seizure of profit for the part that can be returned to the damaged parties. The Review Court hearing will take place on 11 April 2011 after being postponed due to the abstaining of two judges and also because of the requests made by the group companies' defence counsel.

As part of the same proceeding which, apart from the extension of the precautionary stage, is currently at a trial stage, Impregilo, FISIA Italimpianti and FIBE were notified early in the second quarter of 2010 of a new appeal presented by the Naples public prosecutor to the

Review Court about a new precautionary measure it intends to impose. In addition to the appeal against the Review Courts ruling about the new seizure measure which was rejected by the Supreme Court as described above, the Naples public prosecutor commenced a new precautionary seizure action for part of the alleged profit from the crime for which the Supreme Court had already issued its ruling on 16 April 2009 involving approximately euro 300 million related to the waste disposal tariffs collected by FIBE and FIBE Campania before 15 December 2005 and for which the Supreme Court had confirmed the Naples Review Court's previous decision, which excluded seizure, in its latest ruling (see above).

The public prosecutor's new measure also recalculated the amount to be seized: euro 245,915,263.98 compared to the original euro 301,641,238.98 as per the previous appeals. The acts shows that the first appeal made by the public prosecutor was rejected by the relevant court (Fifth Chamber of the Naples Court) as it did not identify any "new" issues compared to the situation which had led to the original seizure. Following the public prosecutor's appeal against the Review Court's decision about the relevant court for the hearing, the Review Court hearing was held on 2 February 2011 after several postponements. It has reserved its decision which has not yet been handed down.

* * *

During 2008, as part of a new inquiry by the Naples Court into waste disposal and related activities in the region carried out after the *ope legis* termination of the contracts (15 December 2005), the Judge for the Preliminary Investigations issued personal preventive seizure measures upon the request of the public prosecutor against certain managers and employees of FIBE, FIBE Campania and FISIA Italmimpianti and managers of the commissioner's office.

As part of this inquiry, the former service providers and FISIA Italmimpianti are again challenged for the administrative liability of companies under Legislative decree no. 231/01. The related acts describes how this is *both* a continuation of the previous investigations *and* a separate proceeding based on new allegations.

The preliminary hearing was concluded on 29 January 2009 with all the defendants being committed for trial. In the pre-trial hearing, the civil actions brought against the companies were found to be inadmissible. Moreover, on 16 December 2009, the Naples Court declined its jurisdiction and ordered that the documents be transferred to the Rome public prosecutor. The Rome Court set the date for the preliminary hearing as 27 October 2010 when it was postponed to 13 December 2010 due to the erroneous notice notification about the hearing to FIBE's legal advisor. The Judge for the Preliminary Hearing at the Rome Court cancelled certain subjective positions and charges in the subsequent hearing of 10 January 2011 and deferred the hearing to 23 March 2011 while it deferred the decision about the conflict in jurisdiction to the Supreme Court for the other subjective positions and other charges holding the Naples Court competent to decide on these positions. The date for the hearing before the Supreme Court has not yet been fixed.

The group companies involved in the new proceeding are fully convinced of the legitimacy of their actions, also because their activities are not only expressly covered by Law no. 21/2006 but were carried out merely on behalf of the commissioner (see the rulings of the Lazio Regional Administrative Court and Council of State in paragraph II.A).

In January 2011, FIBE joined the Naples Court as part of the proceeding no. 36856/01 RGNR - 74678/02 RG GIP as the injured party. The allegation is that since the start of the 1990's, certain national and regional politicians, together with civil servants, actively supported the criminal activities of the "*Casalesi clan*". One of the charges is that they contributed significantly "*to the planning and implementation of the project aimed - especially through the consortium company [...], the consortium [...], and other consortia in the Province of Caserta controlled*



by it - at setting up a competitive integrated cycle in Campania to compete with that lawfully managed by FIBE-FISIA Italmimpianti, thus boycotting the latter two companies in order to take over the entire management of the related financial cycle and moreover create an unlawful independent management at provincial level (i.e., local management of the waste disposal cycle, directly managing the landfills, where the waste is stored, taking action directly to design, build and manage a waste-to-energy plant and manipulating the activities of the waste emergency government commissioner)". On 27 January 2011, an order for immediate judgement was issued against the defendants and FIBE was specifically identified as an injured party.

III. The directors' considerations about the situation at 31 december 2010

The group's situation with respect to the USW Campania projects at the end of 2010 continues to be extremely complex and uncertain in some cases (as can be seen from the wealth of the above information).

In operational terms, following the positive outcome of the tests finalised on 16 July 2010 with issue of the related report, the only activities outstanding relate to checking the plant manager's operations, in order to safeguard a group asset, while the terms for its definitive sale are finalised. With respect to the complicated legal situation, although the group is convinced that the different pending procedures at administrative, criminal and civil level will show its correct conduct, the exact timing of their completion cannot reasonably be estimated.

As described above, the legislative and judicial situation continues to be very complicated despite modest signs of improvement. Accordingly, although the group's legal advisors agree with it that developments in the ongoing litigation will show the correctness of the group's activities and considering the different civil actions brought by local bodies and third parties in the criminal cases which have only been allowed for the individuals and not the companies, also with respect to alleged environmental damage, FIBE and Impregilo group continue to monitor the proceedings' developments which, as noted, still present uncertainties that have not significantly changed. Therefore, the group has maintained both the impairment losses recognised in previous years on the net assets classified as held for sale relating to the USW Campania projects and the accruals to the provisions for risks.



HUMAN RESOURCES AND ORGANISATION

Impregilo group employed roughly 17,400 persons at 31 December 2010 in its main projects in Italy and abroad both directly (through its subsidiaries and associates) and indirectly (through its investments in the main non-consolidated joint ventures) as summarised in the following table:

	31 December 2010	31 December 2009
Total	17,400	16,905

Beginning from 2009 for financial reporting purposes, the group has adopted a new criterion to calculate its personnel numbers. Up until 31 December 2008, the different business segments, local entities and the other legal forms through which the group operates had calculated their workforce using the contractual standards applied in Italy and for the employees directly or indirectly managed through the head office departments. Since 1 January 2009, a common calculation method has been adopted thanks to the increasingly integrated development of standardised communications among the different operating units. This calculates the employees of the consolidated companies using the consolidation method, i.e., when the entity is consolidated on a proportionate basis based on the parent's related investment.

At 31 December 2010, the group's workforce was as follows (including changes during the year):

	31 December 2009	Increase	Decrease	31 December 2010
Managers	174	56	(35)	195
White collars	2,518	1,260	(917)	2,861
Blue collars	4,739	4,165	(2,641)	6,263
Total	7,431	5,481	(3,593)	9,319
Italy	1,240	189	(413)	1,016
Abroad	6,191	5,292	(3,180)	8,303
Total	7,431	5,481	(3,593)	9,319

The **average** workforce for the period, calculated using the present method, is summarised in the following table:

	Corporate	Construction	Engineering & Plant Construction	Concessions	Total
Managers	27	111	40	8	186
White collars	131	1,705	521	332	2,689
Blue collars	-	4,267	606	627	5,500
Total	158	6,083	1,167	967	8,375
Italy					1,128
Abroad					7,247
Total					8,375

The key events of the year, split by business segment, are described below.



Training

The group continued to implement a training programme during the year aimed at strengthening and developing professional skills in order to ensure the ongoing search for excellence in carrying out one's duties, in performances and results.

In addition to professional refresher courses, the group invested heavily in providing training about compliance with the relevant legislation and management issues.

Specifically:

- courses on employee health and safety in the workplace continued, especially with respect to the new issues introduced by the "Consolidated Act for health and safety in the workplace" (Legislative decree no. 81/2008) for Contract Safety Managers and personnel involved in implementing safety management and risk prevention systems.
- a new training programme for managers and junior managers about Legislative decree no. 231/2001 was rolled out, covering administrative liability of entities and the "Organisational, management and control model", adopted pursuant to the decree, and given the recent introduction of new crimes.

Labour relations and management of contract operating personnel

LA QUADO S.c. a r.l.

The trade unions sent La Quadro S.c. a r.l. a request for a meeting on 7 October 2010 to discuss the "preventive conciliation" procedure provided for by article 113 of the national construction and industrial labour employment agreement ("conciliation for large works") in respect of the awarding of the tender for the executive plan and construction of the third lane of the A4 motorway between Quarto D'Altino (km 10+950) to San Donà di Piave (km 29+500).

The company, together with the other companies involved in the joint venture which was awarded the contract, attended a first meeting on 9 November 2010 to initially discuss this issue. No decisions were made.

S.G.F.- I.N.C. S.C.A.

As the extraordinary government-sponsored lay-off (CIGS) scheme period due to the crisis was due to end on 8 February 2010 and as the company had acquired contracts in the meantime that have only partly decreased its excess personnel, it commenced a collective redundancy procedure for 32 employees (four white collars and 28 blue collars) on 4 December 2009.

During the joint analysis of the situation, the parties agreed that the existence of earnings supplements should be checked with the Ministry for Labour and, during the relevant meeting held at the Ministry's offices, agreed the following:

- that the company would have requested application of the additional government-sponsored lay-off scheme (Cassa Integrazione in Deroga) for twelve months from 9 February 2010 at zero hours for a maximum 40 employees based at the different Italian production facilities in four regions;
- that the laying off procedure pursuant to Law no. 223/1991 would be continued until 31 October 2010 for those employees willing to avail of it (only for the excess professional staff) in order to assist their rehiring.

The company subsequently sent a letter dated 24 May 2010 to the Ministry for Labour and Social Policies urgently requesting the extension of the number of employees eligible for the additional government-sponsored lay-off scheme as per the previous agreement of 3 February 2010 due to the halting of work by its customer and the unforeseen unavailability of many areas at the "SS36" site in Monza.

On 17 June 2010, the company and trade unions signed another agreement for the extension, to start immediately (17 June 2010) and until termination of the additional government-sponsored lay-off scheme period as already agreed (8 February 2011), of the extended government-sponsored lay-off scheme for all its workers at Italian sites.

As this scheme finishes shortly (8 February 2011) and the company is unable to guarantee that all the laid off workers will be re-taken on due to the reduction in work, also caused by completion of works at certain sites and non-acquisition of new contracts, the company has commenced another collective redundancy programme with its letter of 25 November 2010 for 34 employees (1 junior manager, 3 white collars and 30 blue collars).

The procedure was completed on 20 December 2010 with the signing of an agreement with the trade unions whereby, in short, the company would have laid off the redundant personnel in the period from 9 February 2011 to 31 July 2011.

At 31 December 2010, the company's workforce numbered 80 (Italy and abroad), including 3 managers, 30 white collars and junior managers and 47 blue collars.

FISIA Italmobiliare S.p.A.

As the extraordinary government-sponsored lay-off period was due to expire on 17 May 2010 and given that its difficult company situation has continued, in its letter of 21 April 2010, the company requested the Ministry for Labour and Social Policies and all the relevant trade unions for a meeting to jointly assess whether to continue the scheme.

On 11 May 2010, an agreement was signed at ministerial level whereby the parties agreed to request application of the additional government-sponsored lay-off scheme starting from 18 May 2010 for 12 months for a maximum 130 employees.

Application of the additional government-sponsored lay-off scheme was granted with Ministerial decree no. 54620 of 11 October 2010 published in the Italian Official Journal on 11 November 2010.

At 31 December 2010, the company's workforce numbered 192, including 19 managers, 170 white collars and junior managers and 3 blue collars.

C.A.V.TO.MI.

On 14 April 2010, the consortium commenced the collective redundancy procedure pursuant to articles 24 and 4 of Law no. 223/1991, whereby 52 workers hired to construct the railway line from 85.576 km to 124.673 km are redundant (including 43 white collars and junior managers and 9 blue collars).

This procedure is necessary given that the work is nearing completion and was positively completed on 14 May 2010 with the signing of an agreement with the trade unions. The parties agreed that employees could be notified of their layoff within the 12 months starting 30 June 2010 (i.e., until 30 June 2011).

At 31 December 2010, the consortium had 21 employees, including 2 managers and 19 white collars and junior managers.



CAVET

Following termination of the collective redundancy procedure commenced by the consortium on 30 April 2010 with its letter of 29 October 2009 and finalised with the trade unions' agreement of 11 November 2009, Cavet commenced a new lay-off procedure for 51 employees with its letter of 2 August 2010 (39 white collars and 12 blue collars all involved in the construction of the railway section from km 4.884 (Pianoro) to km 83.366 (Vaglia tunnel - south approach to Bologna).

The procedure was completed with the trade unions' agreement of 3 September 2010 when it was agreed that the consortium would have commenced notification of the lay-offs after 15 September 2010 and no later than 30 June 2011.

Accordingly, the consortium had 45 employees at year end, including three managers, 39 white collars and three blue collars.

CONSORZIO TORRE

The consortium commenced a collective redundancy procedure during the year for the lay-off of 50 blue collars and 25 white collars/junior managers, all engaged in the executive plan and construction of the new Lombardy Regional Authorities offices.

The lay-off procedure was completed with the signing of an agreement with the trade unions on 18 May 2010 covering the possibility of laying off the redundant employees from 14 June 2010 over a period of 180 days from that date.

The consortium subsequently commenced another collective redundancy procedure with its letter of 10 December 2010 and laid off the entire workforce consisting of 23 blue collars and 10 white collars/junior managers, all engaged in the executive plan and construction of the new Lombardy Regional Authorities offices.

The lay-off procedure was completed with the signing of an agreement with the trade unions on 16 December 2010 covering the possibility of laying off the redundant employees from 20 December 2010 until 30 June 2011.

At 31 December 2010, the consortium had 25 employees, including 15 blue collars, 9 white collars and junior managers and 1 manager.

CONSORZIO SCILLA IN LIQUIDATION

As part of a far-reaching organisational and production overhaul of the individual companies set up to carry out the upgrading of the Salerno Reggio Calabria motorway, the consortium in liquidation commenced a collective redundancy programme due to the discontinuation of business activities for 625 workers (159 white collars and junior managers and 466 blue collars) at the maxi lot V and VI building sites with its letter of 14 January 2009.

The procedure was completed on 16 February 2009 when the parties signed an agreement for commencement of negotiations with the trade unions prior to the extraordinary government-sponsored lay-off scheme due to the discontinuation of activities by the consortium for 24 months of its employees and the possibility for the consortium to lay off those employees, who would not oppose.

On 11 March 2009, an agreement was signed at the Ministry for Labour's offices whereby the consortium would have put a maximum 614 employees (155 junior managers and white collars and 459 blue collars) on the extraordinary government-sponsored lay-off scheme due to discontinuation of activities to zero hours and would have implemented a "redundancy management plan" (training, voluntary lay-offs, etc.).

The consortium was authorised to use the extraordinary government-sponsored lay-off scheme due to the discontinuation of activities for the first 12 months (18 March 2009 to 17 March 2010) with decree no. 46094 of 25 May 2009 by the Ministry of Labour, Health and Social



Policies and for an additional 12 months (18 March 2010 to 17 March 2011) with decree no. 51649 of 3 May 2010 issued by the same Ministry.

Given the proximity of the completion date for the above scheme authorised by the Ministry of Labour, the consortium commenced a collective redundancy programme with its letter of 27 December 2010 due to the discontinuation of business activities for its entire workforce (269 employees, including 25 white collars and 244 blue collars).

At 31 December 2010, it had 269 employees, including 243 blue collars and 26 white collars and junior managers.

SALERNO – REGGIO CALABRIA and REGGIO CALABRIA – SCILLA

One of the key events of the year was the signing on 8 July 2010 of a memorandum of understanding by RC-Scilla S.c.p.A. and the trade unions, also pursuant to article 113 of the national labour contract for the construction sector which sets out a complex system of trade union relations structured at different levels and includes general agreements about working hours, relationships with contractors and subcontractors, the labour market, safety and accident prevention at the sites and site logistics.

The companies' workforces are as follows:

Salerno – Reggio Calabria S.c.p.a.:

At 31 December 2010, the consortium had 126 employees, including 48 blue collars, 72 white collars and junior managers and 6 managers.

Reggio Calabria – Scilla S.c.p.a.:

At 31 December 2010, the consortium had 24 employees, including 8 blue collars, 15 white collars and junior managers and 1 manager.

PEDELOMBARDA

The trade unions requested a meeting with the company on 18 December 2009 to commence the conciliation procedure as per article 113 of the national employment agreement for employees of construction and related companies.

After a number of meetings between the company and the trade unions (national, regional and local - Como and Varese), the parties signed a memorandum of understanding on 13 May 2010, which they ratified on 23 June 2010.

The memorandum of understanding, signed also pursuant to article 113 of the national labour contract for the construction sector, sets out a complex system of trade union relations structured at different levels and includes details of the applicable local contractual terms, a general agreement about working hours, relationships with contractors and subcontractors, the labour market, safety and accident prevention at the sites and site logistics.

RENEWAL OF THE NATIONAL LABOUR CONTRACT FOR EMPLOYEES OF CONSTRUCTION AND RELATED COMPANIES

The renewal agreement for employees of construction and related companies was signed on 19 April 2010.

The following should be noted:

- the renewed contract is valid from 1 April 2010 to 31 December 2012 when it will be automatically renewed for another three years unless it is cancelled with at least six months notice;



- a new salary item, the "Variable salary element", has been introduced with effect from 1 July 2011 to replace the "Local financial element", abolished on 1 January 2011. The amount of the new element will be decided locally and cannot exceed 6% of the minimum salary charts applicable from 1 January 2010;
- pay rises have been approved using the contractual parameter of 100 of euro 30.00, gross from 1 April 2010, another euro 30.00, gross from 1 January 2011 and euro 31.00, gross from 1 January 2012.

RENEWAL OF THE NATIONAL LABOUR CONTRACT FOR MANAGERS OF GOODS AND SERVICES PRODUCTION COMPANIES

On 25 November 2009, Federmanager (the Italian Federation of industrial company managers) and Confindustria (the General Federation of Italian industries) signed a new national employment agreement for the managers of goods and services production companies.

The agreement is applicable from that date until 31 December 2013.

The key new issues are as follows:

- alignment of the total minimum guarantee amount in three instalments for 2010, 2011 and 2012;
- an increase in the reimbursement of expenses that cannot be documented incurred on business trips;
- an increase in the insurance premiums for death and permanent disability for non-occupational illnesses from 1 July 2010;
- modification of the chart for the automatic increase in the additional months' pay of further compensation and the decrease in the maximum number of months' pay due as further compensation to the contractual amount upon termination of employment;
- introduction of greater protective measures for managers that lose their jobs.



SAFETY, THE ENVIRONMENT AND QUALITY

Group management voluntarily adopted the integrated Quality, Environment and Safety management system in 2003 certified under the relevant regulations, UNI EN ISO 9001 (quality), UNI EN ISO 14001 (environment) and OHSAS 18001 (safety and health). The certificates are issued by an external, independent body which certifies Impregilo's compliance with the relevant requirements. Impregilo is committed to monitoring the different variables that exist in a large infrastructural system with its obtaining these certificates and their subsequent renewal. A certified Management System is a guarantee for all the parties involved (employees, customers, suppliers, local communities) and an important tool stimulating the company's internal culture.

The scope of the three management systems is the following:

- To assist entities in implementing and applying efficient quality management systems, enabling them to consistently provide products that meet customer, legal and internal requirements.

Under article 8 of Law no. 109/1994 (Framework law on public works), all contractors appointed to carry out public works in Italy must have an ISO 9001 certified quality system.

- To promote the ongoing and informed commitment of the group companies to complying with environmental legislation and their continued improvement of environmental performances.
- To be aware of and monitor all aspects related to the health and safety of employees in the workplace, in order to prevent possible accidents and minimise them.

Italian company organisational models that comply with UNI-INAIL or OHSAS 18001 guidelines are assumed to comply with the requirements of article 30 of the new Consolidated act on employees' health and safety in the workplace and to be fully effective in terms of administrative liability as per Legislative decree no. 231 of 8 June 2001.

All management systems require the active involvement of all parties engaged in production processes and the definition of responsibilities, available resources and controls necessary to ensure the correct and continuous application of the entity's policies.

Thanks to this system, Impregilo has attained the key objectives set out in its Quality, environment and safety policy again in 2010, namely:

- ensuring quality work in line with customer expectations and requests;
- operating in full compliance with the health and safety requirements for its employees and consultants;
- reducing and minimising the impact on the environment during all stages of work;
- developing an organisation based on ethical standards protecting the stakeholders.

Impregilo has appointed a Management Representative who, assisted by the Quality, Environment and Safety Body and senior management, is in charge of the following for the correct application of the management system:

- implementation of the standards set out in the quality-environment-safety guidelines during contracts;
- training of head office and site personnel through refresher courses;
- updating personnel and the entire organisation about management's commitments taken on with the "Quality, Environment and Safety Policy", also by using the "The Bridge Impregilo Global Intranet" portal;
- scheduling regular internal audits to check the organisation's working;
- proposing possible changes to improve the group's performance to senior management.

As per the management system requirements and the annual audit programme for 2010, prepared by the Quality, Environment and Safety



Head, audits were performed at certain corporate departments (Pre-qualification and bid examination, Bid management, HR selection, Procurement management, Equipment and plant management and General services) and some foreign contracts (United Arab Emirates contracts: Abu Dhabi Deep Sewer Tunnel Lot 2; Impregilo Lidco Libya contracts: Misuratah Project, Tarhunah Project, Zliten Project, New Conference Hall) and the Italian contracts Salerno - Reggio Calabria and Reggio Calabria - Scilla motorway, Mestre motorway connector, State road 36 and Pedelombarda.

The issue of environmental protection is fundamental to Impregilo's development policies to the extent that it has defined certain specific objectives for this area:

- consider environment protection as essential for sustainable economic development;
- recognise the environmental aspect as a success factor and an important competitive lever;
- recognise environment management as a key priority;
- continuously improve the group's relationship with the environment over time;
- train and motivate personnel to carry out their work while respecting the environment;
- assess and limit the effect of the group's operations on the environment in advance;
- orient research towards environmentally-sustainable technologies;
- exchange opinions with employees and the general public to jointly resolve contingent environmental issues;
- encourage customers, suppliers and subcontractors to respect the environment when carrying out their activities.

Adoption of an Environmental Management System integrated with Quality and Safety facilitates attainment of these objectives, including through implementation of significant work innovations. This has enabled the Impregilo to continue its policy of constantly updating its environmental policy, maintaining an adequate internal organisation which ensures the ongoing communication of the Environment Management System standards throughout the organisation, the recording and assessment of the key environmental effects of the sites in special environmental charts and, finally, the development of technical solutions aimed at minimising the impact on the environment. The ongoing search for clean technology, recovery of scraps, containment of energy consumption, the use of less toxic and recyclable materials or the selection of suppliers of waste disposal services are just some of the projects underway to reduce pressure on the environment.



The Sustainability Report

Impregilo has published an Environmental Report every year since 2002 which describes the environmental impact of its operations and the preventive and mitigation actions it puts in place. The report's aim is to document the effects made each day to respect the environment and the surrounding areas.

In 2009, Impregilo decided to replace the Environmental Report with a Sustainability Report, commencing a reporting process which is the first step towards the production of a proper Sustainability Report, drawn up in accordance with the framework defined by the Global Reporting Initiative.

This Sustainability Report gives an overall view of the group, its key business figures and its reference context; it describes the results, policies and strategies for sustainable development in the three areas of economic, social and environmental responsibility, providing stakeholders with transparent, clear, complete and accurate information.

After the first section presenting the group's key financial highlights, the report continues with an analysis of the environmental impact of constructing large-scale infrastructure works, plant engineering (especially the waste-to-energy process) and certain concession operations. The quantitative analysis of the environmental impacts is limited to a selection of the main contracts being carried out in the year being reported on, giving figures for the most important works split by type.

The last section deals with social responsibility issues, such as human resources management and relationships with society and the area in which the large work is located. Extensive information is also given about health and safety in the workplace.



Employee health and safety

Employee health and safety is a fundamental part of Impregilo's mission. The group carries out many different types of work at its sites involving different risks for the employees involved. This implies that Impregilo is strongly committed to providing its employees with ongoing training about their duties, making them aware of the risks they may face.

Adoption of a OHSAS 18001 certified Safety Management System has allowed Impregilo to attain important results, such as:

- development of a safety culture;
- reduction of work-related accidents;
- prevention of occupational illnesses;
- decrease in insurance costs;
- decrease in administrative and penal fines;
- integration with other standards for quality and the environment.

All internal departments are required to contribute to ensuring the correct implementation of the management system to attain the set objectives.

The "Health and safety in the workplace: set up of the management system" procedure defines the operating/management methods to be

implemented for an operating control of the Safety Management System and documentation necessary to identify the risks and emergencies related to the site activities:

- Operating safety plans,
- Risk assessment document,
- Evacuation plans,
- Fire fighting plans,
- First aid plans.

Responsibility for managing issues tied to employees' health and safety, as required by Legislative decree no. 81/2008, is entrusted to specific internal functions, namely the HR and Organisation Head for the corporate offices and the Operating Heads for the contract sector in Italy. They all act as Employers. Moreover, Impregilo:

- appoints an Employee Representative for safety at the corporate offices and for each contract;
- informs the employees about their Representative and the safety organisation unit through communications, meetings and the intranet;
- ensures the involvement of the employees and their representatives in analysing, assessing and managing risks;
- consults the employees and their representatives about any organisational changes that could affect their health and safety;
- acts on information provided by the employees and their representatives.

It complies with the applicable regulations of each country in which it operates and guarantees high health and safety standards in the workplace.

The work carried out at building sites varies considerably and implies very different risks. Impregilo is strongly committed to the ongoing training of its employees about their jobs, to make them aware of the related risks.

In 2010, the parent held courses on health and safety issues for all its personnel, including those of the contractors, depending on the requirements. The general courses covered building site risks or the use of personal protective equipment while the specialised courses covered specific machinery or processing. Course participants were issued with information packs and received attendance certificates confirming the following areas had been covered:

- current work safety and accident prevention legislation;
- fire-fighting procedures;
- first aid;
- manual load handling;
- the use of personal protective equipment.

Thanks to this approach and the introduction of new technologies, 2010 saw a further improvement in the results obtained for safety and accident prevention, decreasing the probability rate and number of accidents.

The centralised database of most common accidents at work for 2010 (partial) compared to the INAIL database (frequency index = no. of accidents/no. of hours worked x 1,000,000 and seriousness index = no. of days off work/no. of hours of attendance x 1,000) showed that such indexes at 27.39 and 1.23 improved and worsened slightly, respectively, on the previous year (29.38 and 1.09, respectively) and were also considerably better than the national average (57.85 and 1.61, respectively, source: INAIL database for 2004-2006).



Environmental sustainability

Focus on the environment and its protection as part of its development policies leads Impregilo to search for continuous improvement in its environmental performance to ensure sustainability, like for all UNI EN ISO 14001 certified entities.

In Impregilo's case, the complexity and diversity of its core business in its three strategic segments - Construction, Engineering & Plant Construction and Concessions - have very different effects on the environment depending on the type of site. Therefore, in order to be able to correctly assess the environmental impact, both the type of work being carried out and where the site is located separately have to be looked at, identifying the related impact factors.

When a new contract is started and based on the work to be carried out, based on the work schedule, the group identifies significant environmental aspects, i.e., those aspects that could significantly impact the environment. Their identification and subsequent assessment take place using specific procedures, designed by the Health, Quality, Environment and Safety Unit, applicable to all contracts. The procedures include the preparation and updating of a register and identification of actions to improve situations which are implemented to minimise or eliminate the contract's impact on the environment.

The significance of environmental impacts is assessed using a methodology prepared considering criteria which are given different weights, depending on their importance. These criteria are:

- the probability that the event will occur;
- the seriousness for the environment;
- how long the impact will last;
- how difficult it will be to restore the original situation;
- the effects on the group's reputation.

Once the significant environmental aspects have been identified, the main effects of the contract on the different environmental components: soil and subsoil; surface and underground watercourses, atmosphere, noise and vibrations and the use of non-renewable resources are analysed for each general category of work (underground tunnels and works, bridges and viaducts, railway and road works and dams).

UNDERGROUND TUNNELS AND WORKS

The **significant environmental aspects** are:

- *Soil and subsoil*

Tunnel boring produces debris that has to be transported to low impact deposits entailing the use of heavy vehicles. The debris can be used for other works at the site or to restore despoiled land, rehabilitating discontinued quarries or building public works such as parks and car parks.

- *Underground watercourses*

Tapping into underground watercourses during the boring of a tunnel can have significant consequences, especially in the case of large groundwater reservoirs or in very long tunnels.

In order to prevent contaminating the soil and subsoil, the group adopts all possible precautions and uses products that are as compatible as possible with the environment instead of traditional products. Moreover, waste water is collected and treated to eliminate any trace of pollutants before it is returned to the environment.



- *Noise*

The noise made by the fans near tunnel entrances needed to ensure the correct exchange of air inside tunnels have special noise protection devices to lessen this impact.

- *Non-renewable resources*

Consumption of energy, fuel and other non-renewable resources is considerable for underground works. The group uses the most efficient, low consumption equipment to counter this effect.

BRIDGES AND VIADUCTS

The **significant environmental aspects** are:

- *Surface watercourses*

When constructing bridge piling, movement of the riverbed or accidental discharges of construction materials may cause the water to become more turbid, impacting the habitat of aquatic organisms.

Although these effects cease when the works are completed, Impregilo prefers to build longer sections avoiding the use of piling or to deviate the watercourse temporarily so as to minimise the impact on the aquatic ecosystem where it is working and downstream.

- *Soil and subsoil*

During construction of bridge piling, the group minimises pollution of the soil caused by interfering with the direction of an shallow underground watercourse or due to highly permeable soil.

- *Non-renewable resources*

Consumption of energy and raw materials, such as water, cement (or concrete) and iron can be rationalised and optimised to reduce the impact on the environment while respecting the contract requirements.

- *Atmosphere*

The heavy vehicles used at a site have a significant indirect impact on air quality, which can be decreased by using low impact vehicles and scheduling their correct maintenance.



RAILWAY AND ROAD WORKS

The **significant environmental aspects** are:

- *Surface*

The construction of embankments and cuttings require large volumes of soil that has to be moved and compacted by machinery. Earth from nearby quarries or inertial materials from other areas of the site treated in crushing facilities can be used to reduce the impact of this activity.

- *Non-renewable resources*

The movement of heavy vehicles entails the considerable use of fossil fuel such as diesel and petrol; this can be reduced by using more efficient and low consumption machinery.

- *Atmosphere*

The heavy vehicles produce a large quantity of exhaust gas. The effects on air quality can be reduced by using efficient vehicles and scheduling their correct maintenance. Moreover, to avoid dust dispersal from their transit, the tracks are dampened regularly.

- *Noise and vibrations*

In order to contain the noise created by machinery, especially in the areas near sites, noise barriers, which can be support structures, absorption panels, rows of trees or shrubs which both absorb the noise and reduce the visual impact, are used.

In order to prevent possible damage to buildings in the surrounding areas due to vibrations caused by the compaction of embankments, Impregilo has specific vibration monitoring systems.

DAMS

The **significant environmental aspects** are:

- *Surface*

When the dam walls need to be anchored to natural walls, similar effects to those of underground works are obtained. Specialised techniques are used for the foundations to build the diaphragm walls, jet-grouted diaphragm walls, waterproofing and strengthening injections. Another key aspect is the requirement for large quantities of material to fill in the dam (for dams using back filling) for which the earth set aside can be used.

- *Surface watercourses*

The sometimes significant interference caused by building a dam on the quality of the related river water and, therefore, on the local aquatic organisms, is usually limited by deviating the water course into the discharge tunnels. By bypassing the area where the work is being carried out, the risk of contaminating the water by external elements is avoided.

- *Non-renewable resources*

Impregilo makes the greatest use of more environmentally compatible materials to decrease the considerable consumption of energy and raw materials such as water, cement (or concrete), inertial materials and additives.

- *Noise*

The noise generated during the works is mitigated through the use of special absorption panels.

In addition to the significant environmental aspects described above, the issues of waste management and landscaping also have to be considered.



- *Waste management*

Waste generated during construction of large-scale infrastructure and engineering works can be grouped into two separate categories: urban waste, from logistics sites where all the support activities for the industrial production are carried out such as offices, accommodation for non-resident workers, canteens, laboratories, first aid unit and recreational facilities for workers; and special waste deriving from the actual industrial activities.

Impregilo complies with the separate waste collection requirements for both types of waste, storing it temporarily in different containers, depending on the type of waste, and subsequently disposing of it using authorised waste collectors.

Our social responsibility

Impregilo is fully aware that its human resources are fundamental to its existence, development and success. The company is committed to developing their skills and to fostering employees' skills and potential, encouraging relationships based on mutual trust so that they can meet their growth and improvement targets.

Company management has introduced an effective internal/external communication process aimed at promoting the exchange of information about fundamentally important issues for the company's development, such as, for example, the integrated Quality-Environment-Safety system, using:

- the internet site and, especially, the internal portal ("the Bridge") which has information about the system (manual, procedures, instructions, etc.) and also the laws, decrees and regulations useful for performing contracts;
- institutional (financial statements, organisational instructions, operating circulars, press releases, periodic meetings) and informal (notice boards, e-mail) tools;
- periodic meetings, meetings with personnel and the ongoing dialogue with the company's stakeholders (the market, customers, supervisory bodies, contractors, suppliers, etc.);
- the Environmental report.

This approach, hinged on dialogue with its employees, is also adopted when managing aspects linked to health and safety in the workplace, relationships with the trade unions, with which the group has a transparent and constructive relationship, and with the local bodies involved in carrying out contracts.



EVENTS AFTER THE REPORTING PERIOD

Reference should be made to the section on "Non-current assets classified as held for sale and discontinued operations - USW Campania projects" for details on the events that have taken place since 31 December 2010 with respect to the USW Campania projects.

As mentioned earlier in this report, the far-reaching political crisis that developed in Libya in February 2011 has degenerated into a situation of violent conflict and possible solutions are still unclear. Impregilo group is active in this country through its controlling investment in a local company and is closely monitoring the situation. The activities in which the Libyan subsidiary was engaged up until the outbreak of the conflict were important public works of interest to the country and for which the limited investments made have been fully covered by the contractually provided for advances. Accordingly, at the date of this report, the group does not deem recovery of these amounts to be critical. However, the effective return to, and development of, production in the near term is very uncertain. This uncertainty has been reflected in the forward-looking assessments that, therefore, do not consider the local unit's potential as a contributor to revenue in 2011.

No other significant events have taken place since 31 December 2010.

OUTLOOK

The outlook for the group's reference markets in Italy and abroad would appear complex again for 2011 and the group does not expect to see a change in the current trends.

The group's healthy order backlog (in quantitative and qualitative terms) and its balanced financial situation back up its expectation that its 2011 results should continue to be positive. Specifically, revenue is forecast to increase with a stable operating profit in line with 2010 before the previously described non-recurring items. The debt/equity ratio is also expected to remain stable.

The group's operating and legal situation vis-à-vis the proceedings for the USW Campania projects and the high speed/capacity railway contract in Tuscany continues to be complex and will continue to be critical. Due to the very complicated nature of the proceedings, which involve government bodies, regional and provincial authorities and many municipal authorities in Tuscany and Campania, and the complexity of the related court procedures, the group cannot exclude that events may take place in the future that are not currently foreseeable and which could modify its valuations made to date.



OTHER INFORMATION

Treasury shares

At the date this report was prepared, the parent did not hold any treasury shares either directly or indirectly.

Company bodies

In their meeting of 7 May 2008, the shareholders appointed new boards of directors and statutory auditors for the parent. They have a term of office of three years, i.e., until approval of these financial statements at 31 December 2010.

Following Giancarlo Guenzi's resignation on 26 July 2010, the board of directors appointed Fabio Cerchiai to replace him on the same date.

The members of the boards are presented in the section entitled "Company officers".

Judicial investigations - Milan Court (proceedings commenced at the Monza Court)

Following the proceedings initiated by the public prosecutor before the Monza Court for crimes covered by articles 81 and 110 of the Penal Code and articles 2621 and 2637 of the Italian Civil Code, in which the former chairman of the board of directors and the former CEO of Impregilo at the time of the alleged crimes are under investigation, Impregilo S.p.A. and Imprepar S.p.A. were subjected to a preliminary investigation relating to an alleged administrative violation in relation to the crimes covered by article 25-ter.a) and r), article 5 and article 44 of Legislative decree no. 231/2001.

The public prosecutor notified the company of the allegations against its former chairman and former CEO on 13 October 2005.

The allegation is that the company "prepared and implemented an organisational model not suitable to prevent the crimes" that the directors under investigation allegedly committed and from which it benefited.

The proceedings have been long and torturous and, finally, in the hearing of 12 July 2007, accepting the related exceptions that the defence counsel of the defendants and companies involved in the case had raised since the preliminary hearing, the Milan Court ruled on a preliminary basis "the invalidity of the ruling issued by the Judge for the Preliminary Hearing at the Milan Court on 21 February 2007 in the hearing pursuant to article 416 of the Criminal Procedural Code" and that the acts were to be returned to the Milan public prosecutor's office.

The Milan public prosecutor re-opened the proceeding and presented the Judge for the Preliminary Investigation with a request for its filing in November 2007. On 13 February 2009, the Judge for the Preliminary Investigation accepted the public prosecutor's request for a part of the charges and ordered the filing. As a result, Imprepar S.p.A. has been excluded from the proceedings. The Judge deferred the acts to the public prosecutor for the formulation of the charges for the part of the request which was not accepted. With respect to the part of the charges for which the Judge for the Preliminary Hearing did not order its filing, the company presented a request for a prompt trial. The public prosecutor requested that a ruling of "dismissal" be handed down for the remaining charges in the hearing of 21 September 2009.

In the hearing of 17 November 2009, Impregilo was acquitted of the first charge due to the lack of an element of the cause of action and of the second as it is not punishable under article 6 of Legislative decree no. 231/01 as it has a suitable organisational model.

In April 2010, the public prosecutor appealed against this ruling.



Judicial investigations – Naples Court

Reference should be made to the section on “Non-current assets held for sale and discontinued operations - USW Campania projects” for details on the events that have taken place with respect to the USW Campania projects.

Judicial investigations - Florence Court

Reference should be made to the section on the Construction segment (Risk areas) for details of the proceedings in which Consorzio C.A.V.E.T. is involved.

Compliance with the conditions of article 36 of the Stock Exchange Regulation

Impregilo confirms that it complies with the conditions of article 36 of Consob regulation no. 16191 (“Regulation on markets”), based on the procedures adopted before article 36 was effective and the availability of the related information.

Data protection document

ANNEX B. TECHNICAL RULES FOR MINIMUM SECURITY MEASURES (articles 33 - 36 of Legislative decree no. 196 of 30 June 2003) - rule 26

The Process Owner reports that the personal data protection document has been updated within the legal deadline of 31 March 2011.

Investments held by directors, statutory auditors, general managers and key managers

With respect to the disclosures required by article 79 of the Issuer Regulation no. 11971/99, the following table sets out the investments in Impregilo S.p.A. and its subsidiaries held by the directors, statutory auditors and key managers, directly or via subsidiaries, trustees or nominees, at 31 December 2010 as shown in the shareholder register, communications received and other information acquired from the directors and statutory auditors.

Name	Company	No. of shares held at the end of the previous year	No. of shares purchased	No. of shares sold	No. of shares held at year end
Cavenenghi Alfredo	Impregilo S.p.A.	15,000			15,000
Talarico Antonio	Impregilo S.p.A.	60,000			60,000
Ponzellini Massimo	Impregilo S.p.A.		4,600		4,600
Amadio Vittorio	Impregilo S.p.A.	25			25

Related party transactions

On 30 November 2010, the parent's board of directors unanimously approved the procedure for related party transactions required by Consob regulation no. 17221 of 12 March 2010. Accordingly, the independent directors expressed their unanimous approval. This procedure will be applicable from 1 January 2011 except for the transparency regime which has been effective from 1 December 2010, replacing the relevant guidelines.

Note 17 to the consolidated financial statements and note 15 to the separate financial statements of Impregilo S.p.A. give details of and the amounts involved in related party transactions, as defined by IAS 24.

Research and development

Pursuant to article 2428 of the Italian Civil Code, we note that the group did not undertake any research and development activities during the year.

Alternative performance indicators

As required by Consob communication no. 6064293 of 28 July 2006, details of the performance ratios used in this report and in the group's institutional communications are given below.

Financial ratios:

Debt/equity ratio: this ratio shows net financial position (shown with a minus sign when negative, i.e., net financial indebtedness) as the numerator and equity as the denominator. The statement of financial position items making up the financial position are given in the related schedules and highlighted with an asterisk (*). The equity items are those included in the relevant section of the statement of financial position. For consolidation purposes, equity used for this ratio also includes that attributable to non-controlling interests.

Performance ratios:

1. **EBITDA or Gross operating profit:** this ratio shows the sum of the following captions included in the income statement:
 - a. Total revenue
 - b. Total Costs, less amortisation and depreciation.This can also be shown as the ratio of EBITDA to total revenue.
2. **EBIT or Operating profit:** the operating profit given in the income statement, being the sum of total revenue and total costs.
3. **Return on sales or R.o.S.:** given as a percentage, shows the ratio of EBIT (as calculated above) to total revenue.





REPORT ON CORPORATE GOVERNANCE AND SHAREHOLDING STRUCTURE

pursuant to article 123-bis of Legislative decree no. 58/1998
("Consolidated Finance Act") (traditional administration and control model)



1. ISSUER PROFILE

The corporate governance structure adopted by Impregilo S.p.A. (the "Issuer" or the "company") is based on the guidelines set out in the Code of Conduct adopted by the Committee for Corporate Governance of Listed Companies (the "Code") as it holds that adoption of a structured governance system allows the company to operate at maximum efficiency conditions and also ensures growing levels of transparency which increase investors' confidence in it.

Impregilo is currently the leading general contractor in Italy and one of the most important general construction groups internationally. Thanks to its business and organisational skills, technical and financial expertise, risk management abilities, time and cost optimisation capacity, the group has an unrivalled wealth of expertise and skills which enables it to play a leadership role in the civil engineering large-scale works market and large-scale infrastructure and plant construction business.

This report's scope is to illustrate the company's corporate governance model and provide a brief description of how it has been implemented.

It is based on the specially designed model prepared by Borsa Italiana S.p.A., assisted by Assonime (Second edition - February 2010).

2. INFORMATION on the SHAREHOLDING STRUCTURE (article 123-bis.1 of the Consolidated Finance Act) (at 16 March 2011)

a) Share capital structure (article 123-bis.1.a) of the Consolidated Finance Act)

Subscribed and paid-up share capital in Euros: **718,364,456.72**

Share categories: **ordinary and savings.**

In their extraordinary meeting of 12 October 2004, the shareholders eliminated the nominal value of both classes of shares.

	No. of shares	% of share capital	Stock exchange
Ordinary shares	402,457,937	99.60	MTA
Savings shares	1,615,491	0.40	MTA

To date, Impregilo S.p.A. has not issued other financial instruments that give the right to subscribe newly issued shares.

The Issuer does not have stock option plans.

b) Share transfer restrictions (article 123-bis.1.b) of the Consolidated Finance Act)

Impregilo S.p.A. does not have any restrictions on share transfers.

c) Significant investments in share capital (article 123-bis.1.c) of the Consolidated Finance Act)

Based on the statements made in accordance with article 120 of the Consolidated Finance Act, shareholders with investments of more than 2% in the Issuer's ordinary share capital are currently:

Declarant	Direct shareholder, if different to the declarant	% of ordinary shares
IGLI S.p.A.		29.959
UBS AG		3.885
AMUNDI S.A.		3.728
BLACKROCK INC. (*)		2.075

(*) BlackRock Asset Management Australia Limited (88,089 shares), BlackRock Asset Management Japan Limited (160,696 shares), BlackRock Advisors (UK) Limited (2,741,290 shares), BlackRock Institutional Trust Company N.A. (4,545,803 shares), BlackRock Fund Advisors (399,231 shares), BlackRock Financial Management Inc. (35,554 shares), BlackRock Investment Management LLC (187,203 shares), BlackRock Asset Management Ireland Limited (137,528 shares), BlackRock International Limited (54,716 shares).

d) Shares that give special rights (article 123-bis.1.d) of the Consolidated Finance Act)

Impregilo S.p.A. has not issued shares that give special rights.

e) Employee involvement in share capital: voting rights exercise mechanism (article 123-bis.1.e) of the Consolidated Finance Act)

Impregilo S.p.A. does not have a plan whereby its employees are involved in its share capital.

f) Restrictions on voting rights (art. 123-bis.1.f) of the Consolidated Finance Act)

Impregilo S.p.A. does not have any restrictions on voting rights.

g) Shareholder agreements (article 123-bis.1.g) of the Consolidated Finance Act)

The Issuer is aware of the following shareholder agreements, considered to be material under article 122 of Legislative decree no. 58 of 24 February 1998:

- shareholder agreement between TeSir S.r.l. on the one side, and Argo Finanziaria S.p.A., Autostrade per l'Italia S.p.A. and Immobiliare Lombarda S.p.A. on the other related to Igli S.p.A. and Impregilo S.p.A.;
- shareholder agreement between Argo Finanziaria S.p.A., Autostrade per l'Italia S.p.A., Immobiliare Fondiaria-SAI S.r.l., Immobiliare Milano Assicurazioni S.r.l. and Immobiliare Lombarda S.p.A. related to Igli S.p.A. and Impregilo S.p.A..

Abstracts of the above agreements, made public as required by article 122 of Legislative decree no. 58 of 24 February 1998 and articles 129 and 130 of Consob resolution no. 11971/99, as subsequently amended (the "Issuer Regulation"), are given in an annex to this report.

h) Change of control clause (article 123-bis.1.h) of the Consolidated Finance Act)

The Issuer is not controlled by another entity.



i) **Mandates to increase share capital and to repurchase treasury shares (article 123-bis.1.m) of the Consolidated Finance Act)**

The board of directors is not authorised to increase share capital.

The shareholders have not authorised the repurchase of treasury shares.

l) **Management and coordination (article 2497 and following articles of the Italian Civil Code)**

The company is not managed or coordinated by other companies or entities.

The information required by article 123-bis.1.i) and l) of the Consolidated Finance Act is set out in the relevant sections of this report on the directors' fees (section 9) and the board of directors (section 4.1).

3. COMPLIANCE (article 123-bis.2.a) of the Consolidated Finance Act)

Impregilo S.p.A. has complied with the requirements of the original version of the Code of Conduct issued by the Committee for Corporate Governance of Borsa Italiana S.p.A. and the subsequent version published in July 2002.

Following publication of the new Code of Conduct in March 2006 by the above Committee, the Issuer's board of directors' meeting of 20 December 2006 resolved to request the internal control committee to perform an in-depth comparative analysis of the company's corporate governance structure compared to the Code requirements and to provide the board with its assessments, opinions and proposals about alignment with the Code and necessary actions.

Based on such analysis and proposals, the board meeting of 12 March 2007 resolved to comply with the Code of Conduct drawn up by the Committee for Corporate Governance of Borsa Italiana S.p.A. (March 2006 version), available on the internet site www.borsaitaliana.it, with the exceptions set out below.

Specifically, in order to align its corporate governance structure with the standards and criteria of the Code, the board of directors resolved:

- **with respect to criterion 1.C.1.b)**, to classify FISIA Italmimpianti S.p.A., Impregilo International Infrastructures N.V. and Ecorodovias Infraestruturas e Logística (formerly Primav Ecorodovias) S.A. as "strategic subsidiaries"; to assess the organisational, administrative and accounting structure of the Issuer and strategic subsidiaries Impregilo International Infrastructures N.V. and Ecorodovias Infraestruturas e Logística S.A., setting measures to be adopted for FISIA Italmimpianti S.p.A.'s organisational structure;
- **with respect to criterion 1.C.1.f)**, to adopt the rules described in section 4.3 of this report;
- **with respect to criterion 1.C.1.g)**, to perform once a year, during the meeting held to approve the financial statements, an assessment of the size, composition and working of the board of directors itself and its committees;
- **with respect to criterion 1.C.3.**, to adopt the rules described in section 4.2 of this report;
- **with respect to criterion 2.C.1.**, to confirm the previous assessment stated in the board meeting of 7 July 2005 and, therefore, consider the directors members of the executive committee as non-executive, given that current participation in this committee, considering the frequency of the meetings and subject of the related resolutions, does not entail the systematic involvement of its members in the day-to-day management of the company nor does it lead to a significant increase in their remuneration compared



to that received by the other non-executive directors; and, therefore, only the managing director qualifies as an executive director;

- **with respect to criterion 2.C.2.**, as proposed by the chairman, that the relevant internal functions provide all the directors and statutory auditors with access to the company's intranet site to allow their direct access to the documentation and information posted thereon; and to organise their involvement in the training course on the Organisational, management and control model; on 30 November 2010, a training session was held during a board meeting for the directors and statutory auditors about Legislative decree no. 231/01 and the Issuer's Organisational, management and control model with the attendance of the members of the supervisory board, pursuant to article 6 of Legislative decree no. 231/01, and the company's consultants;
- **with respect to criterion 3.C.4.**, to generally comply with the requirements set by the Code about directors' independence and that any non-compliance therewith should be justified;
- **with respect to criterion 3.C.5.**, that the outcome of the controls performed to check the correct application of the criteria and procedures put in place by the board to assess the independence of its members be communicated by the board of statutory auditors to the market in its report to the shareholders. The board of statutory auditors stated that it approves of this resolution during the board meeting;
- **with respect to criterion 3.C.6.**, that the independent directors meet annually, before the board meeting held to approve the financial statements, for self-assessment purposes and that any remedial action to be taken be examined with respect to the role played by independent directors within the board; they will report to the board on their findings;
- **with respect to criterion 4.C.1.**, to approve a specific "Procedure for the internal management and external communication of documents and information" to replace the "Internal regulations for disclosing "price sensitive" documents and information to the market", approved by the board of directors on 27 March 2001, as described in section 5 of this report;
- **with respect to criterion 5.C.1.c)**, to make available to the internal control and remuneration committees an annual budget of euro 25,000 per committee to be used for any necessary consultancy or other services to carry out their duties. The prior authorisation of outlays is not necessary although the committees are required to document their expenses. They may also avail of internal information and personnel;
- **with respect to standard 6.P.2.**, **not to set up** an appointment committee as, to date, the shareholders have not encountered difficulties in proposing suitable candidates (and no such difficulties are envisaged) such that the composition of the board of directors complies with that recommended by the Code;
- **with respect to criterion 6.C.1.**, to comply with the criterion proposing the related change in the by-laws to the shareholders in their extraordinary meeting; the shareholders actually resolved to change the by-laws in their extraordinary meeting of 27 June 2007; following the new rules introduced by Legislative decrees nos. 27 and 39 of 27 January 2010, the board of directors amended article 20 of the by-laws again pursuant to article 24 of the same by-laws, as described in section 4.1 of this report;
- **with respect to criterion 7.C.3.**, to assign the duties as per such criterion to the remuneration committee; and that this committee will appoint a chairman from among its members and draw up new rules for its working;
- **with respect to standard 8.P.4.**, to ensure that, based on the information provided by the members of the internal control committee, all the members have proper accounting and financial experience;
- **with respect to criterion 8.C.1.a)**, considering changes in legislation over time and in the organisational structure, to postpone the procedure, and, when and if necessary, to update the "Guidelines for internal control policies" approved by the board of directors



on 21 March 2000 with the assistance of the internal control committee; the board adopted a document setting out the “Guidelines for the internal controls of IMPREGILO S.p.A.” as proposed by the internal control committee with its resolution of 25 March 2009. This document replaced the “Guidelines for internal control policies” approved by the board of directors on 21 March 2000. The new Guidelines define and set out the objectives of the internal controls, the guiding principles and the parties in charge of it (the board of directors, the CEO as the Executive director in charge of internal controls, the internal control committee, the internal control supervisor, the board of statutory auditors, the independent auditors, the manager in charge of financial reporting and the supervisory board pursuant to article 6 of Legislative decree no. 231/01) and the components making up the internal controls being the organisational structure, the proxies and delegation system, the Organisational, management and control model, the Impregilo group Code of Ethics and internal organisational documents;

- **with respect to criterion 8.C.1.b)**, to nominate the CEO as the “Executive director in charge of internal controls”;
- with respect to the last paragraph of criterion **8.C.1.**, to set the remuneration of the internal control supervisor after consulting the internal control committee and upon the proposal of the CEO, as the Executive director in charge of internal controls;
- **with respect to criteria 8.C.1. and 8.C.3.**, to give the internal control committee the duties and functions set out in letters a), b), c), f) and g) of criterion 8.C.3 and those in criteria 8.C.1 and 9.C.1; moreover, considering the positive opinion of the board of statutory auditors (reiterated by the present statutory auditors in their meeting of 7 May 2008), to assign it the duties and functions set out in letters d) and e) of criterion 8.C.3. without altering the fact that the board of statutory auditors will have to carry out such duties and functions in compliance with the methods that allow the board of directors to review its work which should be made available on a timely basis; that the committee will appoint a chairman from among its members and will draw up operating rules; that the committee will meet at least four times a year and always when the annual, interim financial and quarterly reports are being approved;
- **with respect to criterion 8.C.5.**, to give the “Executive director in charge of internal controls” the duties and functions set out in such criterion;
- **with respect to criterion 8.C.6.**, to define the duties of the internal control supervisor in line with such criterion; and that this person also reports to the CEO as the “Executive director in charge of internal controls”;
- **with respect to criterion 9.C.1.**, given the recent changes in the company’s shareholding structure, to postpone adoption of the new “Guidelines for transactions with related parties”; the board of directors approved a specific new procedure on 30 November 2010 after receiving the favourable opinion of the Committee for related party transactions, pursuant to article 2391-bis of the Italian Civil Code and article 4.1/3 of the Consob regulation which sets out instructions for related party resolutions adopted with resolution no. 17221 of 12 March 2010 and subsequently amended with resolution no. 17389 of 23 June 2010; on 29 November 2010, the board of statutory auditors assessed the new procedure’s compliance with the criteria set out in the Regulation; this procedure described in section 12 of this report sets out the rules, methods and criteria aimed at ensuring the transparency and substantial and procedural correctness of related party transactions carried out by the Issuer either directly or via its subsidiaries;
- **with respect to criterion 9.C.2.**, that, subject to the provisions of article 2391 of the Italian Civil Code, directors with interests, either directly or on behalf of third parties, in a corporate transaction to be approved by the board of directors or executive committee may participate in the related discussions and vote thereon as such participation represents a reason for taking a responsible



decision about a transaction about which the director may have greater knowledge than the other directors; that, however, the board of directors or executive committee may ask such directors to leave the meeting during the discussion on a case-by-case basis;

- **with respect to standard 10.P.3.; and application criteria 10.C.6. and 10.C.7.**, to adopt the "Guidelines for relations with the board of statutory auditors" after the latter's approval, available on the internet site www.impregilo.it, in the "Corporate Governance – Corporate documents – Other documents" section;
- **with respect to criterion 10.C.7.**, to propose to the shareholders, in an extraordinary meeting, that the lists of candidate statutory auditors are to be deposited at the company's registered office at least fifteen (rather than ten, as provided for on 12 March 2007) days before the date set for the meeting; in their extraordinary meeting of 27 June 2007, the shareholders actually modified the by-laws; following the new rules introduced by Legislative decrees nos. 27 and 39 of 27 January 2010, the board of directors amended article 29 of the by-laws again, pursuant to article 24 of the same by-laws, as described in section 13 of this report;
- **with respect to criterion 11.C.1.**, that the document explaining how shareholders may participate in shareholders' meetings and exercise their voting rights will be published and posted on the internet site www.impregilo.it, in the "Corporate Governance – Corporate documents – Other documents" section;
- to note that the company's corporate governance system already complies with the other provisions of the Code.

Impregilo S.p.A. and its strategic subsidiaries are not subject to non-Italian legislation that would affect the Issuer's corporate governance structure.



4. BOARD OF DIRECTORS

4.1 APPOINTMENT AND REPLACEMENT (article 123-bis.1.l) of the Consolidated Finance Act)

Article 20) of the Issuer's by-laws states that *"the company is run by a board consisting of fifteen members.*

Those candidates that meet the requirements set by the legislation and regulations in force at the time of their appointment may accept such appointment.

Directors are elected using lists presented by the shareholders (using the methods described below) in which the candidates are set out in consecutive order.

In order to be valid, each list includes at least two candidates that meet the independence requirements established by law. They are shown separately and one of the two heads the list.

The lists are deposited at the Issuer's registered office at least twenty-five days before the date of first call of the shareholders' meeting, as detailed in the notice calling the meeting.

Shareholders, shareholders forming part of significant shareholder agreements as per article 122 of Legislative decree no 58/1998, the parent, subsidiaries and jointly controlled entities as per article 93 of Legislative decree no. 58/1998 may not present, or be involved in presenting (also via trustees or nominees), more than one list. Nor can they vote (also via trustees or nominees) for more than one list. Moreover, each candidate may only be present in one list in order to be eligible. Inclusion in more than one list or votes for more than one list is/are not counted.

Only those shareholders that, either individually or together with other shareholders, own shares making up at least 2% of the share capital with voting rights at ordinary meetings (or a smaller percentage set by mandatory legislative or regulatory instructions), may present lists (Consob established the percentage as 2% for the presentation of lists for the election of the directors and statutory auditors of Impregilo S.p.A., pursuant to the Consolidated Finance Act and the Issuer Regulation in its regulation no. 17633 of 26 January 2011).

Together with each list and within the timeframe described earlier, the shareholders deposit: (i) statements whereby each candidate accepts their candidature and states, under their own responsibility, the inexistence of any reasons for ineligibility or incompatibility and the existence of the requirements for the relevant offices; (ii) a professional and personal profile of each candidate and mention of whether they qualify as independent and any offices held as director or statutory auditor in other companies; and (iii) any other information that is requested in the notice calling the shareholders' meeting and required by the applicable law or regulations.

In addition, the relevant certificate issued by a legally-authorised broker, showing ownership to the number of shares necessary to present lists at the date of depositing the list with the company within the deadline set by the relevant laws for the publication of lists, is also to be lodged.

Lists which are presented that do not meet the above requirements are considered not to have been presented.

The following procedure is carried out to elect the directors: a) when there is at least one list that has received votes making up at least 29% of the share capital with voting rights at ordinary shareholders' meetings, the 14 directors to be appointed are taken from the list which got the most votes in the order in which they are set out in the list while the other director is taken from the list presented by



minority shareholders that got the most votes and is not linked in any way (directly or indirectly) to the shareholders that presented or voted for the list that got the most votes. Should the first two lists have received the same number of votes, seven directors are taken from each one in the order in which they are set out therein while one director is taken from the list that came third in terms of the votes received and is not linked in any way (directly or indirectly) to the shareholders that presented or voted for the lists that got the most votes. If only two lists are presented, the fifteenth director is the oldest candidate from those not taken from the first two lists;

b) if none of the lists gets votes equal to at least 29% of the share capital with voting rights at ordinary shareholders' meetings, the 15 directors are taken from all the lists presented as follows: the votes obtained by the lists are divided by entire numbers from one to 15. The resulting scores are assigned to the candidates of each list in consecutive order using the order in which they are included in the lists. The candidates are then included in a single decreasing order list, based on the scores given to each one.

Those with the highest score are elected. If more than one candidate has the same score, the one from the list that has not had any director elected from it or has had the smallest number of directors elected is taken.

Lists that do not obtain a vote percentage equal to at least half that set by the by-laws for the presentation of lists are not considered.

Should no lists be presented or those presented not be accepted for voting purposes, the shareholders use the majority vote system, without considering the above procedure, while ensuring the necessary number of directors with the independence requirements set by law (as the company's by-laws do not include additional requirements to those established by law).

The list voting procedure is only used when an entire board is being appointed.

Should one or more directors leave their position during the year, in order to ensure that the majority of the board is always made up of directors appointed by the shareholders, the board of directors replaces them pursuant to article 2386 of the Italian Civil Code, appointing candidates from the list to which the former director belonged, in consecutive order, and whom are still eligible and willing to accept the position. Directors who have left office are always replaced considering the minimum number of directors with the independence characteristics required by law. If there is no longer a majority, the remaining directors also fall from office with effect from when the board is re-elected by the shareholders".

The Issuer is not subject to additional requirements for its board's composition other than those imposed by the Consolidated Finance Act (especially with respect to the representation of minority investors and/or the number and characteristics of the independent directors).



4.2. Composition (article 123-bis.2.d) of the Consolidated Finance Act)

Composition of the current board and committees at year end

Position	Members	In office since	In office until	Board of directors					Ind. as per Cons. Finance Act	No. of other positions	Internal control committee		Remuneration committee		committee
				List (M/m)	Esec-utive	Non-exec-utive	Independ-ent as per Code				%		%		%
Chairman	Massimo Ponzellini	07.05.08	Shareholders' meeting to approve 2010 financial statements	SOLE		X			100	5			P	100	
Deputy chairman	Giovanni Castellucci	07.05.08	Shareholders' meeting to approve 2010 financial statements	SOLE		X			88.88	4					M 90
Deputy chairman	Antonio Talarico	07.05.08	Shareholders' meeting to approve 2010 financial statements	SOLE		X			100	9					M 90
CEO	Alberto Rubegni	07.05.08	Shareholders' meeting to approve 2010 financial statements	SOLE	X				100	-					P 100
Director	Carlo Buora	07.05.08	Shareholders' meeting to approve 2010 financial statements	SOLE		X	X	X	55.55	3			M	100	
Director	Alfredo Cavaneghi	07.05.08	Shareholders' meeting to approve 2010 financial statements	SOLE		X	X	X	88.88	13	P	100	M	100	
Director	Fabio Cerchiai	27.07.10	Shareholders' meeting to approve 2010 financial statements	Appointed by board as per article 2386 of the Italian Civil Code											
						X			75	5					
Director	Claudio Cominelli	07.05.08	Shareholders' meeting to approve 2010 financial statements	OFF LIST APPOINTMENT (I)		X	X	X	100	-			M	100	
Director	Nicola Fallica	07.05.08	Shareholders' meeting to approve 2010 financial statements	SOLE		X			88.88	2	M	100			
Director	Beniamino Gavio	07.05.08	Shareholders' meeting to approve 2010 financial statements	SOLE		X			100	3					M 100
Director	Marcello Gavio	07.05.08	Shareholders' meeting to approve 2010 financial statements	SOLE		X			88.88	2					M 100
Director	Maurizio Maresca	07.05.08	Shareholders' meeting to approve 2010 financial statements	SOLE		X	X	X	100	5	M	75	M	100	
Director	Andrea Novarese	07.05.08	Shareholders' meeting to approve 2010 financial statements	SOLE		X			66.66	11					M 80
Director	Giuseppe Piaggio	07.05.08	Shareholders' meeting to approve 2010 financial statements	SOLE		X			88.88	8					M 100
Director	Alberto Sacchi	07.05.08	Shareholders' meeting to approve 2010 financial statements	SOLE		X			88.88	5					

DIRECTORS WHO LEFT OFFICE DURING THE YEAR:

Director	Giancarlo Guenzi	07.05.08	26.07.10	SOLE		X			100	5					

Quorum required to present lists at time of last appointment:

2%

No. of meetings held during the year:

BoD: 9 ICC: 4 RC: 2 EC: 10

(I) In their meeting of 7 May 2008, the shareholders appointed a new board of directors for three years until the meeting to be held to approve the financial statements at 31 December 2010, based on the sole list presented by the shareholder Igli S.p.A. (14 candidates) and a nomination (for Claudio Cominelli) made during the meeting by Generali group. Votes in favour of the new board approximated 99.96% of the voting rights for this resolution, equal to roughly 38.63% of the company's overall voting rights.

KEY	
Position:	shows whether chairman, deputy chairman, CEO, etc.
List:	shows M/m depending on whether director has been appointed from the list voted by the majority or minority shareholders (article 144-decies of the Consob Issuer Regulation)
Executive:	"x" in this column if director qualifies as executive
Non-executive:	"x" in this column if director qualifies as non-executive
Independent:	"x" in this column if director qualifies as independent in line with the Code criteria, specifying if these criteria have been integrated or modified at the end of the table
Ind. as per Cons. Finance Act:	"x" in this column if director qualifies as independent as per article 148.3 of the Consolidated Finance Act (article 144-decies of the Consob Issuer Regulation)
%:	attendance at board or committee meetings as a percentage (when percentage is calculated, number of meetings which director attended compared to total number of meetings held during the year or after the director was appointed) is considered
No. of other positions:	total number of positions held in other companies listed on regulated markets (also foreign), in financial companies, banks, insurance companies or significant size companies, identified in accordance with Consob criteria. A list of these companies is attached to this report for each director, showing whether the company in which they hold the position is part of the Issuer's group.
C/M:	Chairman/member of internal committee

There have not been any changes in the board or its committees since year end.

Maximum number of positions held in other companies

- In its meeting of 12 December 2007, the board resolved to adopt a specific rule:

"Whereas for the purposes of this rule, "companies of significant size" are:

- Italian companies listed on Italian or other EU state regulated markets;*
- banks, financial brokers pursuant to article 107 of Legislative decree no. 385 of 1 September 1993, stock brokerage companies pursuant to article 1.1.e) of the Consolidated Act, variable capital investments companies (OEICs) pursuant to article 1.1.i) of the Consolidated Act, fund management companies pursuant to article 1.1.o) of the Consolidated Act, insurance companies pursuant to article 1.1.s), t) and u) of Legislative decree no. 209 of 7 September 2005 set up as companies as per paragraphs V, VI and VII, section V, chapter V of the Italian Civil Code not listed on Italian or EU state regulated markets;*
- companies as per paragraphs V, VI and VII, section V, chapter V of the Italian Civil Code that individually or collectively at group level, if they prepare consolidated financial statements, show: i) revenue from goods and services of more than euro 500 million; or ii) assets of more than euro 800 million, not listed on Italian or other EU state regulated markets.*

the maximum number of positions that Impregilo directors may hold is:

Executive directors

The maximum number of positions as director or statutory auditor in other significant size companies cannot exceed 4.

Non-executive directors members of the executive committee

The maximum number of positions as director or statutory auditor in other significant size companies cannot exceed 6.

Non-executive directors who are not members of the executive committee

The maximum number of positions as director or statutory auditor in other significant size companies cannot exceed 8.



In order to calculate the number of positions:

- *positions in companies that are directly and/or indirectly controlled by Impregilo S.p.A., are its parents or subject to joint control are not considered;*
- *positions as substitute statutory auditor are not considered;*
- *positions held in significant size companies belonging to the same group which is not that of the Issuer are considered to have the following "weight":*
 - *first position: one*
 - *second position: one and a half*
 - *from three up: two.*

Should a director be offered new positions that would lead to their exceeding the above ceilings, they shall inform the board promptly of this so that the board can grant waivers (also temporary) to the maximum number of positions set in this rule. The waiver shall be adequately documented. It shall be described in the company's corporate governance report together with the reasons therefor."

The current composition of the board complies with the above general criteria.

4.3. ROLE OF THE BOARD OF DIRECTORS (article 123-bis.2.d) of the Consolidated Finance Act)

Pursuant to article **24** of the by-laws (available on the internet site www.impregilo.it in the Corporate Governance - Corporate documents – Other documents section), the board of directors has the widest powers for the company's ordinary and extraordinary management with no exceptions. It has the power to perform all those actions that it deems suitable to carry out the company's activities as per its business object or related activities, except for those actions reserved exclusively for the shareholders by law.

The board of directors may resolve to set up or close branches in Italy or abroad, to decrease share capital if a shareholder withdraws therefrom, to adjust the by-laws to reflect mandatory regulatory requirements, to transfer the legal offices within Italy and to merge other wholly controlled companies or companies, of which at least 90% control is held, into the parent. All of these transactions are to be carried out in accordance with articles 2505 and 2505-bis of the Italian Civil Code.

By law, the directors may not remain in office for more than three years and their term of office expires at the date of the shareholders' meeting held to approve the financial statements of the last year of their term. As not provided for otherwise in the by-laws, the directors may be re-elected.

Pursuant to article **21** of the by-laws, the board of directors elects a chairman from among its members and (possibly) one or two deputy chairmen who substitute the chairman in their absence or impediment.

Article **20** of the by-laws provides that the board of directors has 15 members.

During the year, **9** board meetings were held, with an average duration of roughly one hour and 15 minutes.

The 2011 financial calendar (available on the internet site www.impregilo.it, in the Corporate Governance - Corporate documents - Other documents section) shows that **4** meetings are scheduled to take place during the year, the first of which was held today.

The board has acknowledged that the chairman has provided the directors with the available documentation and information about the



issues to be discussed in adequate time before each meeting. Specifically, the independent directors held that the information provided by the CEO to the board was satisfactory.

The board meetings were always attended by the secretary, the manager in charge of financial reporting and the other managers, as well as, when deemed necessary, external consultants to ensure the proper and profitable working of the meetings.

With respect to criterion 1.C.1.a) of the Code, with which the board has resolved to comply, the board is authorised to examine and approve:

- the strategic, business and financial plans of the Issuer and its group;
- the Issuer's corporate governance system;
- the structure of the group headed by the Issuer.

- The board of directors found FISIA Italmobiliare S.p.A., Impregilo International Infrastructures N.V. and Ecorodovias Infraestrutura e Logística (new name of Primav Ecorodovias) S.A. to be "strategic subsidiaries" given their role as subholding of the core Engineering & Plant Construction business segment, as subholding of the core Concessions business segment and as the operator heading the group companies in Brazil and as one of the key Brazilian players in the motorway segment, respectively.
- With respect to criterion 1.C.1.b) of the Code, in its meeting of 12 December 2007 and after the meeting of the internal control committee of the same date which assessed the structure, the board found the organisational, administrative and accounting structure of the Issuer and its strategic subsidiaries, Impregilo International Infrastructures N.V. and Primav Ecorodovias (now Ecorodovias Infraestrutura e Logística) S.A. to be adequate. The board set certain measures to be adopted by FISIA Italmobiliare S.p.A. for its organisational structure. In its meeting of today, the board confirmed the structure's adequacy for the Issuer, FISIA Italmobiliare S.p.A., Impregilo International Infrastructures N.V. and Ecorodovias Infraestrutura e Logística S.A. after the internal control committee had done so in its meeting of 8 March 2011.
- The shareholders approved a gross annual fee for each director of euro 20,000 in their meeting of 7 May 2008 and an attendance fee of euro 1,000 per meeting, decreased to euro 500 for attendance via audio or video link-up. They also approved the gross annual fee for each member of the executive committee, when appointed, as an additional euro 20,000 plus an attendance fee of euro 1,000 per meeting, decreased to euro 500 in the case of attendance via audio or video link-up.

The board of directors set the gross annual fee for the chairman of the internal control committee at euro 15,000 and for the other members of the internal control committee at euro 10,000 on 14 May 2008 based on the proposal presented by the remuneration committee and after obtaining the favourable opinion of the board of statutory auditors. They also set the attendance fee for each member, including the chairman, of euro 500 per meeting, decreased to euro 250 for attendance via audio or video link-up.

In its meeting of 14 May 2008, it fixed the gross annual fee for each member of the remuneration committee at euro 6,000 after obtaining the favourable opinion of the board of statutory auditors.

- In its meeting of 14 May 2008, the board of directors fixed the CEO's remuneration based on the proposal presented by the remuneration committee and after obtaining the favourable opinion of the board of statutory auditors. On 6 November 2009, it increased the CEO's remuneration after obtaining the favourable opinion of all the remuneration committee members and the board of statutory auditors.





On 21 July 2008, it set the remuneration of the chairman and deputy chairmen proposed by the remuneration committee for the chairman's fees and obtaining the favourable opinion of the board of statutory auditors. On 14 December 2009, it increased the chairman's fees as proposed by the remuneration committee and after obtaining the favourable opinion of the board of statutory auditors.

- During its meetings, the board assessed the company's performance, comparing it to the budget objectives and considering information received from the empowered bodies.
- On 12 December 2007, the board of directors adopted the following rules with respect to criterion 1.C.1.f) of the Code:

"Without prejudice to the decisions related to resolutions to be taken by the relevant bodies of the subsidiaries, the board of directors of Impregilo S.p.A. examines, assesses and approves:

- a) the exercise by Impregilo S.p.A. of voting rights: (i) at extraordinary meetings of the shareholders of its strategic subsidiaries (as identified by the board of directors and currently FISIA Italmobiliare S.p.A., Impregilo International Infrastructures N.V. and Primav Ecorodovias S.A., hereafter the "strategic subsidiaries"); and (ii) at ordinary meetings of the shareholders of the strategic subsidiaries called to appoint their directors;*
- b) the performance of all transactions by Impregilo S.p.A. and its subsidiaries with related parties - other than "Immaterial transactions with related parties" as per the "Guidelines for transactions with related parties" currently in force and as possibly amended (currently the More important transactions that do not require shareholder approval as per the "Regulations for related party transactions", described in section 12 of this report);*
- c) the purchase and sale by Impregilo S.p.A. of investments in companies, consortia or other entities, as well as businesses or business units;*
- d) the group's business plan, budget and operating plan;*
Without prejudice to the decisions related to resolutions to be taken by the relevant bodies of the subsidiaries, the board of directors or the executive committee of Impregilo S.p.A. examines, assesses and approves:
- e) the purchase and sale by its subsidiaries of investments in companies, consortia or other entities, as well as businesses or business units, for amounts of more than euro 5 million for each transaction;*
- f) all other transactions that the board of directors of a subsidiary deems to have strategic, financial or equity importance for Impregilo S.p.A. "*

- With respect to criterion 1.C.1.g) of the Code, and as resolved by the board of directors on 12 March 2007 and set out in section 3 of this report, during its meeting of 16 March 2011, the board assessed the size, composition and working of the board itself and its committees, following the review of the internal control committee that met on 8 March 2011, without raising any objections. The self-assessment process was introduced by the internal control committee which, on 21 February 2011, sent the directors a questionnaire which can be used as an aid for self assessment, in line with best practice in Italy. The directors sent their completed questionnaires to the committee which examined them in its meeting of 8 March 2011 and reported its findings to the board of directors on 16 March 2011. The board of directors carried out its own self assessment during its meeting and noted that: the size of the board of directors is set by article 20 of the by-laws as 15; the directors were active on the board and committees, contributing positively to the discussions and resolutions passed, as shown by their presence at each meeting; the board's composition is such that each director has adequate professional expertise in the different technical, economic, financial and legal areas; thanks to the combination of such experience and the directors' specific expertise, the board and its committees may carry out and did carry out its duties to the full; in order to allow the

directors and members of the executive committee to express themselves knowledgeably about the matters on the agenda, they were provided with the documentation and information available about such matters in due time before each meeting; the empowered bodies reported adequately to the board of directors on the activities carried out by them as part of their powers; that the directors took part in projects designed to improve their understanding of the company's working and events, also with respect to the legislative framework; the board was assisted by the internal control committee and the remuneration committee, to the extent of their duties, with its tasks in accordance with the Code's standards and criteria; and the two committees have adequate access to the information and company bodies necessary to carry out their duties and to avail of the services of external experts.

- With respect to criterion 1.C.4., article **20** of the by-laws provides that, unless resolved otherwise by the shareholders, the directors are not bound by the ban of article 2390 of the Italian Civil Code. The board did not identify any issues thereon in its today's meetings that require reporting to the shareholders.

4.4. EMPOWERED BODIES

Chief executive officers

The board of directors may delegate part of its powers to one or more directors, setting limits and proxy operating methods. It may appoint directors and representatives, who do not necessarily have to be board members, and establishes their powers (article **25** of the by-laws).

On 7 May 2008, the board of directors appointed Alberto Rubegni as **CEO**. It gave him the legal power to represent the company and signatory powers with third parties and in court. He also has powers to manage the company and may delegate responsibility for the organisation and running of certain business activities.

Further to the powers reserved by law to the board of directors, it also has exclusive authority for any decisions related to:

- exercise of voting rights: (i) at extraordinary meetings of the shareholders of the strategic subsidiaries (which the board has identified as FISIA Italmipianti S.p.A., Impregilo International Infrastructures N.V. and Primav Ecorodovias (now Ecorodovias Infrastruttura e Logística S.A.); and (ii) at ordinary meetings of the shareholders of the strategic subsidiaries called to appoint their directors;
- identification of Impregilo's strategic subsidiaries;
- approval of the business plan, budget and industrial plan;
- the performance of all transactions by Impregilo S.p.A. and its subsidiaries with related parties - other than "Immaterial transactions with related parties" as per the "Guidelines for transactions with related parties" currently in force and as possibly amended (currently the More important transactions that do not require shareholder approval as per the "Regulations for related party transactions", described in section 12 of this report);
- the purchase and sale of investments in companies, consortia or other entities, as well as in businesses or business units.

Chairman

On 7 May 2008, the board of directors gave the chairman the power to execute resolutions passed by it in addition to the legal representation of the company and signatory powers with third parties and in court as per article **28** of the by-laws. These powers are also held separately by the deputy chairmen, to be exercised in the chairman's absence or impediment. The chairman does not have special strategic decision-making powers.

The chairman of the board of directors is not the CEO nor is he the majority shareholder of the Issuer.



Executive committee (article 123-bis.2.d) of the Consolidated Finance Act)

Pursuant to article **25** of the by-laws, the board of directors may delegate all or part of its powers (not reserved to it by law) to an executive committee consisting of a number of members to be less than half that of the board, including the CEO, who acts as chairman of the executive committee.

The board of directors set up an executive committee, in accordance with article **25** of the by-laws, which currently has seven members.

Meetings are called when necessary and a calendar does not exist.

During the year, the committee met **10** times with meetings averaging roughly one hour and fifteen minutes.

Three meetings have been held in 2011.

The board of directors delegated all the ordinary and extraordinary administrative powers reserved to it to the executive committee, except for those powers reserved exclusively to it by law and those related to the performance of the following actions and transactions, reserved to the board:

- i. exercise of voting rights (a) at extraordinary meetings of the shareholders of the strategic subsidiaries as identified each time by the board of directors; and (b) at ordinary meetings of the shareholders of the strategic subsidiaries called to appoint their directors;
- ii. identification of Impregilo's strategic subsidiaries;
- iii. approval of the business plan, budget and operating plan;
- iv. "Significant transactions with related parties" as defined by the company's board of directors in the "Guidelines for transactions with related parties" ruling from time to time; (currently the More important transactions that do not require shareholder approval as per the "Regulations for related party transactions", described in section 12 of this report);
- v. the purchase and sale of investments in companies, consortia or other entities, as well as of businesses or business units;

Information to be provided to the board of directors

The board of directors meets at least every three months. The CEO, also as chairman of the executive committee, reported to the board and the board of statutory auditors on the activities carried out under proxy and key transactions at these meetings and whenever required by the specific circumstances.

4.5. OTHER EXECUTIVE DIRECTORS

- The board of directors currently consists of one executive director (the managing director) and 14 non-executive directors.

As described in section 3 about criterion 2.C.1., the directors making up the executive committee are considered to be non-executive as involvement in the committee, given the frequency of the meetings and subject of the related resolutions, does not entail the systematic participation of its members in the day-to-day management of the company nor does it lead to a significant increase in their remuneration compared to that received by the other non-executive directors.

- The Issuer does not have succession plans for the Executive director.



- In order to increase the directors' awareness about the company's activities and situation, all the directors and statutory auditors have been cleared to access the company's intranet site, thus gaining direct access to the documentation and information posted thereon. As described in section 3 of this report, a training session was held on 30 November 2010 for the directors and statutory auditors about Legislative decree no. 231/01 and the Issuer's Organisational, management and control model.

4.6. INDEPENDENT DIRECTORS

At the first opportunity after their appointment and during the meeting held to approve the annual draft financial statements, the board of directors assessed that each non-executive director met the independence criteria set by the Code applying each criterion established thereby. The directors Carlo Buora, Alfredo Cavanenghi, Claudio Cominelli and Maurizio Maresca meet the independence requirements pursuant to both the Consolidated Finance Act and the Code.

The board of statutory auditors checked the correct application of the criteria and procedures adopted to check independence by the board. The outcome of such process will be communicated by the board of statutory auditors to the market in its report to the shareholders.

As resolved by the board of directors about criterion 3.C.6. of the Code in its meeting of 12 March 2007, the independent directors meet annually before the board meeting held to approve the annual financial statements for self-assessment purposes and so that any remedial action to be taken can be examined with respect to the role played by independent directors within the board. They met on 16 March 2011 and reported to the board on the same date. As requested by the independent directors and to facilitate their understanding of information although they deemed the information provided by the CEO to the board to be satisfactory, three meetings were held during the year with the CEO, who described the main activities carried out by the executive committee and its key transactions. The independent directors met another seven times during the year, also as members of the Committee for related party transactions as per the "Regulations for related party transactions" procedure, described in section 12 of this report.

4.7. LEAD INDEPENDENT DIRECTOR

As the requirements of the Code are not met, the board has not deemed it necessary to designate an independent director as lead independent director.

5. TREATMENT OF COMPANY INFORMATION

On 12 December 2007, the board of directors approved a special "Procedure for the internal management and external communication of documents and information" as proposed by the CEO. This procedure substituted the "Internal regulations for disclosing "price sensitive" documents and information to the market" approved by the board of directors on 27 March 2001.

The Procedure includes the guidelines for the internal management and external communication of documents and information, especially privileged information as per article 114.1 of the Consolidated Finance Act ("Privileged information").

It covers all those parties who, based on their employment or professional activities or duties, have frequent or infrequent access to company information about the Issuer. These parties are obliged to: (i) maintain such confidential information secret; (ii) use such information solely to carry out their employment or professional activities; and (iii) not use such confidential information contrary to the current legislation.





Specifically, the directors and statutory auditors of Impregilo S.p.A. and its subsidiaries are required to maintain information and documents obtained by them during the execution of their duties confidential as well as the contents of any discussions carried out during board meetings and as part of the work of the board of statutory auditors.

In order to ensure a coordinated and standard approach, any contact with the press or other mass media or with financial analysts and institutional investors that involves information (even when not confidential) about the company or its subsidiaries can only take place after authorisation by the chairman or CEO or the corporate central manager of Impregilo S.p.A. or the External relations unit of Impregilo S.p.A., in accordance with the Procedure.

The chairman and CEO of Impregilo S.p.A. are responsible for managing privileged information.

The related administrative bodies are responsible for management of privileged information about the subsidiaries, which may be disclosed in accordance with the Procedure.

Only the chairman and CEO of Impregilo S.p.A. may divulge privileged information to the market.

The communication of privileged information must respect the criteria of completeness, timeliness, transparency, adequacy and continuity. Investors should be provided with the same information to avoid discontinuity or the creation of situations that could affect the listed share price.

The chairman is responsible for ensuring compliance with the Procedure.

It provides for penalties to be applied to the parties that violate it.

6. BOARD COMMITTEES (article 123-bis.2.d) of the Consolidated Finance Act)

The board of directors has set up an internal control committee and a remuneration committee as described in section 4.4.

7. APPOINTMENT COMMITTEE

The board of directors deemed it **unnecessary to set up** an appointment committee as, to date, the shareholders have not encountered difficulties in proposing suitable candidates (and no such difficulties are envisaged) such that the composition of the board of directors complies with that recommended by the Code.

8. REMUNERATION COMMITTEE

As noted in section 6 of this report, the board has set up a remuneration committee.

Composition and working of the remuneration committee (article 123-bis.2.d) of the Consolidated Finance Act)

Meetings are called when necessary and a calendar does not exist.

During the year, the committee met **2** with meetings averaging roughly forty-five minutes.

One meeting has been held in 2011.

- Its members were non-executive directors, the majority of whom were independent, during the year.
The committee currently consists of five directors, four of whom are independent.
- The directors did not attend the committee meetings held to decide on their remuneration to be proposed to the board of directors.
- The committee approved rules for its working which establish that all the members of the board of statutory auditors may always attend its meetings as may the CEO, other directors, managers and external consultants, upon invitation and depending on the matters on the agenda. The other directors may also participate.

The CEO was invited to attend a meeting during the year to discuss a matter on the agenda which did not relate to his fees.

Committee duties:

- In line with the resolutions passed by the board on 7 May 2008, the committee has consulting and proposing duties, specifically related to:
 - the presentation to the board of proposals about the remuneration of the CEOs and other directors with special positions, monitoring the decisions taken by the board;
 - the regular assessment of the criteria adopted for the remuneration of key managers, supervision of their application in line with the information provided by the CEOs and presentation of general recommendations to the board of directors.
- During the year, the committee presented proposals to the board of directors about the variable part of the remuneration of the CEO and the corporate central manager and the compensation policies for 2009 and 2010.

- Minutes of its meetings are drawn up.
- On 12 March 2007, the board of directors resolved to give the remuneration committee an annual budget of euro 25,000 to cover the costs of any necessary consultancy or other services required to carry out its duties. The prior authorisation of outlays is not necessary although the committee is required to document its expenses. It may also avail of internal information and functions.

9. DIRECTORS' REMUNERATION

A large part of the remuneration of the CEO and the key managers is tied to the Issuer's results of operations.

The company does not have a stock option plan.

The non-executive directors' remuneration is not tied to the Issuer's results nor do they have share-based payment plans.

The shareholders set the non-executive directors' remuneration in their meeting of 7 May 2008, as described in section 4 of this report, based on the proposal made by one of the shareholders.

[Compensation for directors in the case of their resignation, dismissal, retirement or termination of the relationship following a public purchase offer \(article 123-bis.1.i\) of the Consolidated Finance Act\)](#)

The Issuer does not have agreements with its directors for their compensation in the case of their resignation, dismissal, retirement, removal from office without just cause or termination of the relationship following a public purchase offer.



10. INTERNAL CONTROL COMMITTEE

As noted in section 6 of this report, the board has set up an internal control committee.

Composition and working of the internal control committee (article 123-bis.2.d) of the Consolidated Finance Act)

Pursuant to the rules of the internal control committee, it meets at least four times a year and when the annual financial statements, interim financial report and quarterly reports are being approved as well as whenever the chairman deems it necessary. It also meets when a committee member, the chairman of the board of statutory auditors or the internal control supervisor makes a documented request to the chairman.

During the year, the committee met 4 times with meetings averaging roughly seventy minutes.

Two meetings have been held in 2011.

It has always had three non-executive members, of whom two are independent and have adequate accounting and financial expertise.

The committee approved rules for its working which establish that the chairman of the board of statutory auditors, or another statutory auditor identified by him, is involved in its duties. All the members of the board of statutory auditors and the internal control supervisor may always attend meetings as may the CEO, other directors, managers, external consultants and representatives of the independent auditors, upon invitation and depending on the matters on the agenda. The other directors may also participate.

The chairman of the board of statutory auditors and the internal control supervisor took part in the meetings held during the year. The statutory auditors also attended some meetings as did the relevant departments, the supervisory board, representatives of the independent auditors. The CEO was also invited to attend a meeting to discuss the information provided by the internal control supervisor as provided for by the meeting agenda.

Committee duties

In line with the resolutions passed by the board on 7 May 2008, with respect to criterion 8.C.3. of the Code, the committee has consulting and proposing duties, specifically related to:

- assessment, with the manager in charge of financial reporting and the independent auditors, of the correct application of accounting policies and their consistency for the preparation of consolidated financial statements;
- expression of opinions on specific issues related to the identification of significant business risks and the design, creation and management of internal controls, upon the request of the specifically appointed executive director;
- examination of the work plan drawn up by the internal control supervisors and their periodic reports;
- performance of any other duties assigned by the board of directors;
- reporting to the board of directors on its activities and the adequacy of internal controls in the meetings held to approve the annual and interim financial reports.



With respect to criterion 8.C.1. of the Code, the committee assists the board with the following duties:

- definition of guidelines for internal controls so that the key risks that could affect the Issuer and its subsidiaries are correctly identified, adequately measured, managed and monitored and determination of criteria for their management in line with the proper management of the business;
- identification of an executive director (usually one of the CEOs) to supervise the internal controls;
- assessment at least once a year of the adequacy, efficiency and effective working of the internal controls;
- description of the key elements of the internal controls in the corporate governance report, expressing its assessment on its overall adequacy.

With respect to criteria 8.C.1 and 9.C.1. of the Code, the committee also assists the board of directors with the following duties:

- appointment and revocation of one or more internal control supervisors upon the proposal of the Executive director in charge of internal controls and definition of their remuneration in line with the company policies;
- establishment of the methods used to approve and carry out transactions by the Issuer or its subsidiaries with related parties. Definition of specific transactions (i.e., the criteria for their identification) which require prior approval by the internal control committee and/or the intervention of independent experts,

as well as whenever the board of directors deems it appropriate.

On 7 May 2008, the directors, acknowledging the relevant positive opinion of the board of statutory auditors, resolved to assign it the duties and functions set out in letter d) - assessment of the engagement letter, the audit plan and findings set out in the independent auditors' report and management letter (if any) - and letter e) - supervision of the audit effectiveness - of criterion 8.C.3 of the Code. When carrying out these duties and functions, the board of statutory auditors shall use methods that allow the board of directors to review its work made available to it on a timely basis. The board of statutory auditors met the independent auditors five times during the year to discuss the audit plan and the audit findings with respect to their audits of the annual separate and consolidated financial statements and the interim financial report. The board of statutory auditors also examined the auditors' reports on the separate and consolidated financial statements.

During the year, the internal control committee examined and assessed the work plan and reports drawn up by the internal control supervisor and the reports prepared by the supervisory board as per Legislative decree no. 231/2001. It examined the work performed by the manager in charge of financial reporting as part of their duties. It also confirmed and reported to the board of directors the correct application of the accounting policies and their consistency for the preparation of the consolidated financial statements, together with the independent auditors and the manager in charge of financial reporting and with the agreement of the board of statutory auditors. The committee also reported to the board of directors on its activities and the adequacy, efficiency and effective working of the internal controls during the meetings held to approve the draft annual financial statements and interim financial reports. The board of statutory auditors agreed with this assessment. The committee also approved the composition and working of the board and its committees. It positively reviewed the assessment of the adequacy of the organisational, management and control system of the Issuer and its strategic subsidiaries Impregilo International Infrastructures N.V. and Ecorodovias Infraestruturas e Logística S.A., noting the action plan communicated by the subsidiary FISIA Italimpianti S.p.A. and finding such plan to be adequate. It positively reviewed the revision of the group's Code of Ethics and the Organisational, management and control model required by article 6 of Legislative decree no. 231/01 in line with the most recent legislative amendments, changes in the company's organisational structure and best practices. It found that the individual members of the supervisory board and, therefore, the body as a whole continued to meet the subjective requirements of the Organisational, management and control model.



Minutes of the committee meetings are drawn up.

As described in section 3 of this report, on 12 March 2007, the board of directors resolved to give the internal control committee an annual budget of euro 25,000 to cover the costs of any necessary consultancy or other services required to carry out its duties. The prior authorisation of outlays is not necessary although the committee is required to document its expenses. It may also avail of internal information and functions.

11. INTERNAL CONTROL SYSTEM

On 21 March 2000, the board of directors established the guidelines for the internal control system approving a specific document entitled "Guidelines for internal controls".

During the meeting of 25 March 2009, the board of directors approved a new document setting out the "Guidelines for internal controls of IMPREGILO S.p.A.", as proposed by the internal control committee in its meeting of 24 March 2009.

The internal controls ensure that the key risks that could affect the Issuer and its subsidiaries are correctly identified, adequately measured, managed and monitored and determines criteria for their management in line with the proper management of the business.

As required by the Code, the company's internal controls consist of a set of rules, procedures and organisational structures put in place to ensure a healthy and efficient system which is able to identify, measure, manage and monitor the main risks. The objective is to ensure the safeguarding of the company's assets, an efficient and effective operating system, reliable financial information and compliance with the laws and regulations.

The internal controls are based on standards that require that business activities be based on applicable internal and external rules, can be traced and documented, that the allocation and exercise of powers as part of a decision-making process be matched to the positions of responsibility and/or with the size and/or significance of the underlying transactions, that those parties that take or implement decisions, that record transactions and those that are required to perform the controls over such transactions provided for by law and procedures envisaged by the internal controls be different parties and that confidentiality and compliance with the privacy legislation be ensured.

The parties that implement the internal controls are the board of directors, the CEO as the Executive director in charge of internal controls, the internal control committee, the internal control supervisor and the manager in charge of financial reporting, assisted by the board of statutory auditors, the independent auditors and the supervisory board during the execution of their duties.

The company's internal controls consist of the organisational structure, the powers system, the Organisational, management and control model, the Code of Ethics of Impregilo group, the organisational documents such as the organisational chart, the guidelines, the standard (or interfunctional) procedures, the organisational instructions, the organisational communications, the operating procedures, the manuals and executive instructions.

Key characteristics of the existing risk management system and internal controls over financial reporting, pursuant to article 123-bis.2.b) of the Consolidated Finance Act

I. Introduction

The risk management system and internal controls over financial reporting are both an integral part of a single system (the "System") and, therefore, must be considered together.



This System's scope is to ensure the credibility, accuracy, reliability and timeliness of the financial reporting in accordance with the applicable regulations and related best practices.

Impregilo has implemented the preliminary activities for the design, implementation, monitoring and updating of the System over time using guidelines in line with international best practices based on the CoSO Report⁽²⁾.

These guidelines have been specified to comply with the characteristics with which Impregilo and its operating units, that contribute to financial reporting (both those for the parent and the group), are organised. This process of integrating the general model with Impregilo's specific model considered that the group is composed of entities that are separate in legal terms from the parent for the purposes of the financial reporting referred to herein. Specifically, the group is composed of legally separate entities (e.g., Italian and foreign companies) and entities that although they are not legally separate from the parent under Italian law (e.g., foreign branches, foreign joint ventures) have their own administrative and organisational structures and produce their financial reporting independently due to their industrial characteristics.

Accordingly and based on the logic underlying the reference model, the group defined the criteria to ensure the System's effective application. These criteria provide for the circulation of the application procedures, the special training of the personnel involved in the different stages of the process and a monitoring plan whereby every six months the effective use of the application procedures is checked and any developments and integrations necessary due to the wide-ranging operating scope in which the group works are identified.

II Description of the key characteristics of the existing risk management system and internal controls over financial reporting

II.1 The System's main stages

Impregilo's System is based on the approach envisaged by the CoSO Report and comprises the following main stages:

1. *Identification of financial reporting risks*: completion of this stage firstly entailed the analysis of all the internal processes used for financial reporting for the parent and, secondly, identification of the specific processes of the consolidated entities and that could - due to the specific nature of the different business sectors in which they operate - not be operative in the parent. During this analysis, the financial statements objectives shared at best practices level (existence, accuracy, completeness, correct recognition, measurement, presentation and disclosure, rights and obligations) analysed for each (separate and consolidated) financial statements item were considered.
2. *Measurement of financial reporting risks*: measurement of the intrinsic risk for each financial statements item entailed the analysis of: (i) the significance of the above financial statements objectives for each item, (ii) the importance of each individual item in its category (e.g., assets or liabilities, revenue, operating expense, financial income and expense, income taxes) in order to identify their significance; and (iii) the materiality of the item compared to the pre-tax profit and equity.
3. *Identification of controls for the identified risks*: the intrinsic risk associated with each financial statements item as identified above was subsequently analysed considering the existing control environment of each group entity. Specifically, based on the analysis of the process generating the financial statements item, the collective or individual controls envisaged by the process to ensure compliance with the related financial statements objectives were identified. These controls were then implemented to mitigate the intrinsic risk, leaving the remaining risk for each financial statements item.

2) The CoSO Report is prepared by the Committee of Sponsoring Organizations (CoSO) of the National Commission on Fraudulent Financial Reporting USA, which has been used by different national (Banca d'Italia, ISVAP) and international (PCAOB, SEC, the Basel Committee) authorities as a framework given its success and authority. It is also a benchmark for professional associations such as ANDAF and AIIA in Italy. The reference model proposed by the Report enables the assessment of the adequacy of internal controls using three tools (Purposes, Components and Environment), for each of which the relevant aspects for the specific applications are selected.



4. *Assessment of controls for the identified risks:* a specific monitoring process was carried out at least every six months to periodically assess the effectiveness of the control's mitigating action and the effective working of the control as part of the analysed process.

The parent was assisted by independent experts during the extensive risk assessment stage and the assessment of the effectiveness of the control designs as part of the development and preliminary implementation of the System. This stage was facilitated by the group's existing control environment which already worked efficiently.

Once this stage had been completed, a Compliancy control unit was set up headed by the manager in charge of financial reporting (see section 11.5 of this report). The unit's duties include the periodic checking of the System's effectiveness. It prepares documentation supporting its activities every six months and a report to be used by the manager in charge of financial reporting, who assesses its content and findings and then reports to the relevant internal bodies.

When issues arise or processes are identified that could be improved as a result of the above monitoring, they are described in the supporting documentation and a remedial plan is prepared. This plan is suitably illustrated in the report and monitored until the set objectives are achieved.

II.2 Roles and units involved

In order to ensure the appropriate definition, implementation and ongoing maintenance of the System in line with the above standards, the group firstly set up an inter-departmental team that, assisted by independent experts, analysed the risk factors, mapped the existing processes and controls, defined the guidelines to be implemented to ensure the effectiveness of the system and an intensive training programme for personnel involved in financial reporting. The team mainly consisted of administration and organisational staff and its work was completed with the set up of the Compliancy control unit at the parent headed by the manager in charge of financial reporting. This unit is part of the corporate staff and its main duty is to monitor the system by checking the effective application of the controls required by the reference processes or, if requested, any alternative controls compared to the system's standards. Its checks are carried out every six months and are planned so as to involve the most significant operating units. Evaluation of the significance of an operating unit for the purposes of the controls considers its business volumes as a percentage of those of the parent and the group and any specific factors that, although not material in quantitative terms, are important with respect to their measurement or that are deemed worthy of analysis. When the unit's analysis identifies elements to be developed as part of the controls or the processes in which the controls are included, the relevant units for the requested developments are identified and the system is updated with their assistance.

During the meeting to approve the annual financial statements, the internal control committee expressed its favourable opinion of the adequacy, efficiency and effective working of the internal controls to the board of directors following its review of the reports drawn up by the internal control supervisor and the supervisory board and based on interviews with them and the independent auditors.

The board of directors agreed with and adopted this positive assessment.

A similar procedure was carried out during approval of the interim financial report.

The board of statutory auditors also agreed with this positive assessment.



11.1. EXECUTIVE DIRECTOR IN CHARGE OF INTERNAL CONTROLS

As described in section 3 of this report, with respect to criterion 8.C.1.b) of the Code of Conduct, on 12 March 2007, the board of directors appointed the CEO as "Executive director in charge of internal controls", assisted by the internal control committee.

Together with the internal control supervisor and the internal audit unit, this executive director:

- supervised identification of the key business risks (strategic, operating, financial and compliance), considering the activities carried out by the Issuer and its subsidiaries, and presented them regularly to the board, including during its meeting of 16 March 2011;
- implemented the guidelines established previously by the board of directors and managed the previously designed and created internal controls, checking their overall adequacy, effectiveness and efficiency on an ongoing basis, assisted by the internal control supervisor;
- adapted the internal controls to reflect operating conditions and the legislative and regulatory framework, again assisted by the internal control supervisor;

11.2. INTERNAL CONTROL SUPERVISOR

The board of directors approved the proposal made by the internal control committee and appointed Raffaele Manente as internal control supervisor on 12 September 2000.

This employee reports to the chairman of the board of directors alone. He heads a unit of persons with different levels of experience and may also avail of external experts. The Supervisor is completely autonomous in terms of his actions and in operating and control terms.

On 12 December 2007, the board of directors set the internal control supervisor's remuneration, in line with company policies, proposed by the CEO, as Executive director in charge of internal controls and after consulting the internal control committee.

The supervisor is not in charge of any operating functions and does not report to any of the operating managers, including those of the administrative and finance department.

The Supervisor has direct access to all information useful to carry out his duties, reports to the internal control committee and the board of statutory auditors and also to the Executive director in charge of internal controls.

The supervisor is financially independent with his own budget approved each year by the board of directors after consulting the internal control committee. The budget was euro 572,000 for 2010.

During the year, the internal control supervisor carried out procedures to assist the supervisory board, as part of his duties as head of the internal audit unit, and also analysed, reviewed and updated the business risks as well as checking the internal controls' adequacy, effective and efficient working on an ongoing basis.

The Issuer has an internal audit unit, headed by the internal control supervisor.

During the year, the internal audit unit continued its activities to identify areas which required attention to decrease risk. It performed 18 audits and drew up the 2011-2013 audit plan.



11.3. ORGANISATION MODEL pursuant to Legislative decree no. 231/2001

On 29 January 2003, the company adopted the "Organisational, management and control model" required by article 6 of Legislative decree no. 231/01, based on the Confindustria guidelines, approved on 7 March 2002.

Following the legislative changes made after adoption of the first model, the board of directors revised the model on 30 March 2005 reflecting the update to the Confindustria guidelines of 18 May 2004, the code of conduct and the model drawn up by the National Association of Building Constructors (ANCE), approved on 31 March 2003 and subsequently revised on 1 September 2004.

On 12 September 2006, 21 July 2008, 25 March 2009, 28 August 2009 and 25 March 2010, following the extension of the crimes covered, the internal reorganisations that had taken place in the meantime, the revision of the "Activities at risk" and in accordance with best practices, the board of directors approved the new "Organisational, management and control model" (the general section of which is available on the internet site www.impregilo.it, in the "Corporate Governance – Corporate documents" section) and related updates.

In order to comply with the specific provisions of Legislative decree no. 231/01 and considering the analysis of the company's situation and activities potentially at risk, the crimes committed when dealing with the state, forgery of banknotes, public paper and stamp duties, company crimes, terrorist acts or subversion of democratic order, crimes against the individual, market abuse and international crimes, receiving, laundering and use of stolen money, goods or facilities, crimes against safety in the workplace, cybercrimes and the unlawful processing of data, organised crime, induction to not make statements or to make untruthful statements to the courts, forgery, crimes against industry and trade and copyright crimes are considered as relevant and are, therefore, specifically covered by the model.

On 12 September 2006, the board of directors set the number of members of the supervisory board as per article 6 of Legislative decree no. 231/2001 as three, in line with that required by the new Organisational, management and control model and appointed them, consisting of the internal control supervisor (internal employee) and two external persons. Previously, the board had been monocratic (internal control supervisor). These appointments were confirmed by the board of directors on 28 August 2009 for three years and, therefore, until its approval of the interim financial report at 30 June 2012. As required by the model, the supervisory board's chairman is a member who is not an employee of the Issuer. The supervisory board's members have specific expertise in inspections, analyses of control systems and legal issues (in particular, criminal proceedings) so that they can properly carry out their duties.

The only Italian subsidiary of strategic importance, FISIA Italmimpianti S.p.A., adopted its own "Organisational, management and control model" on 5 March 2004 and last updated it on 1 March 2011.

The group's Code of Conduct forms part of the Model (available on the internet site www.impregilo.it, in the "Corporate Governance - Corporate documents" section). The present version was approved by the Issuer's board of directors on 25 March 2010.

11.4. INDEPENDENT AUDITORS

Impregilo and its main subsidiaries have engaged independent auditors to perform the legally-required audit of their financial statements and to check that their accounting records are kept correctly as required by Legislative decree no. 58 of 24 February 1998. Their interim financial reports are reviewed.

The independent auditors perform an audit of Impregilo, in accordance with the applicable legislation.



As part of the general audit plan for the group, the subsidiaries that do not exceed the thresholds set by Consob have nonetheless engaged the independent auditors on a voluntary basis.

The shareholders resolved to engage PricewaterhouseCoopers S.p.A. to audit the parent's financial statements for the period from 2006 to 2011 in their meeting of 3 May 2006. On 3 May 2007, they extended the independent auditors' engagement for the period from 2012 to 2014, pursuant to article 8.7 of Legislative decree no. 303 of 29 December 2006.

11.5. MANAGER IN CHARGE OF FINANCIAL REPORTING

On 27 June 2007, the shareholders approved article **26** to be included in the by-laws. This new article regulates the appointment and removal from office of the manager in charge of financial reporting, his term of office, related fee and relevant professional characteristics.

Article **26** requires that the board appoint, and remove from office, after consulting the board of statutory auditors, a manager to be in charge of financial reporting, setting his term of office and fee. The candidates shall have at least three years' experience in: (a) administration and finance or administration and control or management duties with responsibility for financial, accounting and control matters, with companies that have a share capital of at least euro 2 million or consortia of companies with a total share capital of not less than euro 2 million; or (b) legal, economic or financial aspects closely related to the company's activities; or (c) management at a state body or public administration office active in the credit, financial or insurance sectors or in sectors closely related to that of the company.

Aspects and sectors closely related to the company's activities are those set out in the last paragraph of article 29 (which states: "Pursuant to article 1.2.b) and c) and paragraph 3 of Ministerial decree no. 162 of 30 March 2000, aspects and sectors closely related to those of the company are those aspects (legal, economic, financial and technical-scientific) and business sectors tied to or related to the company's activities and part of its business object").

The board of directors carried out a careful analysis to identify the most suitable person from within the company, considering the personal and professional characteristics that this position requires. In accordance with the guidelines of the first professional interpretations of the law and based on its analysis, the board found Rosario Fiumara, the current corporate central manager, to be the most suitable candidate. Therefore, as proposed by the CEO, it appointed him as the manager in charge of financial reporting on 11 September 2007 in accordance with article 154-bis of Legislative decree no. 58 of 24 February 1998.

During the same meeting, the board established that Rosario Fiumara's position as manager in charge of financial reporting would have an open term, until otherwise determined by it. It set the fee for the position, as proposed by the remuneration committee which met on the same date. The board also gave Mr. Fiumara all the powers and authority required to effectively carry out his functions and duties in his new position within the budget limits approved and which were provisionally fixed at euro 50,000.00. The manager kept his original powers as corporate central manager and may be given additional powers for this position in the future. Such powers include:

- direct access to all information required to produce accounting data;
- unlimited use of internal communication channels which ensure the correct intragroup exchange of information;
- a free hand in organising his unit in terms of both human and technical resources (materials, IT and any other items);



- creation and adoption of administrative and accounting procedures independently, also by availing of the assistance of other company functions when necessary;
- assessment and modification of internal administrative and accounting procedures;
- participation at meetings of the board and executive committee, especially those which discuss issues related to his function and for which he is responsible;
- engaging external consultants, when necessary for specific issues;
- interacting with employees with control duties and exchanging information to ensure the ongoing mapping of risks and processes and the proper monitoring of the correct working of administrative and accounting procedures.

Rosario Fiumara accepted the position as manager in charge of financial reporting on the same date.

12. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

In its meeting of 7 July 2005, the board of directors adopted a new specific procedure to ensure the substantial and formal correctness of the transactions carried out by the company with related parties ("Guidelines for transactions with related parties"). This procedure ensures compliance with the standards set by the Code for such transactions.

For the purposes of such guidelines, a party is considered to be "related" when:

- a) directly or indirectly, via one or more intermediary, the party:
 - (i) controls the entity, is a subsidiary thereof, or is subject to joint control (including parents, subsidiaries and related entities);
 - (ii) holds an investment in the entity such that it has significant influence over it; or
 - (iii) jointly controls the entity;
- b) the party is an associate of the entity;
- c) the party is a joint venture in which the entity has a share;
- d) the party is one of the key managers for the entity or its parent;
- e) the party is a close relative of one of the subjects in points (a) or (d);
- f) the party is a subsidiary, jointly controlled entity or subject to significant influence by one of the subjects as per points (d) or (e) or the parties hold, directly or indirectly, a significant portion of the voting rights;
- g) the party is a pension fund for the entity's employees or any other related entity.

For the purposes of the above definition:

- (i) the concept of control is that set out in IAS 24 (i.e., control exists when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Joint control is the contractually established sharing of control of an economic activity);
- (ii) the concept of significant influence is that set out in IAS 24 (i.e., significant influence is the power to take part in determining the financial and operating policies of an entity without having control. Significant influence may be obtained by holding shares, by-law conditions or agreements);



- (iii) the concept of an associate is that set out in IAS 28 (i.e., an associate is an entity in which the investor has significant influence and is not either a subsidiary or a jointly controlled entity);
- (iv) key managers are directors and statutory auditors, general managers and managers with powers and responsibilities for the planning, management and control over the company's activities;
- (v) close relatives are those that could influence, or be influenced by, the person related to the company; they include persons who reside in the same household, spouses who are not legally separated and relatives and in-laws up to the second degree.

The procedure adopted by the board establishes that transactions with related parties should be subjected to the prior approval of the board of directors when they are significant in terms of the object, consideration, method and timing thereof. Significant transactions are all those transactions carried out with related parties other than:

- (i) transactions with wholly-owned subsidiaries that have a value of less than euro 500,000.00;
- (ii) transactions carried out within the group that are not atypical or unusual or that have been agreed at standard conditions.

Transactions are considered typical or usual when, due to their object or nature, they are part of the company's normal activities and those that are not critical in terms of their characteristics or risks related to the nature of the counterparty and their timing. Transactions that are agreed at the same conditions with all other parties are considered to have taken place at standard conditions.

In order to ensure that conditions that differ from those that would probably have been agreed with unrelated parties are agreed, the board of directors ensures that transactions are agreed with the assistance of independent, highly qualified experts (banks, independent auditors, legal firms and other experts with specialist knowledge). These experts are asked to provide their opinions on the financial conditions, executive and technical methods and legitimacy of the Relevant Transactions with Related Parties.

On 30 November 2010, the board of directors approved a specific new procedure, after receiving the favourable opinion of the Committee for related party transactions, pursuant to article 2391-bis of the Italian Civil Code and article 4.1/3 of the Consob regulation which sets out instructions for related party transactions adopted with resolution no. 17221 of 12 March 2010 and subsequently amended with resolution no. 17389 of 23 June 2010 (the "Regulation"). On 29 November 2010, the board of statutory auditors assessed the new procedure's compliance with the criteria set out in the Regulation. The procedure (available on the internet site www.impregilo.it, in the Corporate Governance - Corporate Documents - Other documents section") sets out the rules, methods and criteria aimed at ensuring the transparency and substantial and procedural correctness of related party transactions carried out by the Issuer either directly or via its subsidiaries.

Specifically, pursuant to article 4.2 of the Regulation, the Issuer has extended certain instructions included in the procedure to the shareholders of IGLI S.p.A. (Argo Finanziaria S.p.A., Autostrade per l'Italia S.p.A., Immobiliare Lombarda S.p.A., Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l.), their parents, subsidiaries and companies jointly controlled by them pursuant to article 2359.1.1/2 of the Italian Civil Code on a voluntary basis. As a result, the following are applicable to transactions carried out by the Issuer with the above parties either directly or via its subsidiaries when they are not urgent and do not require authorisation by the shareholders for business crisis situations (or that have to be authorised by the shareholders):

- (x) the instructions set out in article 7 of the procedure for more important transactions when the transactions that individually exceed the relevance threshold as per Annex 3 of the Regulation and (aa) involve the acquisition or disposal of investments, businesses and/or business units, or properties (including through mergers and demergers) or (bb) although they qualify as ordinary transactions as per this procedure have not been agreed at the terms set out in article 11.d) of the procedure (Ordinary transactions and agreed at similar



terms to those usually agreed with unrelated parties for similar transactions in terms of the amount involved, nature and risk or based on regulated or imposed prices or applied by parties to which the company is required by law to pay a set consideration, without prejudice to the requirement to comply with the disclosure requirements of article 13 of the Related party transactions regulation);

- (y) the instructions set out in article 6 of the procedure for less relevant transactions, i.e., transactions that do not meet the relevance index ceilings as per Annex 3 of the Regulation but involve amounts of least euro 10 million and that (aa) involve the acquisition or the disposal of investments, businesses and/or business units, or properties (including through mergers and demergers) or (bb) although they qualify as ordinary as per the procedure, do not take place at the terms set out in article 11.d) of the procedure.

As described in section 3 of this report, on 12 March 2007, the directors resolved, with respect to criterion 9.C.2., that, subject to the provisions of article 2391 of the Italian Civil Code, directors with interests, either directly or on behalf of third parties, in a corporate transaction to be approved by the board of directors or executive committee may participate in the related discussions and vote thereon as such participation represents a reason for taking a responsible decision about a transaction about which the director may have greater knowledge than the other directors; that, however, the board of directors or executive committee may ask such directors to leave the meeting during the discussion on a case-by-case basis.

13. APPOINTMENT OF STATUTORY AUDITORS

Article 29) of the Issuer's by-laws requires that *"the shareholders elect a board of statutory auditors, consisting of three standing and two substitute statutory auditors.*

The statutory auditors shall have the characteristics required by law, the by-laws and any other relevant regulations.

Appointment of the board of statutory auditors takes place using lists presented by the shareholders using the methods and within the timeframe set out below. The candidates are listed in consecutive order in each list. Lists have two sections: one for the candidate standing statutory auditors and one for the candidate substitute statutory auditors. They shall include at least one candidate for each position and may comprise up to a maximum of three candidates for the standing statutory auditor position and up to two for the substitute statutory auditor position.

Lists presented by the shareholders are deposited at the company's registered office to be available for public consultation as indicated in the notice calling the shareholders' meeting. They are deposited at least twenty-five days before the date of first call of the meeting, unless other mandatory directives are given by legislative and regulatory instructions.

Shareholders, shareholders forming part of significant shareholder agreements as per article 122 of Legislative decree no. 58 of 24 February 1998, the parent, subsidiaries and jointly controlled entities as per article 93 of the same decree may not present, or be involved in presenting (also via trustees or nominees), more than one list. Nor can they vote (also via trustees or nominees) for more than one list. Moreover, each candidate may only be present in one list in order to be eligible. Inclusion in more than one list or votes for more than one list are not counted.

Only those shareholders that, either individually or together with other shareholders, own shares making up at the percentage of share capital required for presentation of lists for candidate directors, may present lists.



Together with each list, and within the timeframe described earlier, the shareholders deposit: (i) information about the shareholders presenting the list; (ii) statements whereby each candidate accepts their candidature and states, under their own responsibility, the inexistence of any reasons for ineligibility or incompatibility and the existence of the requirements for the relevant offices, including compliance with the ceiling for the number of positions that can be held under the current law and regulations; (iii) a professional and personal profile of each candidate; and (iv) any other information that is requested by the applicable law or regulations given in the notice calling the shareholders' meeting.

In addition, the relevant certificate issued by a legally-authorized broker, showing ownership to the number of shares necessary to present lists at the date of depositing the list with the company within the deadline set by the relevant laws for the publication of lists, is also to be deposited.

Lists which are presented that do not meet the above requirements are considered not to have been presented.

Candidates that are ineligible or incompatible or who do not have the requirements established by the relevant legislation or who hold more positions than is allowed by the current laws and regulations cannot be included in the lists.

The statutory auditors are elected as follows:

1. two standing statutory auditors and one substitute statutory auditor are taken from the list that got the most number of votes in the shareholders' meeting, taken from the list in consecutive order in which they are included in the list sections;
2. the other standing auditor and other substitute auditor are taken from the list that received the second largest number of votes and that was presented and voted by shareholders that are not related directly or indirectly to the shareholders as per article 148.2 of Legislative decree no. 58 of 24 February 1998. They are taken in consecutive order from the list sections ("Minority list"). If two lists received the same amount of votes, that presented by the majority shareholders is considered or, subordinately, that presented by the larger number of shareholders. When the list system is not used, shareholders elect statutory auditors by majority vote.

The chairman of the board of statutory auditors is the first candidate on the Minority list.

Statutory auditors fall from office in the cases provided for by the relevant legislation or whenever the by-law requirements for their appointment are no longer met.

When one of the standing statutory auditors needs to be replaced, the substitute statutory auditor from the same list is co-opted. If both the standing and substitute statutory auditors from the Minority list leave their positions, the candidate in the next place on the same list is co-opted or the first candidate on the minority list that received the second largest number of votes.

Shareholders appoint or replace statutory auditors in meetings called in accordance with article 2401.1 of the Italian Civil Code complying with the requirement to ensure minority shareholder representation.

Outgoing statutory auditors may be re-elected.

As required by article 1.2.b) and c) and paragraph 3 of Ministerial decree no. 162 of 30 March 2000, aspects and sectors closely related to the company's activities are those aspects (legal, economic, financial and technical-scientific) and business sectors tied to or related to the company's activities and part of its business object."



14. STATUTORY AUDITORS

At year end, the Issuer's board of statutory auditors comprised the following members. Details are also given of their appointment, participation at meetings and other positions held as director or statutory auditor in other companies listed on Italian regulated markets.

Position	Members	In office since	In office until	List (M/m)	Independent as per Code	% participation	No. of other positions
Chairman	Levi Dr. Giuseppe	7.5.2008	Shareholders' meeting to approve 2010 financial statements	OFF LIST APPOINTMENT (I)	X	100	16
Statutory auditor	Oldoini Dr. Giorgio	7.5.2008	Shareholders' meeting to approve 2010 financial statements	SOLE	X	100	4
Statutory auditor	Trotter Dr. Alessandro	7.5.2008	Shareholders' meeting to approve 2010 financial statements	SOLE	X	100	12
Substitute statutory auditor	Amadio Avv. Vittorio	7.5.2008	Shareholders' meeting to approve 2010 financial statements	SOLE			9
Substitute statutory auditor	Zeme D.ssa Michela	7.5.2008	Shareholders' meeting to approve 2010 financial statements	SOLE			25
STATUTORY AUDITORS WHO LEFT OFFICE DURING THE YEAR: NONE							
Quorum required to present lists at time of last appointment: 2%							
No. of meetings held during the year: 8							

(I) In their meeting of 7 May 2008, the shareholders appointed a new board of statutory auditors based on the sole list presented by the shareholder Igli S.p.A. and another nomination (for the chairman) presented during the meeting by the shareholder Odasso. Votes in favour of the new board of statutory auditors approximated 99.96% of the voting rights for this resolution, equal to approximately 38.63% of the company's overall voting rights.

No change in the board of statutory auditors' composition has taken place since year end.

The board of statutory auditors met **8** times during the year, with meetings averaging roughly two hours.

Meetings are called when necessary and a calendar does not exist.

Two meetings have been held in 2011.

On 11 June 2008, following the appointment of the new statutory auditors by the shareholders on 7 May 2008, the board of statutory auditors found that all the statutory auditors complied with the independence requirements of the Code. On 19 January 2011, it confirmed they had continued to meet such requirements throughout 2010.

- Impregilo complies with the guidelines of criterion 10.C.4 of the Code, whereby statutory auditors that either directly or on behalf of third parties have an interest in a specific transaction shall inform the other statutory auditors and the chairman of the board of directors promptly and completely about the nature, scope, origin and terms of their interest.
- In the meetings held during the year, the statutory auditors met the independent auditors who described the scope of their engagement, their responsibilities and independence (in writing) as well as the procedures carried out for Impregilo and the group companies that have engaged them.

- As part of its duties, the board of statutory auditors worked with the internal audit unit and the internal control committee. It took part in meetings of the latter committee with the internal control supervisor and the internal audit head. The internal control supervisor and the internal audit head also participated in several board of statutory auditors' meetings when it reviewed the supervisor's work.
- As the Internal control and audit committee, the board of statutory auditors carried out the supervisory activities required by article 19 of Legislative decree no. 39/10.

15. INVESTOR RELATIONS

The company believes that it is in its interests and also that it has a duty to the market to have an ongoing dialogue with its shareholders and institutional investors based on a common understanding of their roles. Such dialogue takes place within the boundaries established for confidential information to ensure that investors and potential investors receive information upon which they can base their investment decisions.

Therefore, it set up the current Investor Relations unit in July 2001 headed by the Investor Relator (presently Mauro Di Bonito) whose specific duties include managing relations with investors. This person has an e-mail address specifically for receiving communications and requests from shareholders (investor.relations@impregilo.it). The company's internet site (www.impregilo.it) has a section for relations with investors ("Investor Relations") where all the financial information can be found as well as up-to-date documents of interest to the shareholders, in order that they may exercise their rights in an informed manner.

Impregilo posts information of interest to its shareholders on its internet site www.impregilo.it.

16. SHAREHOLDERS' MEETINGS (article 123-bis.2.c) of the Consolidated Finance Act)

The document "Methods for participating at meetings by shareholders" is posted on the company's internet site www.impregilo.it (in the "Corporate Governance - Corporate documents - Other documents" section).

Article 12) of the by-laws establishes that meetings can take place in Italy and not necessarily at the registered office. Ordinary meetings are called every year within one hundred and twenty days of the reporting date and, at the very latest, within one hundred and eighty days if the legal conditions for doing so are met. Ordinary and extraordinary meetings are also called whenever the board of directors deems it suitable and when provided for by law. Pursuant to article 14) of the by-laws, shareholders with the right to intervene at meetings may appoint a representative with a written proxy in accordance with the law. The meeting chairman checks the correctness of the proxies and the participants' right to intervene at meetings. Article 15) of the by-laws establishes that both ordinary and extraordinary meetings should be constituted and resolve in accordance with the law. Sections 4 and 14 of this report set out the conditions for appointing directors and statutory auditors. Article 16) of the by-laws states that the documentation issued for participation at the meeting held on first call is also valid for other calls and that meetings are to be called by inclusion of an advertisement setting out the information required by the current regulations within the legally-required timeframe:

- on the company's internet site;
- when necessary due to a compulsory order or as decided by the directors, in the Italian Official Journal or in the newspaper *Il Corriere della Sera*;
- the other methods provided for by the ruling pro tempore regulations.





Shareholders may inform the company of their proxies by sending the document to the e-mail address indicated in the notice. The by-laws do not require that the shares, for which the communication pursuant to article 2370.2 of the Italian Civil Code is required, remain unavailable until the meeting has been held, nor do they allow voting by post or on-screen or video link-up. Pursuant to articles **17)**, **18)** and **19)** of the by-laws, the meeting is chaired by the chairperson of the board of directors, or in their absence, by one of the deputy chairpersons. If this is not possible, the meeting appoints a chairperson from among the directors or shareholders present. The meeting chairperson has full powers for the checking of shareholders' rights to participate, the correctness of the proxies, that the meeting is regularly constituted and sufficiently attended to take resolutions, the management and chairing of discussions and to establish voting methods. The meeting appoints a secretary who does not have to be a shareholder and, if necessary, two tellers from the shareholders and statutory auditors. Resolutions are documented in the minutes which are written into the minutes book, signed by the chairman, secretary and the tellers, if appointed. When the minutes are written by a notary, they are subsequently copied into the minutes book.

The Issuer's by-laws do not provide that the meetings have to approve specific actions taken by the directors. As described in section 4.3 of this report, the by-laws give the board of directors the power to approve the set up or closing of branches in Italy or abroad, the reduction of share capital when shareholders withdraw, the amendment of the by-laws to comply with mandatory legal requirements, the transfer of the registered office within Italy, mergers of subsidiaries which are wholly-owned or of which the Issuer holds at least 90% of their share capital as long as these transactions comply with articles 2505 and 2505-bis of the Italian Civil Code.

In their ordinary meeting of 8 May 2001, the shareholders approved the "Rules for shareholders' meetings" (available on the internet site www.impregilo.it, in the "Corporate Governance - Corporate documents – Other documents" section), drawn up using the format proposed by Assonime. Their scope is to ensure the orderly carrying out of meetings with respect to each shareholder's fundamental right to request clarifications about matters on the agenda, to express its opinion and make proposals.

These rules set out the methods used to ensure each shareholder's right to take part in discussions about the matters on the agenda.

The board of directors reported to the shareholders about the activities both carried out and planned for the future in the meeting held during 2009. It took the necessary steps to ensure that the shareholders receive adequate information about the matters in order to be able to make informed decisions.

In accordance with current by-laws requirements, changes in the Issuer's market capitalisation during the year did not impair the exercise of actions or privileges designed to protect the minority shareholders.

17. ADDITIONAL CORPORATE GOVERNANCE PRACTICES **(article 123-bis.2.a) of the Consolidated Finance Act)**

The previous sections of this report describe the corporate governance practices effectively applied by the Issuer which go beyond the legislative and regulatory requirements.

18. CHANGES SINCE YEAR END

No changes in the company's corporate governance structure have taken place since year end.

List of positions held in other companies listed on regulated markets (also foreign), in financial companies, banks, insurance companies or significant size companies (these companies are not part of the issuer's group)

Directors	Company	Position
Massimo Ponzellini	BPM	Chairman
	INA ASSITALIA S.p.A.	Deputy chairman
	IST. EUROPEO DI ONCOLOGIA	Director
	CREDIT INDUSTRIEL ET COMMERCIAL	Director
	B.E.I.	Honorary deputy chairman
Giovanni Castellucci	ATLANTIA S.p.A.	Managing director
	AUTOSTRAD PER L'ITALIA S.p.A.	Managing director
	AUTOSTRAD SUD AMERICA S.r.l.	Managing director
	IGLI S.p.A.	Director
Antonio Talarico	SAIAGRICOLA S.p.A.	Chairman
	FINADIN Finanziaria di Investimenti S.p.A.	Chairman
	MARINA DI LOANO S.p.A.	Chairman
	FONDIARIA-SAI S.p.A.	Deputy chairman and member of the executive committee
	IMMOBILIARE LOMBARDA S.p.A.	CEO, member of the executive committee and COO
	MILANO ASSICURAZIONI S.p.A.	Director and member of the executive committee
	SAI INVESTIMENTI Società di Gestione del Risparmio S.p.A.	Director
	ATAHOTELS S.p.A.	Director
	IGLI S.p.A.	Director
	none	
Alberto Rubegni	none	
Carlo Buora	ISTITUTO EUROPEO DI ONCOLOGIA S.r.l.	Chairman
	CENTRO CARDIOLOGICO MONZINO S.p.A.	Chairman
	PENTAR S.p.A.	Deputy chairman
Alfredo Cavanenghi	Admiral S.p.A.	Standing statutory auditor
	AUTOSTRADA TORINO MILANO S.p.A.	Standing statutory auditor
	S.I.A.S. S.p.A.	Standing statutory auditor
	SOCIETA' AUTOSTRADA LIGURE TOSCANA p. A.	Standing statutory auditor
	G. & A. S.p.A.	Standing statutory auditor
	LEAS FINANZIARIA S.p.A.	Standing statutory auditor
	LEAS S.p.A.	Standing statutory auditor
	FINANZIARIA DI PARTECIPAZIONI E INVESTIMENTI S.p.A.	Standing statutory auditor
	AUTOSTRADA DEI FIORI S.p.A.	Standing statutory auditor
	VERSIGLIA S.p.A.	Standing statutory auditor
	IBP S.p.A.	Standing statutory auditor
	AUTOSTRADA ASTI-CUNEO S.p.A.	Standing statutory auditor
	S.A.T.A.P. S.p.A.	Standing statutory auditor
Fabio Cerchiai	ATLANTIA S.p.A.	Chairman
	AUTOSTRAD PER L'ITALIA S.p.A.	Chairman
	ARCA VITA S.p.A.	Chairman
	ARCA ASSICURAZIONE S.p.A.	Chairman
	EDIZIONE S.r.l.	Director



Directors	Company	Position
Claudio Cominelli	none	
Nicola Fallica	MARINA DI LOANO S.p.A. IMMOBILIARE LOMBARDA S.p.A.	Deputy chairman Director
Beniamino Gavio	AURELIA S.p.A. SOCIETA' INIZIATIVE AUTOSTRADALI E SERVIZI S.p.A. AUTOSTRADE SUD AMERICA S.r.l.	Chief executive officer Director Director
Marcello Gavio	AURELIA S.r.l. Autostrada Torino Milano S.p.A.	Chief executive officer Deputy chairman
Maurizio Maresca	COMPAGNIA PORTUALE DI MONFALCONE S.r.l. COMPAGNIA DI SAN PAOLO HOLCIM (ITALIA) S.p.A. UNICREDIT LOGISTICS S.r.l. TAMI S.r.l.	Chairman Director Director Director Director
Andrea Novarese	ALERION CLEAN POWER S.p.A. BANCA SAI S.p.A. IGLI S.p.A. DDOR NOVI SAD FINADIN S.p.A. FINSAI INTERNATIONAL S.A. SAIFIN SAIFINANZIARIA S.p.A. SAIHOLDING ITALIA S.p.A. SAINTERNATIONAL S.A. SAILUX S.A. GEMINA S.p.A.	Director Director Director Director Director Director Director Director Director Director Director and member of the remuneration committee
Giuseppe Piaggio	SCHEMAVENTOTTO S.p.A. SOCIETA' ITALIANA TRAFORO MONTE BIANCO MEDITERRANEA DELLE ACQUE S.p.A. ATLANTIA S.p.A. AUTOSTRADE PER L'ITALIA S.p.A. IGLI S.p.A. FONDAZIONE CRT COGNE ACCIAI SPECIALI S.p.A.	Chairman Chairman Deputy chairman Director Director Director Director Chairman of the board of statutory auditors
Alberto Sacchi	SOCIETA' INIZIATIVE AUTOSTRADALI E SERVIZI S.p.A. SOCIETA' AUTOSTRADA LIGURE TOSCANA p.A. AUTOSTRADA TORINO MILANO S.p.A. AUTOSTRADE SUD AMERICA S.r.l. MILANO SERRAVALLE – MILANO TANGENZIALI S.p.A.	Chief executive officer Director and member of the executive committee Director Director Standing statutory auditor
Giancarlo Guenzi	AUTOSTRADE SUD AMERICA S.r.l. EMITTENTI TITOLI S.p.A. PUNE SOLAPUT EXPRESSWAYS PRIVATE LIMITED PEDEMONTANA VENETA S.p.A. SPEA INGEGNERIA EUROPEA S.p.A.	Director Director Director Director Director

PROPOSAL TO THE SHAREHOLDERS OF IMPREGILO S.p.A.

Dear shareholders,

The separate financial statements for the year ended 31 December 2010 of Impregilo S.p.A., prepared for your approval, show a profit for the year of euro 157,875,816, which we propose be allocated as follows:

- euro 7,893,790.80, equal to 5% of the profit for the year, to the legal reserve;
- euro 24,147,476.22 as a dividend to the holders of ordinary shares, equal to euro 0.06 per share of the by-laws;
- euro 420,027.66 as a dividend to the holders of savings shares, equal to euro 0.26 per share, as per article 33.b) of the by-laws;
- to set the ex-dividend date as 18 July 2011 and the payment date as 21 July 2011;
- euro 125,414,521.32 to be carried forward.

On behalf of the board of directors

Chairman

Massimo Ponzellini

(Signed on the original)







CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010



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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euro/000)

ASSETS	Note	31 December 2010	31 December 2009 ^(*)	1 January 2009 ^(**)
Non-current assets				
Property, plant and equipment	1.1	295,779	189,565	145,787
Intangible assets - rights to infrastructure under concession	1.2	325,297	334,165	192,659
Other intangible assets	1.3	54,214	49,362	51,613
Goodwill	1.4	94,050	58,890	58,890
Equity investments	1.5	37,841	30,593	23,957
Available-for-sale financial assets	1.6	-	10,706	8,944
Non-current financial assets (*)		-	-	54
Non-current intragroup receivables	5.1	17,446	13,139	17,700
Other non-current assets	5.2	57,072	45,584	57,777
Deferred tax assets	6.1	75,604	88,625	70,179
Total non-current assets		957,303	820,629	627,560
Current assets				
Inventories	7.1	71,897	56,625	59,408
Contract work in progress	7.2	743,464	630,993	707,609
Trade receivables	7.4	791,016	889,600	880,946
<i>of which: related parties</i>	<i>18</i>	<i>-</i>	<i>455</i>	<i>453</i>
Current intragroup receivables	7.6	137,589	123,419	157,364
Derivatives and other current financial assets (*)	9.1-9.6	4,393	4,604	74,804
Current tax assets	6.2	54,541	94,375	106,672
Other current tax assets	6.3	94,317	110,925	130,690
Other current assets	7.7	261,192	216,115	276,206
Cash and cash equivalents (*)	9.2	878,817	814,651	944,880
Total current assets		3,037,226	2,941,307	3,338,579
Non-current assets classified as held for sale	2	473,587	466,246	411,884
Total assets		4,468,116	4,228,182	4,378,023

(*) Items included in net financial position.

(**) Restated figures following adoption of IFRIC 12 - see section "Effects of applying IFRIC 12".

(Euro/000)

EQUITY AND LIABILITIES	Note	31 December 2010	31 December 2009 (**)	1 January 2009 (**)
Equity				
Share capital		718,364	718,364	718,364
Share premium reserve		1,222	1,222	1,222
Other reserves		40,763	19,243	(14,662)
Retained earnings		230,792	71,387	108,994
Profit for the year		128,445	79,616	-
Equity attributable to the owners of the parent		1,119,586	889,832	813,918
Non-controlling interests		7,410	5,568	4,182
Total equity	8	1,126,996	895,400	818,100
Non-current liabilities				
Bank and other loans (*)	9.3	255,846	325,256	258,734
Bonds (*)	9.4	414,019	138,118	55,222
Finance lease payables (*)	9.5	12,961	2,570	1
Non-current derivatives (*)	9.6	3,640	5,297	4,370
Post-employment benefits and employee benefits	4	24,653	33,772	33,419
Deferred tax liabilities	6.1	17,717	16,519	16,954
Provisions for risks	3	190,110	192,540	195,896
Other non-current liabilities	5.3	14,284	11,665	10,443
Total non-current liabilities		933,230	725,737	575,039
Current liabilities				
Current portion of bank loans and current account facilities (*)	9.3-9.7	465,742	602,880	654,101
Current portion of bonds (*)	9.4	41,795	17,840	1,903
Current portion of finance lease payables (*)	9.5	847	690	33
Derivatives and other current financial liabilities (*)	9.6	1,799	1,150	2,798
Advances on contract work in progress	7.3	700,802	527,113	713,111
Trade payables	7.5	777,279	934,154	1,167,234
<i>of which: related parties</i>	<i>18</i>	<i>1,837</i>	<i>9,083</i>	<i>12,685</i>
Current intragroup payables	7.6	43,101	55,683	69,437
Current tax liabilities	6.4	20,073	22,552	23,882
Other current tax liabilities	6.5	17,718	39,407	36,382
Other current liabilities	7.8	249,144	318,637	288,419
<i>of which: related parties</i>	<i>18</i>	<i>17,667</i>	<i>17,667</i>	<i>17,667</i>
Total current liabilities		2,318,300	2,520,106	2,957,300
Liabilities directly associated with non-current assets classified as held for sale	2	89,590	86,939	27,584
Total equity and liabilities		4,468,116	4,228,182	4,378,023

(*) Items included in net financial position.

(**) Restated figures following adoption of 'IFRIC 12 - see section "Effects of applying IFRIC 12".



CONSOLIDATED INCOME STATEMENT

(Euro/000)

	Note	2010	2009 ^(*)
Revenue			
Operating revenue	12	1,931,450	2,611,735
Other revenue	12	130,871	109,734
Total revenue		2,062,321	2,721,469
Costs			
Raw materials and consumables	13.1	(223,462)	(491,968)
Subcontracts	13.2	(372,492)	(709,361)
Other operating expenses	13.3	(880,336)	(975,072)
Personnel expenses	13.4	(304,525)	(318,547)
Amortisation, depreciation, provisions and impairment losses	13.5	(57,688)	(82,143)
<i>of which: related parties (*)</i>	18	<i>(3,875)</i>	<i>(9,133)</i>
Total costs		(1,838,503)	(2,577,091)
Operating profit		223,818	144,378
Gain on the partial sale of an investment in a subsidiary	14	43,011	
Financing income (costs) and gains (losses) on investments			
<i>Financial income</i>	<i>15.1</i>	<i>37,009</i>	<i>85,589</i>
<i>Financial expense</i>	<i>15.2</i>	<i>(92,850)</i>	<i>(103,035)</i>
<i>Net exchange rate losses</i>	<i>15.3</i>	<i>(17,770)</i>	<i>(10,874)</i>
Net financing costs		(73,611)	(28,320)
Net losses on investments	15.4	(234)	(4,757)
Net financing costs and net losses on investments		(73,845)	(33,077)
Profit before tax		192,984	111,301
Income tax expense	16	(60,114)	(26,048)
Profit from continuing operations		132,870	85,253
Loss from discontinued operations	17	(2,113)	(3,710)
Profit for the year		130,757	81,543
Profit for the year attributable to:			
Owners of the parent		128,445	79,616
Non-controlling interests		2,312	1,927
Earnings per share			
<i>From continuing and discontinued operations</i>			
<i>Basic</i>	<i>21</i>	<i>0.32</i>	<i>0.20</i>
<i>Diluted</i>	<i>21</i>	<i>0.32</i>	<i>0.20</i>
<i>From continuing operations</i>			
<i>Basic</i>	<i>21</i>	<i>0.32</i>	<i>0.20</i>
<i>Diluted</i>	<i>21</i>	<i>0.32</i>	<i>0.20</i>

(*) Relating to the items "Subcontracts" and "Other operating expenses".

(**) Restated figures following adoption of IFRIC 12 - see section "Effects of applying IFRIC 12".

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Euro/000)

	Note	2010	2009 ^(*)
Profit for the year (a)		130,757	81,543
Change in the translation reserve	8	19,128	16,296
Gains (losses) on cash flow hedges, net of the tax effect	8	79	(277)
Available-for-sale financial assets	8	-	13,539
Other comprehensive income related to equity-accounted investees	8	984	(346)
Other comprehensive income (b)		20,191	29,212
Total comprehensive income (a) + (b)		150,948	110,755
Total comprehensive income attributable to:			
Owners of the parent		149,106	109,369
Non-controlling interests		1,842	1,386

(*) Restated figures following adoption of IFRIC 12 - see section "Effects of applying IFRIC 12".



CONSOLIDATED STATEMENT OF CASH FLOWS

(Euro/000)

	Note	2010	2009 (*)
Cash and cash equivalents	9.2	814,651	944,880
Current account facilities	9.3	(198,982)	(160,868)
Total cash and cash equivalents at the beginning of the year		615,669	784,012
Operating activities			
Profit for the year		130,757	81,543
<i>of which: loss from discontinued operations</i>		<i>(2,113)</i>	<i>(3,710)</i>
Amortisation of intangible assets	13.5	1,319	1,742
Amortisation of rights to infrastructure under concession	13.5	17,458	14,176
Depreciation of property, plant and equipment	13.5	39,720	30,398
Net impairment losses and provisions	13.5	2,218	35,827
Accrual for post-employment benefits and employee benefits	13.4	12,463	18,937
Net losses on the sale of assets	12-13.3-14	(69,678)	(6,955)
Deferred taxes	16	15,601	(16,628)
Share of profit or loss of equity-accounted investees	15.4	1,573	(3,492)
Impairment losses on available-for-sale financial assets	15.4	-	11,777
Other non-monetary items		(8,758)	17,215
Total income statement		142,673	184,540
Decrease (increase) in inventories		(119,491)	81,665
Decrease (increase) in trade and intragroup receivables		(48,642)	5,706
(Decrease) increase in advances from customers		209,333	(185,998)
(Decrease) increase in trade and intragroup payables		(118,478)	(246,728)
Decrease (increase) in other assets/liabilities		(88,358)	121,979
<i>of which: cash flows from assets classified as held for sale (USW Campania projects)</i>		<i>-</i>	<i>59,355</i>
<i>of which: cash flows from related party transactions</i>	18	<i>(4,137)</i>	<i>(15,617)</i>
Total operating cash flows		(165,636)	(223,376)
Cash flows used in operating activities		(22,963)	(38,836)
Investing activities			
Investments in intangible assets	1.2 - 1.3	(27,256)	(1,135)
Acquisition of Colombia EADI net of cash and cash equivalents acquired		(25,087)	-
Investments in property, plant and equipment	1.1	(156,801)	(187,909)
<i>- of which: relating to net investments and cash flows from assets classified as held for sale (USW Campania projects)</i>	2	<i>(7,341)</i>	<i>(54,362)</i>
Proceeds from the sale or reimbursement value of property, plant and equipment		19,118	16,267
Investments in non-current financial assets	1.5	(13,367)	(9,007)
Dividends and capital repayments from equity-accounted investees	1.5	1,641	1,057
Proceeds from the sale or reimbursement value of non-current financial assets		11,892	3,503
Cash flows used in investing activities		(189,860)	(177,224)

(Euro/000)

	Note	2010	2009 (*)
Financing activities			
Dividend distribution		(420)	(33,457)
Increase in bank and other loans		566,389	725,684
Decrease in bank and other loans		(420,696)	(713,227)
Change in other financial assets/liabilities		6,689	71,321
Change in consolidation scope		(15,459)	-
Elog transaction		11,408	-
Ecorodovias flotation		91,077	-
Cash flows from financing activities		238,988	50,321
Exchange rate gains (losses) on cash and cash equivalents		98,881	(2,604)
Increase (decrease) in cash and cash equivalents		125,046	(168,343)
Cash and cash equivalents	9.2	878,817	814,651
Current account facilities	9.3	(138,102)	(198,982)
Total cash and cash equivalents at the end of the year		740,715	615,669
Other information:			
Income taxes paid during the year		(30,498)	(32,763)
Net interest paid during the year		(59,745)	(47,274)

(*) Restated figures following adoption of IFRIC 12 - see section "Effects of applying IFRIC 12".



STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(Euro/000)	Note	Share capital	Other reserves			
			Share premium reserve	Legal reserve	Translation reserve	Stock option reserve
As at 1 January (*)	8	718,364	1,222	5,851	(3,251)	-
Share capital increase	8	-	-	-	-	-
Allocation of profit and reserves	8	-	-	4,152	-	-
Dividend distribution	8	-	-	-	-	-
Change in consolidation scope	8	-	-	-	-	-
<i>Profit for the year</i>	<i>8</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Other comprehensive income (expense)</i>	<i>8</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>16,557</i>	<i>-</i>
Total risultato complessivo	8	-	-	-	16,557	-
As at 31 December 2009 (*)	8	718,364	1,222	10,003	13,306	-
As at 1 January 2010 (*)		718,364	1,222	10,003	13,306	-
Share capital increase	8	-	-	-	-	-
Allocation of profit and reserves	8	-	-	817	-	-
Dividend distribution	8	-	-	-	-	-
Ecorodovias share capital increase	-	-	-	-	-	-
Allocation of stock options	-	-	-	-	-	42
Partial disposal of investment	8	-	-	-	-	-
<i>Profit for the year</i>	<i>8</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Other comprehensive income</i>	<i>8</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>20,788</i>	<i>-</i>
Total comprehensive income	8	-	-	-	20,788	-
As at 31 December 2010	8	718,364	1,222	10,820	34,094	42

(*) Restated figures following adoption of IFRIC 12 – see section "Effects of applying IFRIC 12".

Other reserves				Retained earnings	Profit for the year	Equity attributable to owners of the parent	Non-controlling interests	TOTAL EQUITY
Hedging reserve	Fair value reserve	Consolidation reserve	Total other reserves					
(5,098)	(13,539)	1,375	(14,662)	(58,652)	167,646	813,918	4,182	818,100
-	-	-	-	-	-	-	-	-
-	-	-	4,152	163,494	(167,646)	-	-	-
-	-	-	-	(33,455)	-	(33,455)	-	(33,455)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	79,616	79,616	1,927	81,543
(343)	13,539	-	29,753	-	-	29,753	(541)	29,212
(343)	13,539	-	29,753	-	79,616	109,369	1,386	110,755
(5,441)	-	1,375	19,243	71,387	79,616	889,832	5,568	895,400
(5,441)	-	1,375	19,243	71,387	79,616	889,832	5,568	895,400
-	-	-	-	-	-	-	-	-
-	-	-	817	78,799	(79,616)	-	-	-
-	-	-	-	(420)	-	(420)	-	(420)
-	-	-	-	83,926	-	83,926	-	83,926
-	-	-	42	-	-	42	-	42
-	-	-	-	(2,900)	-	(2,900)	-	(2,900)
-	-	-	-	-	128,445	128,445	2,312	130,757
(127)	-	-	20,661	-	-	20,661	(470)	20,191
(127)	-	-	20,661	-	128,445	149,106	1,842	150,948
(5,568)	-	1,375	40,763	230,792	128,445	1,119,586	7,410	1,126,996



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

Impregilo group has prepared its 2010 consolidated financial statements on a going concern basis. As required by Regulation no. 1606/2002 issued by the European Parliament and Council, implemented in Italy by Legislative decree no. 38/2005, these consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union at 31 December 2010. They comprise a statement of financial position, an income statement, a statement of comprehensive income, a statement of cash flows, a statement of changes in equity and these notes.

The consolidated financial statements have been prepared using the historical cost principle, except for those items which are recognised at fair value in accordance with IFRS, as described in the section on "Accounting policies". The carrying amounts of assets and liabilities, hedged with transactions which qualify for hedge accounting, are adjusted to reflect changes in fair value related to the hedged risks.

The statement of financial position, income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity are presented in Euros, the functional currency, and the amounts are shown in thousands of Euros, unless stated otherwise.

CHANGE IN STANDARDS

The following standards, amendments and interpretations have been applied by the group for the first time starting from 1 January 2010.

- IAS 27 (2008) - Consolidated and separate financial statements. The amendments to IAS 27 mainly relate to the treatment of transactions or events that change the percentage of control in a subsidiary or allocation of a subsidiary's loss for the period to non-controlling interests. IAS 27 (2008) clarifies that, once control of an entity has been obtained, transactions in which the parent acquires or transfers additional non-controlling interests which do not lead to a change in control over the investee are owner transactions and, therefore, are to be recognised in equity.
- IFRS 3 (revised in 2008) - Business combinations. The revised IFRS 3 introduced important changes mainly related to step acquisitions of subsidiaries, the fair value measurement of non-controlling interests acquired in a step acquisition, recognition of all acquisition-related costs in profit or loss and the acquisition-date recognition of the liability for the contingent consideration.
- Improvement to IFRS 5 - Non-current assets held for sale and discontinued operations. This improvement establishes that when an entity is engaged in a disposal plan which leads to the loss of control over an investee, all the investee's assets and liabilities shall be reclassified as held for sale, even when the entity still has a non-controlling interest in the investee after the transfer.
- Amendments to IAS 28 - Investments in associates and IAS 31 - Interests in joint ventures, following the amendments made to IAS 27.
- Amendment to IFRS 2 - Share-based payments.
- IFRIC 12 - Service concession arrangements. Reference should be made to the section on the effects of applying IFRIC 12.
- Amendment to IAS 39 - Financial instruments: recognition and measurement - Eligible hedged items.



The following standards, amendments and interpretations are applicable for the first time from 1 January 2010 but are not relevant to the group:

- revised IFRS 1 - First-time adoption of the International Financial Reporting Standards
- IFRIC 15 - Agreements for the construction of real estate
- IFRIC 16 - Hedges of a net investment in a foreign operation
- IFRIC 17 - Distributions of non-cash assets to owners
- IFRIC 18 - Transfers of assets from customers

The European Commission endorsed and published the following new standards, amendments and integrations in 2009 and 2010 in addition to those existing, approved and published by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC):

- Amendment to IAS 32 - Classification of rights issues (applicable from 1 January 2011)
- Amendment to IAS 24 - Related party disclosures (applicable from 1 January 2011)
- Amendment to IFRIC 14 - Prepayments of a minimum funding requirement (applicable from 1 January 2011)
- Amendment to IFRIC 19 - Extinguishing financial liabilities with equity (applicable from 1 January 2011)
- Improvements to IFRS (2010; applicable from 1 January 2011).

Adoption of the above amendments did not significantly affect the group's consolidated financial statements.

The group has not adopted in advance the standards, amendments and interpretations already endorsed by the European Union but which became applicable after 31 December 2010.

Based on information that came to light in previous years and in accordance with the group's consultants, the group decided that the conditions for application of IFRS 5 - Non-current assets held for sale and discontinued operations continue to exist, as in the 2009 annual financial statements. Therefore, it has recognised the USW Campania projects' net assets and results of operations separately in the statement of financial position and income statement.

Due to reasons outside Impregilo's control, the period for completion of the sale has extended beyond the year allowed by IFRS 5. Despite this, the group's commitment to finalising the sale as described in the directors' report remains unchanged. Therefore, the directors have not deemed it necessary to change the accounting treatment of the assets in question as provided for in IFRS 5.9.

FORMAT AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The group's consolidated financial statements include the financial statements of the parent, Impregilo S.p.A., and the Italian and foreign operating companies controlled directly or indirectly by Impregilo S.p.A..

The financial statements at 31 December 2010 approved by the internal bodies of the consolidated companies have been used for consolidation purposes.



The financial statements are prepared by adopting the parent's accounting policies. Where necessary, consolidation adjustments are made to make the items affected by different accounting policies consistent.

A list of the companies and other Impregilo group entities included in the consolidation scope is set out in the annexes with the schedules showing changes therein during the year.

Format of the consolidated financial statements

The group opted to present its consolidated financial statements at 31 December 2010 in line with previous years as follows:

- Current and non-current assets and current and non-current liabilities are presented separately in the statement of financial position. Current assets and liabilities are those expected to be realised, sold, used or settled in the group's normal operating cycle, which normally exceeds 12 months. Non-current assets and liabilities include non-current assets, deferred tax assets, employee benefits, deferred tax liabilities and other balances expected to be realised or settled after the group's normal operating cycle, ie, more than twelve months after the reporting date.
- The income statement gives a classification of costs by nature and shows the profit or loss before "Financing income (costs) and gains (losses) on investments" and income taxes. The profit or loss from continuing operations, the profit or loss from discontinued operations and the profit or loss attributable to non-controlling interests and that attributable to the owners of the parent are also disclosed.
- The statement of comprehensive income shows all non-owner changes in equity.
- The statement of cash flows presents the cash flows from operating, investing and financing activities separately. The indirect method is used.

CONSOLIDATION CRITERIA

The consolidated financial statements have been prepared by consolidating the financial statements at 31 December 2010 of Impregilo S.p.A., the parent, and the Italian and foreign companies which the parent directly or indirectly controls.

Control exists when the group has the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities. Generally speaking, control is presumed to exist when the group holds more than half of the voting rights either directly or indirectly.

Entities or companies over which Impregilo has joint control, by virtue of an investment therein or specific contractual arrangements, are consolidated using the proportionate method as established by IAS 31.

Investments in associates are measured using the equity method.

The financial statements used for consolidation are modified (made consistent) and reclassified to comply with the group's accounting policies in line with the currently applicable IFRS.

The financial statements used are expressed in the functional currency, being the local currency or another currency in which most of the economic transactions and assets and liabilities are denominated. The functional currency for the parent's foreign branches is the Euro as this is the main currency they use to operate.

Financial statements expressed in currencies other than the Euro are translated into Euros by applying the closing rates to the statement of financial position items and the average annual rates to the income statement items, as these approximate the spot rates.



Differences arising from the translation of the opening equity using the closing rates are taken to the translation reserve.

The exchange rates used to translate the foreign currency financial statements into Euros are as follows:

Currency	31.12.2010 Closing rate	31.12.2010 Average rate	31.12.2009 Closing rate	31.12.2009 Average rate
Argentina – ARS	5.30994	5.1856	5.46185	5.21103
Brazil - BRL	2.2177	2.33143	2.5113	2.76742
Chile - CLP	625.275	675.346	730.744	776.509
China - CNY	8.822	8.97123	9.835	9.52771
Colombia - COP	2571.38	2515.56	2943.76	2988.09
Libya - LYD	1.67606	1.67816	1.78217	1.74626
Nigeria - NGN	203.444	200.252	215.548	209.099
Panama - PAB	1.3362	1.32572	1.4406	1.39478
Peru - PEN	3.75086	3.74495	4.16189	4.19064
UK - GBP	0.86075	0.857844	0.8881	0.89094
Dom. Republic - DOP	50.0039	48.701	51.9443	50.066
USA - USD	1.3362	1.32572	1.4406	1.39478
Switzerland - CHF	1.2504	1.38034	1.4836	1.51002
Venezuela - VEB	5.73848	5.66859	3.0934	2.99502

When an investment in a consolidated entity is sold, the accumulated gain or loss recognised in equity is released to profit or loss.

The key consolidation criteria used to prepare these consolidated financial statements may be summarised as follows:

- Subsidiaries are consolidated on a line-by-line basis, whereby:
 - a) assets and liabilities, costs and revenue shown in the subsidiaries' financial statements are fully recognised, regardless of the size of the investment therein;
 - b) the carrying amount of the investment is eliminated against the group's share of its equity;
 - c) the main transactions between consolidated entities, including dividends distributed among group companies, are eliminated;
 - d) non-controlling interests are shown separately under equity and their share of the profit or loss for the year is similarly shown separately in the income statement.
- Investments in associates are measured using the equity method whereby the carrying amount of the investment is adjusted to consider:
 - a) the parent's share of the profits or losses of the associate realised after the acquisition date;
 - b) modifications arising from changes in equity of the associate that are not taken to profit or loss as per the relevant IFRS;
 - c) dividends distributed by the associates;
 - d) any greater value paid at acquisition (measured using the same criteria set out in the section on "Accounting policies" for goodwill);
 - e) the share of the profit or loss deriving from application of the equity method, which is taken to profit or loss;
 - f) standardisation to comply with the group accounting policies, where necessary.

- Interests in joint ventures are consolidated using the proportionate method whereby the proportionate amount of the assets, liabilities, costs and revenue of the financial statements of the joint ventures are recognised.

Dividends, revaluations and impairment losses on investments in consolidated companies, gains and losses on the intragroup exchange of investments in consolidated entities are eliminated.

Gains and losses arising from transactions between consolidated companies, which are not realised directly or indirectly through transactions with third parties, are eliminated. Unrealised intragroup losses are recognised when the transaction shows an impairment of the transferred asset.

BUSINESS COMBINATIONS

Business combinations are recognised using the acquisition method set out in IFRS 3 (revised in 2008). Accordingly, the consideration for a business combination is measured at fair value, being the sum of the fair value of the assets acquired and liabilities assumed or incurred by the group at the acquisition date and the equity instruments issued in exchange for control of the acquired entity. Transaction costs are recognised in profit or loss when incurred.

The contingent consideration, included as part of the transfer price, is measured at acquisition-date fair value. Any subsequent changes in fair value are recognised in profit or loss.

The identifiable assets acquired and the liabilities assumed are recognised at their acquisition-date fair value.

Goodwill is measured as the difference between the aggregate of the consideration transferred, the amount of any non-controlling interests (NCI) and the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the difference is negative, the resulting gain is recognised as a bargain purchase in profit or loss.

NCI can be measured at fair value or at its proportionate share of the fair value of the net assets of the acquiree at the acquisition date. The measurement method is decided on a transaction by transaction basis.

Business combination achieved in stages (step acquisition)

In the case of step acquisitions, the group's existing investment in the acquiree is measured at fair value on the date that control is obtained. Any resulting adjustments to previously recognised assets and liabilities are recognised in profit or loss. Therefore, the previously held investment is treated as if it had been sold and reacquired on the date that control is obtained.

Transactions involving non controlling interest

Changes to the investment percentage of a subsidiary that does not entail loss of control are treated as equity transactions. Therefore, any differences between the acquisition price and the related share of equity in subsequent acquisitions of investments in entities already controlled by the group are recognised directly in equity. With respect to partial disposals of an investment in a subsidiary while control is retained, any gain or loss is recognised in equity.



BASIS OF PREPARATION

The accounting policies adopted to draw up the group's consolidated financial statements at 31 December 2010 comply with the IFRS and are consistent with those used to prepare the 2009 consolidated financial statements, except for the standards enacted after 1 January 2010, summarised in the section on the "Changes in standards".

ACCOUNTING POLICIES

Property, plant and equipment

Impregilo group has opted to recognise property, plant and equipment at purchase or production cost net of accumulated depreciation and any impairment losses.

Depreciation is calculated on a straight-line basis using rates determined based on the assets' residual possible use. The annual rates are as follows:

Category	Depreciation rate
Land	0%
Buildings	3%
Plant and machinery	from 10% to 20%
Industrial and commercial equipment	from 25% to 40%
Other assets	from 12% to 25%

Land and buildings, plant and machinery with a carrying amount to be recovered mainly through their sale (rather than the asset's continued use) are measured at the lower of their carrying amount and fair value less costs to sell. Assets classified as held for sale shall be immediately available for sale and their sale shall be highly probable (ie, the related commitments already exist). Their sales value shall be reasonable compared to their fair value.

Assets acquired as a result of business combinations are recognised at fair value at the acquisition date and remeasured within a year. Such amount reflects their purchase cost.

After their initial recognition, they are measured at cost, depreciated over their estimated useful lives and shown net of any impairment losses.

When an asset consists of different significant components with different useful lives, they are recognised and subsequently measured separately.

The carrying amount of property, plant and equipment is tested for impairment whenever events or changes in circumstances take place indicating that the carrying amount will not be recovered. Reference should be made to the section on "Impairment of assets" for details on impairment testing.

Borrowing costs directly related to the acquisition or construction of an asset are capitalised as part of the cost of the asset, to the extent of its recoverable amount. As established by IAS 23 - Borrowing costs, the group has applied this method to all qualifying assets.



Borrowing costs are capitalised when the costs of the acquisition of the asset and borrowing costs are incurred, and the activities necessary to bring the asset to a condition for its use have been started.

The costs provided for but not yet paid related to qualifying assets are excluded from determination of the amount to be capitalised.

Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

Moreover, capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Subsequent expenditure is only capitalised if it increases the future economic benefits of the related asset. All other expenditure is expensed when incurred.

Ordinary maintenance costs are fully expensed when incurred. Costs for extraordinary maintenance carried out at regular intervals are capitalised when they meet the criteria for capitalisation.

Dismantlement and restoration costs of assets used for work in progress are added to the cost of the related asset and depreciated in line with the depreciation pattern of the asset to which they refer when they are expected and objectively determinable.

Leasehold improvements are classified in the different items of property, plant and equipment on the basis of their nature. They are depreciated over the shorter of the estimated useful life of the relevant asset and the residual term of the lease.

Property, plant and equipment acquired and/or held with finance leases

Assets held under finance leases whereby all the risks and rewards of ownership are substantially transferred to the group are recognised as group assets and classified as property, plant and equipment. The related payable to the lessor is shown under financial liabilities. The lease payment is split into the financial expense, taken to the income statement, and the principal repayment, offset against the financial liability. The carrying amount of the leased asset is determined considering its fair value or, if lower, the present value of the lease payments.

The depreciation method and subsequent measurement are consistent with those applied to non-leased assets.

Leases where the lessor retains all the risks and rewards of ownership are treated as operating leases. The initial negotiation costs incurred for this type of lease increase the value of the related lease and are recognised over the lease term netted against the revenue generated by the lease. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Rights to infrastructure under concession

These rights are covered by IFRIC 12 published in November 2006 by IFRIC, endorsed by the European Union in 2009 and applicable from 1 January 2010. Reference should be made to the section on the effects of applying IFRIC 12 for information on the standards adopted by the group and the effects of applying this interpretation retrospectively.

Goodwill and intangible assets with indefinite lives

Goodwill and other intangible assets with indefinite lives are recognised at cost net of impairment losses.

At 31 December 2010, Impregilo group did not have any intangible assets with indefinite lives other than goodwill.

Goodwill acquired as part of a business combination is measured as the difference between the aggregate of the acquisition-date fair value



of the consideration considered, the amount of any NCI and the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree, and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill deriving from acquisitions is not amortised. It is tested annually for impairment or whenever conditions arise that presume impairment as per IAS 36 - Impairment of Assets.

For impairment testing purposes, goodwill acquired as part of a business combination is allocated at the acquisition date to each of the cash-generating units (or groups of cash-generating units - CGU) that will benefit from the acquisition. The carrying amount of goodwill is monitored at cash-generating unit level for internal management purposes.

Impairment is determined by defining the recoverable amount of the cash-generating unit (or group of units) to which the goodwill is allocated. When the recoverable amount of the CGU (or group of CGUs) is lower than the carrying amount, an impairment loss is recognised. When goodwill is allocated to a CGU (or group of CGUs), the asset of which has been partly disposed of, the goodwill allocated to the disposed of asset is considered to determine any gain or loss deriving from the transaction. In this case, the transferred goodwill is measured using the amounts related to the disposed of asset compared to the asset still held by the unit.

Other intangible assets

Other intangible assets purchased or generated internally are recognised under assets in accordance with IAS 38 - Intangible assets when it is probable that the use of the asset will generate future economic benefits and the cost of the asset can be measured reliably. Those assets with finite useful lives are measured at purchase or development cost and amortised on a straight-line basis over their estimated useful lives. Recoverability of their carrying amount is checked by using the criteria set out in the section on "Impairment of assets".

The excess of the purchase cost compared to the group's share of the net fair value of the high capacity business units acquired in the past is classified as other intangible assets and mainly refers to acquisition costs of the business units purchased. The related amortisation is calculated in line with the stage of completion and duration of the work.

Other non-current assets

Other non-current assets mainly consist of loans and receivables and claims related to completed or nearly completed contracts, as in the case of companies in liquidation. Their liquidation plan provides for the realisation of the assets after twelve months from the reporting date. These assets are measured at their estimated realisable value, by recognising allowances to adjust their carrying amount accordingly. Claims are only recognised for the amounts matured and that part which is held to be reasonably recoverable. The estimated realisable value is discounted if the time value of money is material depending on when settlement is expected to take place.

Impairment of non-financial assets

If there is any indication that an intangible asset or an item of property, plant and equipment is impaired, the recoverable amount of the asset is estimated to determine the amount of the impairment loss. Goodwill and other intangible assets with indefinite lives are tested annually for impairment.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

If a binding sales agreement does not exist, fair value is estimated using the observable prices of an active market, recent transactions or the best information available to reflect the amount the entity could obtain by disposing of the asset.



Value in use is determined by discounting the present value of estimated future cash flows expected to arise from the continuing use of an asset, net of taxes, and, if reasonably determinable, from its disposal at the end of its useful life. Discounting is applied by using a post-tax discount rate which reflects the present market value of the time value of money and specific risks.

The assessment is made for individual assets or the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets from its continuing use (cash-generating unit). An impairment loss is recognised when the recoverable amount is lower than the carrying amount. If the reasons for the impairment loss are no longer valid, the impairment loss (except in the case of goodwill) is reversed and the adjustment is taken to profit or loss as a reversal of impairment losses. A reversal of impairment losses is recognised to the extent of the lower of the recoverable amount and original carrying amount less depreciation/amortisation that would have been recognised had the impairment loss not been recognised.

Inventories of goods

Inventories of goods are measured at the lower of average purchase cost and net realisable value.

Cost includes the directly related costs and estimated realisable value is determined using the replacement cost of the asset or similar assets.

Any write-downs are eliminated in subsequent years when the reasons therefor are no longer valid.

Contract work in progress and revenue from construction contracts

Contract work in progress consists of work performed net of progress billings issued to customers. When payment of the consideration is completed, the related turnover, including the advances, is recognised under "Revenue - goods and services" in the income statement with the related variation in inventories. The provision for contractual risks is directly offset against inventories and is set up to cover possible charges and losses on contracts performed either directly by the group or as part of a joint venture.

Contract work in progress is measured considering the consideration agreed with the customer and the stage of completion of the work.

Revenue related to contract work in progress is recognised using the stage of completion method.

The stage of completion is determined using the cost to cost method whereby the percentage of completion (the ratio between costs incurred and total estimated costs) is applied to the total estimated revenue.

Given the technical complexity, size and length of time involved in completing contracts, the additional considerations are measured before an agreement is reached with the customer. Claims for additional considerations are considered when measuring contract work in progress when they can be quantified and they are reasonably certain to be made.

In the case of events that take place after the reporting date but before the financial statements are approved, which provide additional information about expected profits or losses on the contract, this additional information is considered when determining the contractual revenue or costs to be incurred to complete the contract and for the recognition of any profits or losses.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The contract costs, included in the cost to cost calculation, may be classified as:

- pre-operating costs, which include costs incurred during the start-up stage of the contract, before construction starts, such as the costs of design and specific studies carried out for the contract; organisation and production start-up costs and building site start-up costs.



These pre-operating costs are included in the stage of completion calculation and in the cost to cost calculation once they have been incurred. During the initial stage of the contract, they are included in the carrying amount of work in progress, if recoverable, without recognising any profit margin when the profit or loss cannot be reliably determined;

- contract operating costs, which include those directly attributable to the contract (eg, materials, subcontracting, labour, amortisation and depreciation, expropriation costs, any directly attributable borrowing costs, etc.). They are recognised on an accruals basis and included in the calculation of the stage of completion;
- post-operating costs: this category includes site dismantlement costs generally incurred after the contract has been closed to remove the installations (or entire sites) and to return the machinery or plant to the group's premises or transfer them to another site. This category also includes losses on abandoned materials and the cost of transporting unused materials. They are included in the contract estimate and, therefore, if incurred during the contract term, they are comprised in the calculation of the progress billings. Therefore, no specific accruals are made to the income statement;
- costs for services to be rendered after completion of the contract: these costs mainly relate to services rendered after the contract has been completed. They may include assistance and supervision provided in the early stages of use of the plant or scheduled maintenance. If the contract does not include specific additional considerations for these services and the contract may be "closed" for accounting purposes (contracts are usually closed once work is completed and the customer has accepted the end result), the costs to be incurred to render these services when the contract is closed in the accounting records should be estimated and provided for in the specific items. These costs are included in the calculation to determine the contract revenue.

Real estate projects

Closing inventories of real estate projects are those real estate areas developed with a view to selling them. They are measured at the lower of cost and estimated realisable value. Costs incurred consist of the consideration paid for purchasing the areas and related charges, construction costs and borrowing costs related to the project up to and not exceeding its completion.

Financial assets and liabilities

Measurement and presentation of financial instruments are covered by IAS 39 and IAS 32, respectively. The group has introduced the disclosure required by IFRS 7 from 2007.

The financial instruments used by the group are classified as follows: financial assets or financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

Financial assets or financial liabilities at fair value through profit or loss

This category includes derivatives that do not meet hedge accounting requirements.

Fair value gains or losses on derivatives in this category are recognised as "Financing income (costs)" in profit or loss when they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost, as detailed further on, and any gains or losses arising therefrom are recognised as "Financing income (costs)" in profit or loss under the amortised cost method.



This category includes the following items:

- **Trade receivables and payables and other receivables and payables**

Trade and other receivables are recognised at amortised cost, net of impairment losses determined on the basis of their estimated recoverable amount calculated by analysing each position and the total non-collection risk.

If the collection date is postponed and exceeds normal collection times for the sector, these receivables are discounted.

All factored receivables that do not meet the requirements for derecognition under IAS 39 continue to be recognised in the group's financial statements even when they have been legally transferred. They are thus included as assets and a financial liability of the same amount is recognised.

Trade and other payables are recognised at amortised cost, allocating interest to the income statement based on the effective interest rate, being the rate that exactly discounts estimated future cash payments through to the carrying amount of the related asset.

- **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term, highly liquid investments with a term of less than three months. This item is shown in the statement of cash flows net of bank borrowings at the reporting date.

- **Loans and bonds**

Loans and bonds are initially recognised at cost, being the fair value of the consideration received less transaction costs.

After initial recognition, loans are measured at amortised cost, whereby repayments are determined using the effective interest method with a rate which matches, at initial recognition, the expected cash flows with the initial carrying amount.

Loan transaction costs are classified under liabilities decreasing the loan; amortised cost is calculated considering these costs and any discounts or premiums expected at settlement.

The effects arising from the recognition at amortised cost are taken to "Financing income (costs)".

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the group has the positive intention and ability to hold to maturity. They are recognised at amortised cost, and interest accrued thereon is taken to profit or loss under "Financial income" using the effective interest method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are not classified in the other categories. They include the following items:

- **Equity investments**

Investments in entities other than subsidiaries, associates and interests in joint ventures (reference for which should be made to the section on "Consolidation scope") are classified as "Equity investments" at the time of their acquisition and are included in the available-for-sale financial assets category required by IAS 39.

Since they mainly relate to consortia and consortium companies of which the group holds less than 20%, in accordance with IAS 39, such investments are stated as non-current assets measured at cost, adjusted for impairment, since their fair value cannot be determined.

Investments in listed companies belonging to this category are measured at fair value and the related fair value gains or losses are



recognised in equity. Material or prolonged decreases in their fair value that are evidence of impairment are, therefore, transferred from equity to profit or loss and offset against the relevant reserve.

Dividend income from such financial instruments is recognised in profit or loss under financial income when the group companies holding the investments are given the right to such dividend.

Fair value of financial instruments

The fair value of financial instruments has been estimated as follows:

- The fair value of financial instruments traded on an active market is based on the market price at the reporting date. This method has been applied especially to listed financial instruments classified as "Available-for-sale financial assets" and financial instruments classified as "Held-to-maturity investments".
- The fair value of the derivatives classified as "Hedging derivatives" and "Financial assets and financial liabilities at fair value through profit or loss" has been measured using the Discounted Cash Flow Model. With respect to interest rate swaps, future cash flows have been estimated using the implicit forward rate of the market Euro curve at 31 December 2010 and 2009, while the forward exchange rate market prices at the relevant reporting date have been used for currency forward transactions.
- The fair value of loans and receivables has been determined, for disclosure purposes in the notes, on the basis of the present value of their future cash flows discounted at a rate equal to the current interest rates applicable in the relevant markets and the average spread agreed by the group.

Derecognition of financial assets and liabilities

(a) Financial assets

A financial asset (or, where applicable, part of a financial asset or parts of a group of similar financial assets) is derecognised when:

- (i) the contractual rights to the cash flows from the financial asset expire;
- (ii) the group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in full and immediately;
- (iii) the group transfers the contractual rights to receive the cash flows of the asset and has transferred substantially all the risks and rewards of ownership of the financial asset and the related control.

When the group has transferred the contractual rights to receive the cash flows of the financial asset and has neither transferred nor retained substantially all the risks and rewards or has retained control, it continues to recognise the asset to the extent of its continuing involvement in the asset. Continuing involvement that takes the form of guaranteeing the transferred asset is measured at the lower of the initial carrying amount of the asset and the maximum amount of the consideration that the group could be required to pay.

(b) Financial liabilities

Financial liabilities are derecognised when the underlying obligation is discharged, cancelled or expires.

When an existing financial liability is exchanged with another by the same lender at substantially different terms, or the terms of an existing liability are substantially modified, this exchange or modification is treated as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amounts is recognised in profit or loss.



Impairment of financial assets

If there is any indication that a financial asset is impaired, the recoverable amount of the asset is estimated to determine the amount of the impairment loss.

Derivatives and hedging transactions

Impregilo group has derivatives recognised at fair value when the related agreement is signed and for subsequent fair value changes. The treatment of the related fair value gains or losses changes depending on whether the conditions for hedge accounting are met, as described below.

Impregilo group has derivatives to hedge currency and financial risks. At the inception of the transaction, it documents the hedging relationship, its risk management and strategy objectives in entering into the transaction, the hedging instrument and hedged item or transaction and the nature of the hedged risk. Moreover, at the inception of the transaction, and thereafter on an ongoing basis, the group documents whether or not the hedge meets the effectiveness requirements to offset its exposure to changes in the fair value of the hedged item or cash flows attributable to the hedged risk.

Based on the above-mentioned documentation, derivatives used for specific hedging purposes are classified and recognised as follows:

(a) Fair value hedges - If a derivative is designated as a hedge of exposure to changes in the fair value of an asset or liability due to a specific risk that may affect profit or loss, the gain or loss deriving from the subsequent measurement of the fair value of the hedging instrument is taken to profit or loss. The gain or loss on the hedged item, related to the hedged risk, changes the carrying amount of this item and is taken to profit or loss.

(b) Cash flow hedges - If a derivative is designated as a hedge of exposure to changes in cash flows of an asset or liability or a highly probable transaction and could affect profit or loss, the effective part of the gains or losses on the financial instrument is taken to equity. The cumulative gain or loss is derecognised from equity and taken to profit or loss in the same period in which the hedged transaction is recognised. The gain or loss related to a hedge or part of a hedge which has become ineffective is taken to profit or loss immediately. If a hedging instrument or a hedging relationship is closed, but the hedged transaction has not yet taken place, the cumulative gains and losses, recognised in equity up to then, are reclassified to profit or loss when the transaction takes place. If it is unlikely the hedged transaction will take place, the unrealised gains and losses recognised in equity are immediately recognised in profit or loss.

The scope of the hedge is assessed in strategic terms. When they do not meet the requirements of IAS 39 for hedge accounting, the derivatives are classified as "Financial assets or financial liabilities at fair value through profit or loss".

Employee benefits

• Short-term and long-term benefits

Short-term employee benefits, that is, payable within twelve months of the end of the year in which the employees rendered the service, are recognised as a cost and as a liability for the undiscounted amount of benefits expected to be paid in exchange for that service. Long-term benefits, such as remuneration to be paid after twelve months of the end of the year in which the employees rendered the service, are recognised as liabilities for an amount equal to the present value of the benefits at the reporting date.

• Post-employment benefits

Post-employment benefits are recognised at the actuarial value of the group's payable determined in line with ruling legislation and



national and in-house labour agreements. The actuarial method, based on demographic, financial and turnover assumptions, is applied by independent actuaries. The related gains and losses are taken to profit or loss as costs or revenue.

The 2007 Finance Act and related implementing decrees introduced significant changes to legislation governing Italian post-employment benefits, effective as from 1 January 2007. These include the option given to employees, to be exercised before 30 June 2007, of where to allocate their future benefits. Specifically, employees can opt to allocate them to selected pension funds or maintain them with the company, in which case, the latter shall pay the contributions to the treasury fund of the Italian Social Security Institution ("INPS").

Following these changes, the Italian post-employment benefits accruing after the date of the employees' decision and, in any case, after 30 June 2007, are considered part of a defined contribution plan and treated like all other social security contributions.

- **Share-based payments**

The group has adhered to the guidelines of IFRS 2 - Share-based payments.

Share-based payments are measured at fair value of the option at the grant date. This amount is recognised in the income statement on a straight-line basis over the vesting period. This treatment is based on an assessment of the stock options that will effectively vest in favour of the qualifying employees. Fair value is determined using the Black-Scholes model.

Income taxes

Current taxes are provided for using the tax rates and applying the tax laws ruling in Italy and other countries in which the group operates, based on the best estimate of the taxable profit for the year.

Group companies net tax assets and liabilities when this is legally allowed.

Beginning from 2004, the parent, Impregilo S.p.A., and certain of its Italian subsidiaries have joined the national tax consolidation system which is regulated by the conditions set out in agreements drawn up by the participating companies.

The group's overall tax position is shown in the consolidated financial statements after derecognising intragroup transactions deriving from the netting of taxable profits.

Deferred tax assets and liabilities are calculated on the basis of the temporary differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. Deferred tax assets are recognised when the group holds their recovery to be probable.

The carrying amount of deferred tax assets is reviewed at each reporting date and, to the extent necessary, is decreased when it is no longer probable that sufficient taxable profits will be available in the future to use all or part of the related benefit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the reporting date.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively, and are netted at company level if related to taxes that may be compensated. If the balance is positive, it is recognised as "Deferred tax assets", if not, as "Deferred tax liabilities".

Taxes that could arise from the transfer of undistributed profits by subsidiaries are only calculated when the subsidiary has the positive intention to transfer such profits.

In the case of transactions recognised directly in equity, the related deferred tax asset or liability also affects equity.



Provisions for risks and charges

In accordance with IAS 37, the group makes accruals to provisions for risks and charges when the following conditions exist:

- the group or a group company has a present obligation (legal or constructive) at the reporting date as a result of a past event where an outflow of resources embodying economic benefits will be required to settle the obligation;
- it is probable that the obligation (through an outflow of resources) will have to be settled;
- a reliable estimate can be made of the amount of the obligation.

When the time value is material and the obligation payment dates can be estimated reliably, the amount recognised as the provision equals the pre-tax future cash flows (ie, forecast outflows) discounted at a rate that reflects the present market value and risks specific to the liability.

The increase in the provision due to discounting is recognised as a financial expense.

When the expected cash flows are included in an estimate range with the same probability of occurrence, the median value is discounted to measure the liability.

Provision for restructuring costs is made when the parent or relevant group company has approved a detailed formal plan that has been implemented and communicated to the third parties involved.

Translation criteria for foreign currency items and translation of financial statements of consolidated companies or companies measured using the equity method expressed in currencies other than the Euro

The translation criteria for foreign currency items adopted by the group are as follows:

- foreign currency monetary assets and liabilities, excluding property, plant and equipment, intangible assets and equity investments measured at cost, are measured at the closing spot rate with any exchange rate gains or losses taken to the income statement;
- property, plant and equipment and intangible assets (non-monetary assets) are recognised at historical cost denominated in the foreign currency and translated using the historical exchange rate;
- revenue and costs related to foreign currency transactions are recognised in profit or loss at the exchange rate ruling on the date of the transaction;
- any material effects deriving from changes in exchange rates after the reporting date are disclosed in the notes.

With respect to the translation of financial statements of consolidated companies or companies measured using the equity method and expressed in currencies other than the presentation currency (functional currency), reference should be made to the section on "Consolidation criteria".

The group has applied IAS 29 - Financial reporting in hyperinflationary economies for its subsidiaries and associates that prepare their financial statements in a functional currency of a hyperinflationary economy. This standard requires that the financial statements of an entity, whose functional currency is that of a hyperinflationary economy, be translated at the closing spot rate. The statement of financial position items not yet translated into Euros at the reporting date are redetermined using a general price index. All the income statement items are translated into Euros at the exchange rate ruling on the date the revenue and costs were initially recognised.



Non-current assets held for sale and discontinued operations

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

Assets held for sale are recognised as such when the following events take place:

- signing of a binding sales agreement;
- approval and communication of a formal sales plan by directors.

In order to be correctly measured, the assets shall be:

- available for immediate sale in their present condition;
- subject only to terms that are usual and customary for sales of such assets, and
- the sale must be highly probable and expected to take place within twelve months.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

The results of discontinued operations are disclosed separately in the income statement. As required by IFRS 5.34 - Non-current assets held for sale and discontinued operations, the corresponding prior year figures are restated accordingly.

Revenue recognition

• Operating and other revenue

Revenue is recognised to the extent it is probable that the economic benefits will flow to the group and the related amount can be determined reliably.

Revenue from the sale of goods is recognised when the group has shipped the goods and has transferred all the material risks and rewards of ownership to the buyer. Revenue from construction contracts is recognised as provided for in the related Standard, described below.

When the outcome of a construction contract can be estimated reliably, contract revenue is recognised by reference to the stage of completion of the contract activity at the reporting date based on the ratio of the costs incurred up to the reporting date to the total estimated contract costs, unless this is held to not represent the stage of completion of the contract.

Changes in the contract, claims and incentive payments are recognised to the extent that they are reasonably certain.

Revenue is recognised only to the extent of contract costs incurred that it is probable will be recovered. Contract costs are recognised as an expense in the year in which they are incurred.

• Interest income

Interest income is recognised on an accruals basis, considering the principal and applicable effective interest rate, ie, the rate that discounts the estimated future inflows over the expected life of the financial asset to return it to its carrying amount.

• Dividends

Dividends are recognised when the investors' right to receive payment arises in line with local ruling legislation.



Earnings per share

Basic earnings per share are calculated as the ratio of the profit or loss for the year attributable to the holders of the ordinary shares of the parent to the weighted number of ordinary shares outstanding during the year. Diluted earnings per share are calculated considering the potential diluting effect of the shares to be allocated to the beneficiaries of vested stock options when calculating the number of outstanding shares.

Operating segments

The operating segments comply with the reporting system provided to group management which is in charge of allocating the resources and assessing the results obtained by the segments. The group's management and organisational structure reflects the business segments, which are Construction, Engineering & Plant Construction, Concessions and USW Campania projects.

The inter-segment transfer prices related to the exchange of goods and services are agreed at normal market conditions.

Significant accounting estimates

Preparation of financial statements and the related notes in accordance with the IFRS requires management to make judgements and estimates that affect the carrying amount of assets and liabilities and financial statements disclosures. The estimates are used to:

- determine amortisation and depreciation (see the "Property, plant and machinery", "Property, plant and equipment acquired and/or held with finance leases", "Rights to infrastructure under concession" and "Other intangible assets" paragraphs of the "Accounting policies" section);
- recognise employee benefits (see the "Employee benefits" paragraph of the "Accounting policies" section);
- recognise taxes (see the "Income taxes" paragraph of the "Accounting policies" section);
- recognise provisions for risks and charges (see the "Provisions for risks and charges" paragraph of the "Accounting policies" section);
- determine total contract costs and the related stage of completion (see the "Contract work in progress and revenue from construction contracts" paragraph of the "Accounting policies" section). A significant part of the group's activities is typically performed on the basis of contracts which provide that a specific consideration is agreed when the contract is awarded. This implies that the profits on these contracts may undergo change compared to the original estimates depending on the recoverability of greater expenses and/or costs the group may incur during performance of such contracts.

The actual results may differ from those estimated due to uncertainties underlying the assumptions and the conditions on which the estimates are based.

Fundamental assumptions about the future and other reasons for uncertainty when making the estimates at the reporting date that may lead to material adjustments to the carrying amount of the assets and liabilities are described in the specific section of the directors' report which gives an analysis of the risk areas of each segment.

Business combinations

Reference should be made to the section on the key events of the year for information about business combinations.



SEGMENT REPORTING

The operating segments identified by the group in accordance with IFRS 8 are Construction, Engineering & Plant Construction, Concessions and USW Campania projects.

Impregilo S.p.A. heads the Construction business segment, which encompasses all projects relating to the construction of large-scale infrastructure, such as dams, hydroelectric plants, motorways, railways, underground railways, underground works, bridges and similar works.

During 2010, the discontinued operations of the Imprepar segment headed by the subsidiary Imprepar S.p.A. in liquidation were transferred to the Construction segment as part of the group's new organisation. Imprepar was concurrently taken out of liquidation. The 2009 figures used for comparative purposes in reporting on the operating segments have thus been restated to include the Imprepar figures in the Construction segment in these notes. The Engineering & Plant Construction segment, headed by FISIA Italmimpianti and FISIA Babcock Environment (Germany), includes the operations of plants for the desalination of sea water, fume treatment and waste-to-energy processes, as well as environmental services (contamination clean-up) and urban solid waste (USW) disposal.

Group activities in this business segment relate to the management of investments in numerous subsidiaries and other investees, almost entirely abroad, which hold concessions mainly for the management of motorway networks, plants that generate energy from renewable sources, electricity transmission, integrated cycle water systems and the management of non-medical hospital service activities.

The USW Campania projects segment includes the remaining USW disposal projects in the Province of Naples and other provinces in Campania. Costs incurred for activities carried out at corporate level related to the following are not allocated to the operating segments:

- coordination, control and strategic planning of the group's activities;
- centralised planning and management of human and financial resources;
- management of administrative, tax, legal/corporate and institutional communications requirements;
- administrative, tax and management support to group companies.

Management measures the segments' results by considering their operating profit (EBIT), which complies with the accounting policies applied to the group's consolidated financial statements. The only items requiring reconciliation are the corporate costs and elimination of intra-segment items.

The segments are measured based on net invested capital.

Disclosures on the group's performance by business segment are set out in the second part of the directors' report. The consolidated financial statements figures are summarised below by business segment.

The parent's registered office is in Italy. Total revenue earned in Italy and other geographical segments in 2010 and 2009 is shown in the following table "Performance by geographical segment".

Total non-current assets, excluding deferred tax assets, include euro 139.7 million based in Italy.



SEGMENT REPORTING

Disclosures on the group's performance by business segment are set out in the second part of the directors' report. The consolidated financial statements figures are summarised below by business segment.

2010 performance by business segment

(Euro/000)	Construction	Engineering & Plant Construction
Operating revenue	1,427,749	292,575
Other revenue	47,926	17,284
Total revenue	1,475,675	309,859
<i>- of which: intrasegment revenue</i>	<i>3,830</i>	<i>57</i>
Costs		
Purchases, subcontracts and other operating expenses	(1,109,128)	(281,856)
Personnel expenses	(205,025)	(55,024)
Impairment losses and provisions	13,369	(6,768)
Total costs	(1,300,784)	(343,648)
Gross operating profit (loss) (EBITDA)	174,891	(33,789)
<i>EBITDA %</i>	<i>11,9%</i>	<i>n.a.</i>
Amortisation and depreciation	(35,617)	(3,176)
Operating profit (loss) (EBIT)	139,274	(36,965)
<i>Return on Sales %</i>	<i>9,4%</i>	<i>n.a.</i>
Gain on the partial sale of an investment in a subsidiary		
Financing income (costs) and gains (losses) on investments		
Financial income		
Financial expense		
Net exchange rate losses		
Share of profit or loss of associates	(5,086)	(23)
Other items		
Net financing costs and net losses on investments	(5,086)	(23)
Profit before tax		
Income tax expense		
Profit from continuing operations		
Loss from discontinued operations		
Profit for the year		

Concessions	USW Campania projects	Eliminations	Corporate costs (unallocated items)	Total Group
213,066	4	(1,944)	-	1,931,450
67,422	447	(2,208)	-	130,871
280,488	451	(4,152)	-	2,062,321
265		(4,152)		
(74,214)	(1,708)	2,973	(12,357)	(1,476,290)
(24,196)	(868)	1,181	(20,593)	(304,525)
(5,887)	-	-	96	810
(104,297)	(2,576)	4,154	(32,854)	(1,780,005)
176,191	(2,125)	2	(32,854)	282,316
62,8%	n.a.			13,7%
(19,652)	(6)	-	(47)	(58,498)
156,539	(2,131)	2	(32,901)	223,818
55,8%	n.a.			10,9%
43,011				43,011
			37,009	37,009
			(92,850)	(92,850)
			(17,770)	(17,770)
3,154	-	-	-	(1,955)
			1,721	1,721
3,154	-	-	(71,890)	(73,845)
				192,984
			(60,114)	(60,114)
				132,870
	(2,113)			(2,113)
				130,757



2009 performance by business segment

(Euro/000)	Construction (*)	Engineering & Plant Construction
Operating revenue	1,736,554	707,628
Other revenue	84,357	26,432
Total revenue	1,820,911	734,060
<i>- of which: intrasegment revenue</i>	<i>5,035</i>	<i>2,919</i>
Costs		
Purchases, subcontracts and other operating expenses	(1,360,887)	(741,436)
Personnel expenses	(210,611)	(64,961)
Impairment losses and provisions	(26,209)	(632)
Total costs	(1,597,707)	(807,029)
Gross operating profit (loss) (EBITDA)	223,204	(72,969)
<i>EBITDA %</i>	<i>12.3%</i>	<i>n.a.</i>
Amortisation and depreciation	(27,436)	(3,174)
Operating profit (loss) (EBIT)	195,768	(76,143)
<i>Return on Sales %</i>	<i>10.8%</i>	<i>n.a.</i>
Financing income (costs) and gains (losses) on investments		
Financial income		
Financial expense		
Net exchange rate losses		
Share of profit or loss of associates	1,569	(4)
Other items		
Net financing costs and net losses on investments	1,569	(4)
Profit before tax		
Income tax expense		
Profit from continuing operations		
Loss from discontinued operations		
Profit for the year		

(*) The Construction segment figures were restated following the group's decision to include the discontinued operations of the Imprepar segment, headed by the subsidiary Imprepar S.p.A., in this segment starting from 2010.

(**) Restated figures following adoption of IFRIC 12 - see section "Effects of applying IFRIC 12".

Concessions (**)	USW Campania projects	Eliminations	Corporate costs (unallocated items)	Total Group
169,385	2,820	(4,652)	-	2,611,735
1,455	792	(3,302)	-	109,734
170,840	3,612	(7,954)	-	2,721,469
-	-	(7,954)	-	-
(57,707)	(6,796)	5,354	(14,929)	(2,176,401)
(22,155)	(1,350)	1,598	(21,068)	(318,547)
(9,527)	-	-	541	(35,827)
(89,389)	(8,146)	6,952	(35,456)	(2,530,775)
81,451	(4,534)	(1,002)	(35,456)	190,694
47.7%	n.a.	n.a.		7.0%
(15,638)	(19)	(1)	(48)	(46,316)
65,813	(4,553)	(1,003)	(35,504)	144,378
38.5%	n.a.	n.a.		5.3%
			85,589	85,589
			(103,035)	(103,035)
			(10,874)	(10,874)
1,927	-	-	-	3,492
			(8,249)	(8,249)
1,927	-	-	(36,569)	(33,077)
				111,301
			(26,048)	(26,048)
				85,253
	(3,710)			(3,710)
				81,543



Consolidated statement of financial position as at 31 December 2010 by business segment

(Euro/000)	Impregilo
Total non-current assets	614,298
Assets classified as held for sale, net	-
Provisions for risks, Post-employment benefits and employee benefits and Other non-current assets (liabilities)	(116,913)
Net tax assets	-
Working capital	241,544
Net invested capital	738,929
Other information	
Increase in non-current assets	143,287
Increase in non-current assets held for sale	-
Amortisation and depreciation	(35,617)
Impairment losses recognised in profit or loss	13,369

Consolidated statement of financial position as at 31 December 2009 by business segment

(Euro/000)	Impregilo (*)
Total non-current assets	338,638
Assets classified as held for sale, net	-
Provisions for risks, Post-employment benefits and employee benefits and Other non-current assets (liabilities)	(98,086)
Net tax assets	-
Working capital	220,170
Net invested capital	460,722
Other information	
Increase in non-current assets	71,597
Increase in non-current assets classified as held for sale	-
Amortisation and depreciation	(27,436)
Impairment losses recognised in profit or loss	(26,209)

(*) The assets and liabilities of Impregilo were restated following the group's decision to include the discontinued operations of the Imprepar segment, headed by the subsidiary Imprepar S.p.A. in this segment starting from 2010.

(**) Restated figures following adoption of IFRIC 12 - see section "effects of applying IFRIC 12".

Engineering & Plant Construction	Concessions	USW Campania projects	Eliminations and unallocated items	Total Group
54,349	471,323	796	(333,585)	807,181
-	-	383,997	-	383,997
(7,973)	11,170	(27,817)	(12,996)	(154,529)
-	-	-	168,954	168,954
195,823	15,518	(251,448)	33,395	234,832
242,199	498,011	105,528	(144,232)	1,440,435
560	32,869	-	-	176,716
-	-	7,341	-	7,341
(3,176)	(19,652)	(6)	(47)	(58,498)
(6,768)	(5,887)	-	96	810

Engineering & Plant Construction	Concessions (**)	USW Campania projects	Eliminations and unallocated items	Total Group
54,630	423,110	805	(143,902)	673,281
-	-	379,307	-	379,307
(8,099)	(36,297)	(27,817)	(8,955)	(179,254)
-	-	-	215,447	215,447
126,623	(54,836)	(239,372)	28,580	81,165
173,154	331,977	112,923	91,170	1,169,946
1,958	115,489	-	-	189,044
-	-	54,362	-	54,362
(3,174)	(15,638)	(19)	(48)	(46,316)
(632)	(9,527)	-	541	(35,827)



2010 revenue by geographical segment

(Euro/m)	Italy	Other EU countries	Other European (Non-EU) countries	North America
Revenue by geographical segment	450.8	150.0	164.8	63.9

2009 revenue by geographical segment

(Euro/m)	Italy	Other EU countries	Other European (Non-EU) countries	North America
Revenue by geographical segment (*)	942.8	184.7	150.6	38.4

(*) Restated figures following adoption of IFRIC 12 - see section "effects of applying IFRIC 12".



Central and South America	Middle East and Asia	Rest of the World	Eliminations	Total Group
903.3	186.2	148.5	(5.2)	2,062.3

Central and South America	Middle East and Asia	Rest of the World	Eliminations	Total Group
818.4	487.1	112.1	(12.6)	2,721.5



EFFECTS OF APPLYING IFRIC 12

Background

IFRIC 12 - Service concession arrangements, issued by the International Financial Reporting Interpretations Committee, regulates the recognition and measurement of concession arrangements between public sector entities and private sector operators. It was endorsed by the European Commission with EC regulation no. 245/2009 dated 25 March 2009 and its application is mandatory for financial statements drawn up under IFRS beginning from the year after which it was endorsed. Therefore, Impregilo group has applied IFRIC 12 since 2010.

The criteria used to apply the interpretation to the group's concessions and the effects of its first application are set out below.

Scope of application and measurement criteria

Scope of application: IFRIC 12 is applicable to service concession arrangements when the grantor is a public body and the operator is a private entity, when the following conditions are met:

- (a) the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- (b) the grantor controls - through ownership, beneficial entitlement or otherwise - any significant residual interest in the infrastructure at the end of the term of the arrangement.

Measurement of the revenue arising from the concession arrangement: the operator acts as the service provider (construction and management of the work) and recognises the revenue for the construction and upgrade services in accordance with IAS 11 - Construction contracts and the revenue from management of the infrastructure in line with IAS 18 - Revenue.

The grantor pays the operator a consideration for the construction/upgrade services, to be recognised at fair value, which may consist of rights to:

- (a) a financial asset (financial asset model);
- (b) an intangible asset (intangible asset model).

The first model is applicable when the operator has an unconditional contractual right to receive a specified or determinable amount of cash. The second is applicable when the operator acquires the right to charge for use of a public sector asset that it constructs or upgrades. The amounts are contingent on the extent to which the public uses the service (demand risk).

The concession arrangements to which Impregilo group is party, thanks to the operators consolidated on a line-by-line or proportionate basis, fall under the intangible asset model. The financial asset model is applicable to certain associates, measured at equity, for which introduction of IFRIC 12 has not had a significant impact.



Recognition of the intangible asset: the intangible asset is recognised during construction of the infrastructure. The main identified cases are as follows:

a. arrangements that cover the construction of a new infrastructure; the operator recognises the intangible asset in line with the stage of completion of the construction project. During construction, the operator recognises revenue and costs in line with IAS 11 - Construction contracts.

b. arrangements that cover management of an existing infrastructure and its extension or upgrading against which the operator acquires specific additional financial benefits; the operator recognises an increase in the intangible asset as the construction services are provided for these construction and/or upgrade services to be recognised under IAS 11 - Construction contracts.

c. arrangements that cover management of an existing infrastructure and specific obligations to extend or upgrade it against which the operator does not acquire additional specific financial benefits: at initial recognition, the operator recognises a liability equal to the present value of the forecast outlay for the construction services to be provided in the future with, as a balancing item, an additional component of the intangible asset for the contract consideration, which begins to be amortised.

Contractual obligations for the infrastructure's efficiency levels: given that the operator does not meet the requirements for recognition of the infrastructure as "Property, plant and equipment", the accounting treatment differs depending on the nature of the work carried out and can be split into two categories: (i) work related to normal maintenance of the infrastructure; (ii) replacement and scheduled maintenance at a future date.

The first category relates to normal ordinary maintenance of the infrastructure, the cost of which is recognised in profit or loss when incurred, also under IFRIC 12. Given that the interpretation does not provide for the recognition of the physical asset but of a right, the second category is recognised in line with IAS 37 - Provisions, contingent liabilities and contingent assets, which requires: (i) recognition of an accrual to a provision in profit or loss; and (ii) recognition of a provision for charges in the statement of financial position.

Amortisation of the intangible asset: amortisation of the intangible asset recognised for the rights acquired under the concession arrangement is calculated in line with paragraph 97 of IAS 38 - Intangible assets: "The amortisation method used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity. If that pattern cannot be determined reliably, the straight-line method shall be used".

First application of the interpretation: as provided for by IAS 8, during first-time application, the provisions of IFRIC 12 are to be applied retrospectively, restating the effects that would have been had at 1 January 2009 and recognising such effects in the reserves.



Financial effects of adoption:

The following schedules show a reconciliation of the statement of financial position, income statement and statement of cash flows figures before and after application of IFRIC 12 and, specifically:

- (a) a reconciliation of equity at 1 January and 31 December 2009 and the profit for the year ended 31 December 2009;
- (b) a comparison of the statement of financial position at 1 January and 31 December 2009;
- (c) a comparison of the income statement and statement of cash flows for the year ended 31 December 2009.

Application of the interpretation has made it necessary to revise and adapt certain items in the consolidated financial statements and, accordingly, the financial disclosure given.

Reconciliation of equity at 1 January 2009 and 31 December 2009 and profit for the year ended 31 December 2009

The following schedule shows a reconciliation of the equity balances at 1 January 2009 and 31 December 2009 and the profit for the year ended 31 December 2009 before and after application of IFRIC 12:

Reconciliation for 2009	Equity 1/1/2009	2009 income statement	Equity 31/12/2009
Equity and profit before application of IFRIC 12			
Equity and profit attributable to the owners of the parent	820,652	77,608	896,293
Non-controlling interests	4,182	2,016	5,657
Total equity and profit before application of IFRIC 12	824,834	79,624	901,950
IFRIC 12 adjustments including the tax effect:			
a) Recognition of provisions for future maintenance and provisions for investments	(18,012)	(1,500)	(24,883)
b) Recognition of rights to future upgrades	145	1,159	1,465
c) Impairment losses on rights to infrastructure under concession	5,057	3,179	10,035
d) Construction revenue	-	-	-
e) Tax effect on IFRIC 12 adjustments	6,076	(919)	6,833
Total adjustments	(6,734)	1,919	(6,550)
of which: non-controlling interests	-	(89)	(89)
of which: owners of the parent	(6,734)	2,008	(6,461)
Equity and profit after application of IFRIC 12			
Equity and profit attributable to the owners of the parent	813,918	79,616	889,832
Non-controlling interests	4,182	1,927	5,568
Total equity and profit after application of IFRIC 12	818,100	81,543	895,400

Unlike the reconciliation shown in the 2010 interim financial report, the IFRIC 12 adjustments for the above periods were mostly redetermined using a different valuation of the match of commitments for future infrastructure upgrading work with the forecast growth in traffic volumes.

Notes to the adjustments made for IFRIC 12 purposes

a) Recognition of provisions for future maintenance and investments

Certain group concession arrangements require the operator to maintain the infrastructure at a certain working level for the entire term of the arrangement. IFRIC 12 clarifies that these obligations are to be measured under IAS 37 and, therefore, using a best estimate of the cost to be incurred to meet the obligation at the reporting date.

Moreover, certain group concession arrangements include the operator's obligation to make future investments to upgrade the infrastructure. Tariff adjustments are not envisaged for such investments and future plans do not include significant increases in the volume of use of the infrastructure. Under IFRIC 12, these obligations are measured at the present value of the future costs to be incurred and are recognised by recording an intangible asset (see note b) below) offsetting a provision under liabilities.

Both the provision for maintenance and the provision for future investments are discounted considering forecast cash outflows.

The following table shows the impact on equity at 1 January 2009 and 31 December 2009 and on the income statement for the year ended 31 December 2009:

a) Recognition of provisions for future maintenance and provisions for investments	1 January 2009	2009 income statement	Change in translation reserve	31 December 2009
Provision for maintenance obligations	(22,555)	89	(6,534)	(29,000)
Provision for future investments	(853)	(1,678)	(420)	(2,951)
Adjustments for discounting	5,396	89	1,583	7,068
Total	(18,012)	(1,500)	(5,371)	(24,883)



b) Recognition of rights to future upgrades

The adjustment shows the measurement of future investments to upgrade infrastructure under concession to the group as described in the previous note.

The following table shows the impact on equity at 1 January 2009 and 31 December 2009 and on the income statement for the year ended 31 December 2009:

b) Recognition of rights to future upgrades and provisions for investments	1 January 2009	2009 income statement	Change in translation reserve	31 December 2009
Future investments	201	1,176	179	1,556
Accumulated amortisation	(56)	(17)	(18)	(91)
Total	145	1,159	161	1,465

c) Impairment losses on intangible assets - rights to infrastructure under concession

The adjustment arises from the combination of the following effects:

- adjustment of the carrying amount of the intangible asset following the retrospective application of IFRIC 12 by operators that have undergone business combinations (Ecocataratas);
- different accounting treatment of scheduled maintenance introduced by IFRIC 12;
- different calculation method of amortisation previously based on a straight-line method while, following introduction of IFRIC 12, the calculation is based on the effective use of the infrastructure.

The following table shows the impact on equity at 1 January 2009 and 31 December 2009 and on the income statement for the year ended 31 December 2009:

c) Impairment losses on rights to infrastructure under concession	1 January 2009	2009 income statement	Change in translation reserve	31 December 2009
Impairment losses on infrastructure under concession	5,421	(8,308)	734	(2,153)
Adjustment to amortisation	(364)	11,487	1,065	12,188
Total	5,057	3,179	1,799	10,035

d) Revenue from the construction of infrastructure

Under IFRIC 12, revenue from construction activities is recognised separately from revenue from service concessions. Prior to introduction of IFRIC 12, construction activities directly increased the carrying amount of infrastructure.

Construction work on infrastructure under concession in the periods commented on herein has been subcontracted to third parties. Therefore, no contract revenue/cost is recognised.

The following table shows the impact on the income statement for the year ended 31 December 2009:

d) Construction revenue	1 January 2009	2009 income statement	Change in translation reserve	31 December 2009
Construction revenue		15,792	1,611	17,403
Construction cost		(15,792)	(1,611)	(17,403)
Total		-	-	-

e) Tax effects on IFRIC 12 adjustments

The deferred taxes were redetermined to reflect the above adjustments.

The following table shows the impact on equity at 1 January 2009 and 31 December 2009 and on the income statement for the year ended 31 December 2009:

e) Tax effect on IFRIC 12 adjustments	1 January 2009	2009 income statement	Change in translation reserve	31 December 2009
Deferred tax assets	6,076	(919)	1,676	6,833
Total	6,076	(919)	1,676	6,833



CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position as at 1 January 2009

(Euro/000)	1 January 2009 Restated	1 January 2009 Published	Difference
ASSETS			
Non-current assets			
Property, plant and equipment	145,787	145,787	-
Freely transferable assets	-	187,457	(187,457)
Intangible assets - Rights to infrastructure under concession	192,659	-	192,659
Intangible assets	51,613	51,613	-
Goodwill	58,890	58,890	-
Equity investments	23,957	23,957	-
Available-for-sale financial assets	8,944	8,944	-
Non-current financial assets	54	54	-
Non-current intragroup receivables	17,700	17,700	-
Other non-current assets	57,777	57,777	-
Deferred tax assets	70,179	64,104	6,075
Total non-current assets	627,560	616,283	11,277
Current assets			
Inventories	59,408	59,408	-
Contract work in progress	707,609	707,609	-
Trade receivables	880,946	880,946	-
Current intragroup receivables	157,364	157,364	-
Derivatives and other current financial assets	74,804	74,804	-
Current tax assets	106,672	106,672	-
Other current tax assets	130,690	130,690	-
Other current assets	276,206	276,206	-
Cash and cash equivalents	944,880	944,880	-
Total current assets	3,338,579	3,338,579	-
Non-current assets classified as held for sale	411,884	411,884	-
TOTAL ASSETS	4,378,023	4,366,746	11,277

(Euro/000)	1 January 2009 Restated	1 January 2009 Published	Difference
EQUITY AND LIABILITIES			
Equity			
Share capital	718,364	718,364	-
Share premium reserve	1,222	1,222	-
Other reserves	(14,662)	(14,662)	-
Retained earnings	108,994	115,728	(6,734)
Equity attributable to the owners of the parent	813,918	820,652	(6,734)
Non-controlling interests	4,182	4,182	-
Total equity	818,100	824,834	(6,734)
Non-current liabilities			
Bank and other loans	258,734	258,734	-
Bonds	55,222	55,222	-
Finance lease payables	1	1	-
Non-current derivatives	4,370	4,370	-
Post-employment benefits and employee benefits	33,419	33,419	-
Deferred tax liabilities	16,954	16,954	-
Provisions for risks and charges	195,896	177,885	18,011
Other non-current liabilities	10,443	10,443	-
Total non-current liabilities	575,039	557,028	18,011
Current liabilities			
Current portion of bank loans and current account facilities	654,101	654,101	-
Current portion of bonds	1,903	1,903	-
Current portion of finance lease payables	33	33	-
Derivatives and other current financial liabilities	2,798	2,798	-
Advances on contract work in progress	713,111	713,111	-
Trade payables	1,167,234	1,167,234	-
Current intragroup payables	69,437	69,437	-
Current tax liabilities	23,882	23,882	-
Other current tax liabilities	36,382	36,382	-
Other current liabilities	288,419	288,419	-
Total current liabilities	2,957,300	2,957,300	-
Liabilities directly associated with non-current assets classified as held for sale	27,584	27,584	-
TOTAL EQUITY AND LIABILITIES	4,378,023	4,366,746	11,277



Consolidated statement of financial position as at 31 december 2009

(Euro/000)	31 December 2009 Restated	31 December 2009 Published	Difference
ASSETS			
Non-current assets			
Property, plant and equipment	189,565	189,565	-
Freely transferable assets	-	322,665	(322,665)
Intangible assets - Rights to infrastructure under concession	334,165	-	334,165
Intangible assets	49,362	49,362	-
Goodwill	58,890	58,890	-
Equity investments	30,593	30,593	-
Available-for-sale financial assets	10,706	10,706	-
Non-current intragroup receivables	13,139	13,139	-
Other non-current assets	45,584	45,584	-
Deferred tax assets	88,625	81,792	6,833
Total non-current assets	820,629	802,296	18,333
Current assets			
Inventories	56,625	56,625	-
Contract work in progress	630,993	630,993	-
Trade receivables	889,600	889,600	-
Current intragroup receivables	123,419	123,419	-
Derivatives and other current financial assets	4,604	4,604	-
Current tax assets	94,375	94,375	-
Other current tax assets	110,925	110,925	-
Other current assets	216,115	216,115	-
Cash and cash equivalents	814,651	814,651	-
Total current assets	2,941,307	2,941,307	-
Non-current assets classified as held for sale	466,246	466,246	-
TOTAL ASSETS	4,228,182	4,209,849	18,333

(Euro/000)	31 December 2009 Restated	31 December 2009 Published	Difference
EQUITY AND LIABILITIES			
Equity			
Share capital	718,364	718,364	-
Share premium reserve	1,222	1,222	-
Other reserves	19,243	20,978	(1,735)
Retained earnings	71,387	78,121	(6,734)
Profit attributable to the owners of the parent	79,616	77,608	2,008
Equity attributable to the owners of the parent	889,832	896,293	(6,461)
Non-controlling interests	5,568	5,657	(89)
Total equity	895,400	901,950	(6,550)
Non-current liabilities			
Bank and other loans	325,256	325,256	-
Bonds	138,118	138,118	-
Finance lease payables	2,570	2,570	-
Non-current derivatives	5,297	5,297	-
Post-employment benefits and employee benefits	33,772	33,772	-
Deferred tax liabilities	16,519	16,519	-
Provisions for risks and charges	192,540	167,657	24,883
Other non-current liabilities	11,665	11,665	-
Total non-current liabilities	725,737	700,854	24,883
Current liabilities			
Current portion of bank loans and current account facilities	602,880	602,880	-
Current portion of bonds	17,840	17,840	-
Current portion of finance lease payables	690	690	-
Derivatives and other current financial liabilities	1,150	1,150	-
Advances on contract work in progress	527,113	527,113	-
Trade payables	934,154	934,154	-
Current intragroup payables	55,683	55,683	-
Current tax liabilities	22,552	22,552	-
Other tax liabilities	39,407	39,407	-
Other current liabilities	318,637	318,637	-
Total current liabilities	2,520,106	2,520,106	-
Liabilities directly associated with non-current assets classified as held for sale	86,939	86,939	-
TOTAL EQUITY AND LIABILITIES	4,228,182	4,209,849	18,333



Consolidated income statement for the year ended 31 december 2009

(Euro/000)	Esercizio 2009 Restated	Esercizio 2009 Published	Difference
Revenue			
Operating revenue	2,611,735	2,595,943	15,792
Other revenue	109,734	109,734	-
Total revenue	2,721,469	2,705,677	15,792
Costs			
Raw materials and consumables	(491,968)	(491,968)	-
Subcontracts	(709,361)	(694,745)	(14,616)
Other operating expenses	(975,072)	(973,799)	(1,273)
Personnel expenses	(318,547)	(318,547)	-
Amortisation, depreciation, provisions and impairment losses	(82,143)	(84,989)	2,846
Total costs	(2,577,091)	(2,564,048)	(13,043)
Operating profit	144,378	141,629	2,749
Financing income (costs) and gains (losses) on investments			
<i>Financial income</i>	<i>85,589</i>	<i>85,087</i>	<i>502</i>
<i>Financial expense</i>	<i>(103,035)</i>	<i>(102,622)</i>	<i>(413)</i>
<i>Net exchange rate losses</i>	<i>(10,874)</i>	<i>(10,874)</i>	-
Net financing costs	(28,320)	(28,409)	89
Net losses on investments	(4,757)	(4,757)	-
Net financing costs and net losses on investments	(33,077)	(33,166)	89
Profit before tax	111,301	108,463	2,838
Income tax expense	(26,048)	(25,129)	(919)
Profit from continuing operations	85,253	83,334	1,919
Loss from discontinued operations	(3,710)	(3,710)	-
Profit for the year	81,543	79,624	1,919
Profit for the year attributable to:			
Owners of the parent	79,616	77,608	2,008
Non-controlling interests	1,927	2,016	(89)

Consolidated statement of cash flows for the year ended 31 december 2009

(Euro/000)	Esercizio 2009 Restated	Esercizio 2009 Published	Difference
Cash and cash equivalents	944,880	944,880	-
Current account facilities	(160,868)	(160,868)	-
Total cash and cash equivalents at the beginning of the year	784,012	784,012	-
Operating activities			
Profit for the year	81,543	79,624	1,919
<i>of which: loss from discontinued operations</i>	<i>(3,710)</i>	<i>(3,710)</i>	-
Amortisation of intangible assets	1,742	1,742	-
Amortisation of rights to infrastructure under concession	14,176	25,645	(11,469)
Depreciation of property, plant and equipment	30,398	30,398	-
Net impairment losses and provisions	35,827	26,061	9,766
Accrual for post-employment benefits and employee benefits	18,937	18,937	-
Net losses on the sale of assets	(6,955)	(6,955)	-
Deferred taxes	(16,628)	(17,547)	919
Share of loss of associates	(3,492)	(3,492)	-
Impairment losses on available-for-sale assets	11,777	11,777	-
Other non-monetary items	17,215	17,215	-
Total income statement	184,540	183,405	1,135
Decrease (increase) in inventories	81,665	81,665	-
Decrease (increase) in trade and intragroup receivables	5,706	5,706	-
(Decrease) increase in advances from customers	(185,998)	(185,998)	-
(Decrease) increase in trade and intragroup payables	(246,728)	(246,728)	-
Decrease (increase) in other assets/liabilities	121,979	129,969	(7,990)
Total operating cash flows	(223,376)	(215,386)	(7,990)
Cash flows used in operating activities	(38,836)	(31,981)	(6,855)
Investing activities			
Net investments in intangible assets	(1,135)	(1,135)	-
Investments in property, plant and equipment	(187,909)	(194,764)	6,855
Proceeds from the sale or reimbursement value of property, plant and equipment	16,267	16,267	-
Investments in non-current financial assets	(9,007)	(9,007)	-
Dividends and capital repayments from associates	1,057	1,057	-
Proceeds from the sale or reimbursement value of non-current financial assets	3,503	3,503	-
Cash flows used in investing activities	(177,224)	(184,079)	6,855
Financing activities			
Dividend distribution	(33,457)	(33,457)	-
Increase in bank and other loans	725,684	725,684	-
Decrease in bank and other loans	(713,227)	(713,227)	-
Change in other financial assets/liabilities	71,321	71,321	-
Cash flows from financing activities	50,321	50,321	-
Exchange rate losses on cash and cash equivalents	(2,604)	(2,604)	-
Decrease in cash and cash equivalents	(168,343)	(168,343)	-
Cash and cash equivalents	814,651	814,651	-
Current account facilities	(198,982)	(198,982)	-
Total cash and cash equivalents at the end of the year	615,669	615,669	-
Other information			
Income taxes paid during the year	(32,763)	(32,763)	-
Net interest paid during the year	(47,274)	(47,274)	-



KEY EVENTS OF THE YEAR

Share capital increase of Elog S.A. (Brazil)

During the first six months of the year, the jointly controlled entity Ecorodovias Infraestrutura e Logística S.A. signed a strategic agreement with a local partner Logística Brasil for Elog S.A., controlled by Ecorodovias, which heads the Brazilian group's activities in the logistics sector. As a result, the new local partner fully subscribed Elog's share capital increase, thus acquiring an interest of 20% therein. The agreement provides, inter alia, that Elog S.A. is now jointly controlled by Ecorodovias and Logística Brasil. Previously, Ecorodovias had full control given its 100% investment. This transaction figures as a change of control over Elog under the IFRS and led to the recognition of a gain for Impregilo group on the sale and adjustment to transaction-date fair value of the carrying amount of assets and liabilities still owned by the group under (revised) IAS 27, approximating euro 9.4 million and euro 33.6 million, respectively. Loss of control also entailed the different consolidation treatment of the investment (application of the proportionate method). Given the non-recurring nature of the transaction, the group classified its effects in a specific new income statement caption "Gain on the partial sale of an investment in a subsidiary", after the operating profit and before the financing income (costs) and gains (losses) on investments.

(Euro/000)	Elog before transaction	Share capital	Increase Fair Value	20% Deconsolidation	Total
ASSETS					
Non-current assets					
Property, plant and equipment	25,539	-	522	(5,108)	(4,586)
Intangible assets - rights to infrastructure under concession	686	-	-	(137)	(137)
Intangible assets	150	-	728	(30)	698
Goodwill	-	-	33,605	-	33,605
Total non-current assets	26,375	-	34,855	(5,275)	29,580
Current assets					
Inventories	-	-	-	-	-
Trade receivables	526	-	-	(105)	(105)
Other tax assets	5	-	-	(1)	(1)
Other current assets	52	-	-	(10)	(10)
Cash and cash equivalents	1,116	14,453	-	(2,902)	11,551
Total current assets	1,699	14,453	-	(3,018)	11,435
TOTAL ASSETS	28,074	14,453	34,855	(8,293)	41,015

(Euro/000)	Elog before transaction	Share capital	Increase Fair Value	20% Deconsolidation	Total
EQUITY AND LIABILITIES					
Share capital and reserves	10,040	-	-	-	-
Translation reserve	-	513	1,235	(168)	1,580
Profit for the year	-	13,940	33,591	(4,520)	43,011
Total equity	10,040	14,453	34,826	(4,688)	44,591
Non-current liabilities					
Bank and other loans	13,323	-	29	(2,665)	(2,636)
Finance lease payables	87	-	-	(17)	(17)
Provisions for risks and charges	9	-	-	(2)	(2)
Deferred tax liabilities	-	-	-	-	-
Total non-current liabilities	13,419	-	29	(2,684)	(2,655)
Current liabilities					
Current portion of loans and current account facilities	1,797	-	-	(359)	(359)
Current portion of finance lease payables	57	-	-	(11)	(11)
Trade payables	1,727	-	-	(345)	(345)
Current tax liabilities	47	-	-	(9)	(9)
Other tax liabilities	35	-	-	(7)	(7)
Other current liabilities	952	-	-	(190)	(190)
Total current liabilities	4,615	-	-	(921)	(921)
TOTAL EQUITY AND LIABILITIES	28,074	14,453	34,855	(8,293)	41,015



Ecorodovias Infraestrutura e Logística S.A. flotation on the San Paolo (Brazil) stock exchange

Ecorodovias finalised its flotation on the San Paolo stock exchange on 1 April 2010. The transaction involved the issue of 92,000,000 shares at an issue price of R\$ 9.5 (equal to euro 3.97) for each new share. As a result, Impregilo International Infrastructures' investment in the Brazilian company decreased from its pre-flotation percentage of 35% to 29.24%. The Brazilian group's corporate governance structure has not changed and Impregilo continues to jointly control Ecorodovias with its local partner CR Almeida.

The effects of the flotation are summarised below:

(Euro/000)	IPO	Dilution of investment	Total
ASSETS			
Non-current assets			
Property, plant and equipment	-	(3,569)	(3,569)
Intangible assets - rights to infrastructure under concession	-	(56,434)	(56,434)
Intangible assets	-	(402)	(402)
Goodwill	-	(7,878)	(7,878)
Other non-current assets	-	(90)	(90)
Deferred tax assets	1,265	(1,454)	(189)
Total non-current assets	1,265	(69,827)	(68,562)
Current assets			
Inventories	-	(40)	(40)
Trade receivables	-	(2,142)	(2,142)
Derivatives and other current financial assets	-	(1,681)	(1,681)
Other current tax assets	-	(152)	(152)
Other current assets	-	(329)	(329)
Cash and cash equivalents	102,577	(8,440)	94,137
Total current assets	102,577	(12,784)	89,793
TOTAL ASSETS	103,842	(82,611)	21,231

(Euro/000)	IPO	Dilution of investment	Total
EQUITY AND LIABILITIES			
Equity attributable to the owners of the parent	103,842	(19,915)	83,927
Non-controlling interests	-	(77)	(77)
Total equity	103,842	(19,992)	83,850
Non-current liabilities			
Bank and other loans	-	(2,788)	(2,788)
Bonds	-	(24,012)	(24,012)
Finance lease payables	-	(50)	(50)
Deferred tax liabilities	-	(2,559)	(2,559)
Provisions for risks and charges	-	(5,011)	(5,011)
Other non-current liabilities	-	(1,507)	(1,507)
Total non-current liabilities	-	(35,927)	(35,927)
Current liabilities			
Current portion of bank loans and current account facilities	-	(11,044)	(11,044)
Current portion of bonds	-	(3,689)	(3,689)
Current portion of finance lease payables	-	(25)	(25)
Trade payables	-	(1,757)	(1,757)
Current tax liabilities	-	(739)	(739)
Other current liabilities	-	(9,438)	(9,438)
Total current liabilities	-	(26,692)	(26,692)
TOTAL EQUITY AND LIABILITIES	103,842	(82,611)	21,231

Acquisition of Armazéns Gerais Columbia S.A. and EADI Sul Terminal De Cargas Ltda

On 7 May 2010, Elog S.A. entered into an agreement to acquire 100% of Armazéns Gerais Columbia S.A. (Columbia) and EADI Sul Terminal de Cargas Ltda (EADI). Execution of the agreement was subject to conditions precedent, including the Brazilian tax authorities' authorisation, which were met on 28 December 2010. Columbia and EADI work in the logistics sector and their acquisition was part of Ecorodovias group's strategy to develop this sector in Brazil.

The acquisition price of R\$ 264 million increased to R\$ 274.7 million due to exchange rate fluctuations between the agreement date and the date on which the conditions precedent were met. Elog paid R\$ 50 million when it signed the agreement and R\$ 194.9 million at the end of 2010. Therefore, it still owes R\$ 29.8 million which it will pay at the end of the agreed guarantee period.



The following table summarises Impregilo's share of the assets and liabilities of Columbia and EADI at the acquisition date and their fair value determined before such date for the purchase price allocation (PPA):

(Euro/000)	Carrying amount		Fair Value
Non-current assets	4,565		29,577
<i>of which:</i>			
- Intangible assets	557	17,064	
- Goodwill	-	8,127	
Cash and cash equivalents	535		535
Receivables	3,663		3,663
Other current assets	755		755
Total assets	9,518		34,530
Non-current bank loans and borrowings	(431)		(431)
Other non-current liabilities	(1,608)		(1,072)
Current bank loans and borrowings	(623)		(623)
Other current liabilities	(3,433)		(3,433)
Total liabilities	(6,095)		(5,559)
Net	3,423		28,971

The fair value of the intangible assets and goodwill was initially determined using the information available based on future profitability. The group availed of the 12-month option allowed by the revised IFRS 3 to finalise the PPA. Therefore, the above preliminary figures will be redetermined before the end of 2011.

The cash used for the acquisition, net of cash acquired, is set out below:

(Euro/000)	
Cash and cash equivalents	535
Intangible asse	17,064
Goodwill	8,127
Receivables	3,663
Other assets	5,141
Bank loans and borrowings	(1,054)
Other liabilities	(4,505)
Total	28,971
Less: cash acquired	(535)
Less: payable to seller	(2,025)
Cash and cash equivalents net of cash acquired used for the acquisition	26,411

Columbia and EADI did not contribute to the group's profit for the year as control was only obtained at year end.

Had control been obtained on 1 January 2010, the consolidated income statement would have been as follows:

(Euro/000)	
Revenue	20,665
Costs	(19,243)
Financial income	387
Finance expense	(441)
Income tax expense	(482)
Profit	886

Summary of the effect of the key transactions

Overall, the above transactions had the following effects on the consolidated statement of financial position:

(Euro/000)	Ecorodovias flotation	Elog	Eadi/Columbia	Total
ASSETS				
Non-current assets				
Property, plant and equipment	(3,569)	(4,586)	3,437	(4,718)
Intangible assets - rights to infrastructure under concession	(56,434)	(137)	-	(56,571)
Intangible assets	(402)	698	17,064	17,360
Goodwill	(7,878)	33,605	8,127	33,854
Other non-current assets	(90)	-	529	439
Deferred tax assets	(189)	-	420	231
Total non-current assets	(68,562)	29,580	29,577	(9,405)
Current assets				
Inventories	(40)	-	1	(39)
Trade receivables	(2,142)	(105)	546	(1,701)
Derivatives and other current financial assets	(1,681)	-	-	(1,681)
Other current tax assets	(152)	(1)	299	146
Other current assets	(329)	(10)	3,572	3,233
Cash and cash equivalents	94,137	11,551	(26,411)	79,277
Total current assets	89,793	11,435	(21,993)	79,235
TOTAL ASSETS	21,231	41,015	7,584	69,830
EQUITY AND LIABILITIES				
Translation reserve	-	1,580	-	1,580
Retained earnings	83,927	-	-	83,927
Profit for the year	-	43,011	-	43,011
Equity attributable to the owners of the parent	83,927	44,591	-	128,518
Non-controlling interests	(77)	-	-	(77)
Total equity	83,850	44,591	-	128,441
Non-current liabilities				
Bank and other loans	(2,788)	(2,636)	431	(4,993)
Bonds	(24,012)	-	-	(24,012)
Finance lease payables	(50)	(17)	-	(67)
Deferred tax liabilities	(2,559)	-	-	(2,559)
Provisions for risks and charges	(5,011)	(2)	378	(4,635)
Other non-current liabilities	(1,507)	-	2,719	1,212
Total non-current liabilities	(35,927)	(2,655)	3,528	(35,054)
Current liabilities				
Current portion of bank loans and current account facilities	(11,044)	(359)	623	(10,780)
Current portion of bonds	(3,689)	-	-	(3,689)
Current portion of finance lease payables	(25)	(11)	-	(36)
Trade payables	(1,757)	(345)	-	(2,102)
Current tax liabilities	(739)	(9)	-	(748)
Other tax liabilities	-	(7)	-	(7)
Other current liabilities	(9,438)	(190)	3,433	(6,195)
Total current liabilities	(26,692)	(921)	4,056	(23,557)
TOTAL EQUITY AND LIABILITIES	21,231	41,015	7,584	69,830



STATEMENT OF FINANCIAL POSITION

Net invested capital

1. Net non-current assets

Net non-current assets are as follows:

(Euro/000)	Note	31 December 2010	31 December 2009	Variation
Property, plant and equipment	1.1	295,779	189,565	106,214
Intangible assets - rights to infrastructure under concession	1.2	325,297	334,165	(8,868)
Other intangible assets	1.3	54,214	49,362	4,852
Goodwill	1.4	94,050	58,890	35,160
Equity investments	1.5	37,841	30,593	7,248
Available-for-sale financial assets	1.6	-	10,706	(10,706)
Total		807,181	673,281	133,900

1.1 Property, plant and equipment

Property, plant and equipment amount to euro 295.8 million, up from the 31 December 2009 figure by euro 106.2 million. The historical cost and carrying amount are given in the following table:

(Euro/000)	31 December 2010			31 December 2009		
	Cost	Acc. depreciation	Carrying amount	Cost	Acc. depreciation	Carrying amount
Land	4,243	-	4,243	2,544	-	2,544
Buildings	26,983	(3,989)	22,994	25,235	(4,255)	20,980
Plant and machinery	267,193	(88,625)	178,568	189,557	(83,068)	106,489
Industrial and commercial equipment	32,122	(17,516)	14,606	27,542	(20,006)	7,536
Other assets	119,352	(54,500)	64,852	87,678	(51,265)	36,413
Assets under const. and payments on account	10,516	-	10,516	15,603	-	15,603
Total	460,409	(164,630)	295,779	348,159	(158,594)	189,565

Changes during the year are summarised below:

(Euro/000)	31 December 2009	Increases	Depreciation	Impairment losses	Reclassifications	Disposals	Exchange rate gains (losses)	Change in consolidation scope	31 December 2010
Land	2,544	1,584	-	-	(1)	(407)	403	120	4,243
Buildings	20,980	1,322	(1,087)	-	6,467	-	2,542	(7,230)	22,994
Plant and machinery	106,489	84,794	(22,709)	(456)	5,347	(8,911)	6,010	8,004	178,568
Industrial and commercial equipment	7,536	11,686	(4,291)	2	523	(618)	388	(620)	14,606
Other assets	36,413	39,631	(11,633)	69	250	(2,285)	1,514	895	64,852
Assets under const. and payments on account	15,603	10,443	-	-	(12,398)	(3,787)	836	(181)	10,516
Total	189,565	149,460	(39,720)	(385)	188	(16,008)	11,693	987	295,779

Prior year changes are given below for comparative purposes:

(Euro/000)	31 December 2008	Increases	Depreciation	Impairment losses	Reclassifications	Disposals	Exchange rate gains (losses)	Change in consolidation scope	31 December 2009
Land	2,489	66	-	-	-	(114)	114	(11)	2,544
Buildings	12,493	1,223	(710)	-	7,022	-	952	-	20,980
Plant and machinery	80,758	34,716	(17,468)	(330)	15,713	(6,740)	(152)	(8)	106,489
Industrial and commercial equipment	8,189	3,563	(3,364)	(4)	(681)	(492)	344	(19)	7,536
Other assets	28,959	17,902	(8,856)	(25)	(121)	(1,242)	(204)	-	36,413
Assets under const. and payments on account	12,899	23,256	-	-	(21,644)	-	1,092	-	15,603
Total	145,787	80,726	(30,398)	(359)	289	(8,588)	2,146	(38)	189,565

The most significant changes include:

- increases of euro 149.5 million, mostly related to capital expenditure for the Construction segment's foreign contracts, especially the new contracts in Colombia and the Panama Canal contract;
- depreciation for the year of euro 39.7 million;
- disposals of euro 16.0 million, including the disposal of assets related to Construction segment contracts being wound up;
- exchange rate gains (losses), which increased the carrying amount of assets by euro 11.7 million, mostly due to construction activities (euro 6.7 million, including euro 2.4 million for the Libya contracts and euro 1.8 million for Lake Mead) and the concessions activities (euro 2.7 million, related solely to Ecorodovias' activities in Brazil);
- changes in the consolidation scope of euro 1.0 million, mostly due to the effects of the reduction in the Ecorodovias investment and the Elog transaction (described in the section on the key events of the year).

1.2 Intangible assets – Rights to infrastructure under concession

This caption decreased by euro 8.9 million to euro 325.3 million compared to 31 December 2009. The historical cost and carrying amount are given in the following table:

(Euro/000)	31 December 2010			31 December 2009		
	Cost	Acc. amort.	Carrying amount	Cost	Acc. amort.	Carrying amount
Rights to infrastructure under concession	475,957	(150,660)	325,297	504,347	(170,182)	334,165

Changes of the year are detailed in the following table

(Euro/000)	31 December 2009	Increases	Amortisation	Exchange rate gains (losses)	Change in consolidation scope	31 December 2010
Parking Glasgow	9,790	-	(396)	311	-	9,705
Mercovia - Argentina	2,475	315	(208)	76	-	2,658
Ecorodovias	321,900	25,604	(16,854)	38,718	(56,434)	312,934
Total	334,165	25,919	(17,458)	39,105	(56,434)	325,297

The Brazilian concessions held by Ecorodovias decreased by a net euro 9.0 million due to both amortisation and the dilution of the group's investment as a result of the events described in the section on the key events of the year. These effects were partly offset by the Brazilian real's appreciation (euro 38.7 million) and new investments (euro 25.6 million) made during the year.

Prior year changes are given below for comparative purposes:

(Euro/000)	31 December 2008	Increases	Amortisation	Reclassifications	Disposals	Exchange rate gains (losses)	31 December 2009
Parking Glasgow	9,485	-	(382)	-	-	687	9,790
Mercovia - Argentina	2,297	-	(138)	-	-	316	2,475
Ecorodovias	180,877	104,809	(13,656)	(351)	(2,935)	53,156	321,900
Total	192,659	104,809	(14,176)	(351)	(2,935)	54,159	334,165

1.3 Other intangible assets

Other intangible assets amount to euro 54.2 million, up from the 31 December 2009 figure by euro 4.9 million. The historical cost and carrying amount are given in the following table:

(Euro/000)	31 December 2010			31 December 2009		
	Cost	Acc. amort.	Carrying amount	Cost	Acc. amort.	Carrying amount
Industrial patents	1,396	(1,371)	25	1,396	(1,365)	31
Software	2,428	(1,565)	863	2,090	(1,303)	787
Contract acquisition costs	111,896	(61,044)	50,852	105,058	(58,339)	46,719
Other	6,341	(3,867)	2,474	5,027	(3,202)	1,825
Total	122,061	(67,847)	54,214	113,571	(64,209)	49,362

Changes during the year are set out below:

(Euro/000)	31 December 2009	Increases	Amortisation and impairment losses	Disposals	Exchange rate gains (losses)	Change in consolidation scope	31 December 2010
Industrial patents	31	-	(6)	-	-	-	25
Software	787	412	(354)	(5)	23	-	863
Contract acquisition costs	46,719	-	(245)	(12,788)	1,332	15,834	50,852
Other	1,825	925	(714)	-	236	202	2,474
Total	49,362	1,337	(1,319)	(12,793)	1,591	16,036	54,214

Prior year changes are given below for comparative purposes:

(Euro/000)	31 December 2008	Increases	Amortisation and impairment losses	Reclassifications	Disposals	Exchange rate gains (losses)	31 December 2009
Industrial patents	45	-	(8)	-	-	(6)	31
Software	668	395	(298)	-	-	22	787
Contract acquisition costs	49,603	-	(2,884)	-	-	-	46,719
Other	1,297	740	(512)	473	(519)	346	1,825
Total	51,613	1,135	(3,702)	473	(519)	362	49,362

Contract acquisition costs include considerations paid by the parent to purchase the railway high speed/capacity business units in previous years. The reporting-date carrying amount principally relates to the Milan - Genoa railway line and logistics sector acquisitions made by the Brazilian subsidiary Ecorodovias. These assets have a finite life and are amortised in line with the stage of completion of the related contracts. The balance is as follows:

(Euro/000)	31 December 2009	Amortisation	Change in consolidation scope	Disposals	Exchange rate gains (losses)	31 December 2010
Cavtom (Turin - Milan railway line)	245	(245)	-	-	-	-
Cociv (Milan - Genoa railway line)	46,474	-	-	(12,788)	-	33,686
Ecorodovias - logistics contract	-	-	15,834	-	1,332	17,166
Total	46,719	(245)	15,834	(12,788)	1,332	50,852

Amortisation of the acquisition costs for the Milan-Genoa railway line has not yet started as the related works have not commenced. Assets recognised at year end are deemed to be recoverable either through the ongoing arbitration proceeding for the customer's contractual non-compliance or recommencement of the related works. Reference should be made to the second part of the directors' report for more information on Consorzio Cociv's specific position.

Disposals refer to the agreements entered into in 2010 with an Italian partner renegotiating the consortium relationships for the high speed/capacity Milan - Genoa railway line works. The agreements are subject to certain conditions precedent which have not yet been fully complied with.

Amortisation of the contract acquisition costs for the high speed/capacity business units is calculated using the stage of completion method of the contracts based on the cost to cost method and considering the related purchase dates.

The change in consolidation scope related to Ecorodovias' logistics contracts is due to the business combinations and the Elog transaction, described in the section on the key events of the year.



1.4 Goodwill

Goodwill amounts to euro 94.0 million and increased by euro 35.2 million over 31 December 2009 due to the transactions involving Ecorodovias, the effects of which are described in the section on the key events of the year.

(Euro/000)	Segment	31 December 2010	31 December 2009	Variation
FISIA Babcock	Engineering & Plant Construction	11,875	11,875	-
FISIA Italmimpianti	Engineering & Plant Construction	14,230	14,230	-
Shanghai Pucheng	Concessions	18,515	18,515	-
Ecorodovias Logistics	Concessions	37,509	-	37,509
Ecorodovias Concessions	Concessions	11,921	14,270	(2,349)
Total		94,050	58,890	35,160

The following table shows the changes in 2010:

(Euro/000)	31 December 2009	Change in consolidation scope	Adjustments	Exchange rate gains (losses)	31 December 2010
FISIA Babcock	11,875	-	-	-	11,875
FISIA Italmimpianti	14,230	-	-	-	14,230
Shanghai Pucheng	18,515	-	-	-	18,515
Ecorodovias logistics	-	36,202	(1,032)	2,339	37,509
Ecorodovias concessions	14,270	(2,349)	-	-	11,921
Total	58,890	33,853	(1,032)	2,339	94,050

Goodwill did not undergo any change in 2009.

The FISIA Italmimpianti balance includes euro 10.9 million generated by the purchase of 49% thereof by the parent on 21 December 2005 from Equinox Investment Company S.c.p.a. for euro 68.5 million. The residual euro 3.3 million is the goodwill that arose on the merger of FISIA Partecipazioni into FISIA carried out before 2004.

The FISIA Babcock and Shanghai Pucheng balances arise from the acquisitions from third parties of the related investments and business units in previous years.

The Ecorodovias - Concessions balance is the result of its consolidation using the proportionate method (the investment in this Brazilian operator is held by Impregilo International Infrastructures).

The Ecorodovias - Logistica CGU was identified in 2010 due to development of this business within Ecorodovias group, stepped up during the year as a result of the business combinations described earlier in these notes. The change in goodwill during the year is due to the following:

- partial sale of the investment in Elog S.A. by its parent Ecorodovias, leading to the change of control (from control to joint control);
- acquisition of 100% of Armazens Gerais Columbia S.A. (Columbia) and EADI SUL Terminas de Cargas Ltda. (EADI) by Elog, jointly controlled by Ecorodovias with other parties, at the end of 2010;
- Ecorodovias' flotation on the San Paolo (Brazil) stock exchange leading to a dilution in Impregilo group's investment therein and the related reduction in previously recognised goodwill in line with the dilution.

The partial disposal of the investment in Elog (described in the section on the key events of the year) led to, *inter alia*:

- determination of Elog's net assets' fair value;
- allocation of the difference between the net assets' fair value and their carrying amount recognised in Elog's financial statements before the disposal;
- recognition of this difference with a balancing entry in the consolidated income statement as it relates to the "partial sale of an investment in a subsidiary".

As a result, euro 29.4 million was allocated to goodwill.

Goodwill of euro 8.1 million is recognised on the acquisitions of control of Columbia and EADI on a provisional basis as the measurement period provided for by IFRS 3 to determine the fair value of the net assets acquired has not yet finished.

As required by IAS 36, goodwill, being an intangible asset with an indefinite life, is not amortised systematically but is subject to impairment testing at least annually. The impairment test is carried out by estimating its recoverable amount, value in use and the future cash flows that the related cash-generating unit will generate.

Recoverability of the carrying amount of goodwill for the FISIA Italmimpianti, FISIA Babcock and Shanghai Pucheng CGU at 31 December 2010 was tested by determining their value in use based on the business plans for at least the next three years.

The plans cover:

- FISIA Babcock (plan drawn up by its board of directors): 3 years;
- FISIA Italmimpianti (plan drawn up by its board of directors): 5 years;
- Shanghai Pucheng (contractual concession plan, updated with forward-looking figures estimated by the board of directors based on actual figures): period equal to the concession term.

In order to calculate value in use, the relevant cash flows have been discounted using the following rates:

	Growth rate	Discount rate (WACC) (**)
FISIA Babcock	1.00%	9.00%
FISIA Italmimpianti	2.00%	11.70%
Shanghai Pucheng (*)	n.a.	5.80%

(*) The growth rates are those set out in the concession's business plans included in the agreements with the grantors and, as these plans are expressed in real terms, the discount rate has also been determined in real terms, without considering inflation. The concession agreements include the adjustment of tariffs in line with inflation-based parameters.

(**) The WACC was determined net of tax effects.

The terminal value was determined using the perpetuity method for FISIA Babcock and FISIA Italmimpianti while the concession contractual plan was used for Shanghai Pucheng.

Given the current overall market crisis, the group has performed a sensitivity analysis, considering the potential effects of changes in the reference variables:

- (i) discount rates, for all cash-generating units, since they are caused by conditions that the group cannot control;
- (ii) growth rates for FISIA Babcock.

The recoverable amount determined earlier, also considering the sensitivity analysis described above, was greater than the related carrying amounts of all the above cash-generating units and, therefore, no impairment losses were recognised.

Recoverability of the carrying amount of goodwill for the two logistics and concessions CGU of Ecorodovias group (euro 37.5 million and euro 11.9 million, respectively) was checked using the fair value of Ecorodovias based on the stock market prices of its shares. The Brazilian group's average capitalisation (for the portion attributable to Impregilo group) was roughly euro 958 million for the last quarter of 2010. This has not changed significantly in early 2011 and is significantly higher than the carrying amount of Ecorodovias' net assets, including goodwill with an indefinite life as per the previous table. Therefore, goodwill was not impaired at the reporting date.

1.5 Equity investments

Investments in associates and other companies increased by euro 7.2 million to euro 37.8 million.

(Euro/000)	31 December 2010	31 December 2009	Variation
Investments in associates and other companies	37,841	30,593	7,248
Total	37,841	30,593	7,248

The main changes that led to differences in the carrying amounts of the equity investments are summarised below:

(Euro/000)	31 December 2010	31 December 2009
Change in consolidation method	(594)	-
Acquisitions/disinvestments	12,898	8,235
Share of profit or loss of equity-accounted investees	(4,185)	1,323
Dividends from equity-accounted investees and other investees	(1,552)	(965)
Other changes including change in the translation reserve	681	(1,957)
Total	7,248	6,636

The group's share of profit or loss of equity-accounted investees totals euro 1.6 million, considering also the figures shown in note 3, detailing the changes in the provision for risks on investments. This is described in note 15.4.

Acquisitions include concessions in Italy (Broni/Mortara motorway) and Colombia (Ruta del Sol) for euro 13.3 million.

The key figures of the equity-accounted investees are set out below:

(In Euros)							IFRS				
Segment	Investee	Country	Business	%	Carrying amount	Equity under local GAAP	Total assets	Net financial position (indebtedness)	Equity	Revenue	Profit (loss)
Concessions	Agua del Gran Buenos Aires	Argentina	Water	42,58%	-	(220,221)	81,979	51,944	(220,220)	-	(46,571)
Concessions	Cons. Agua Azul S.A.	Peru	Water	25,50%	5,847,040	5,847,039	9,633,632	(2,731,601)	5,847,039	2,500,211	589,219
Concessions	Enecor S.A.	Argentina	Energy	30,00%	-	1,023,224	1,765,357	989,061	1,025,043	115,735	941,899
Concessions	Impregilo Wolverhampton Ltd.	GB	Hospitals	20,00%	(938,790)	60,384	4,399,552	(2,988,592)	(938,790)	1,015,969	124,600
Concessions	Ochre Solutions Ltd.	GB	Hospitals	40,00%	90,167	(251,242)	71,834,536	(60,440,157)	(251,242)	2,852,445	(345,442)
Concessions	Puentes del Litoral	Argentina	Motorways	26,00%	-	350,535	12,570,789	34,446	350,535	1,265,750	(799,983)
Concessions	Sabrom	Italy	Motorways	40,00%	9,738,244	9,738,244	15,492,650	(3,085,150)	9,738,244	-	(66,552)
Concessions	Yacylec S.A.	Argentina	Energy	18,67%	677,077	1,184,441	819,513	311,369	677,077	892,118	(363,147)
Concessions	Yuma	Colombia	Motorways	40,00%	4,071,281	4,071,281	4,154,249	3,006,575	4,071,281	38,794	18,317
Concessions	Coincar	Argentina	Concessions	35,00%	-	3,690,642	7,413,543	(3,600,690)	3,690,642	1,135,783	(191,867)
Construction	Impregilo Arabia Ltd.	Saudia Arabia	Construction	50,00%	2,945,599	2,945,599	11,139,185	4,822,277	2,945,599	7,713,847	(344,170)

With respect to the investment in the Argentine associate Puentes del Litoral, certain critical issues relating to its bankruptcy proceeding were resolved during the year. Accordingly, the provision for risks set up in previous years was reclassified to profit or loss, as shown in note 15.4.

No significant events occurred during the year with reference to Aguas del Gran Buenos Aires such as to require revision of the assessments made in previous years, which are described in the notes to those previous year annual financial statements.

Information on the term of the concession agreements is set out in the directors' report, in the section on the relevant business segment.

1.6 Available-for-sale financial assets

"Available-for-sale financial assets" of euro 10.7 million relate to the 3,919,527 ordinary shares, equal to 5.11% of the share capital of the listed company Mediterranea delle Acque, measured at fair value. On 26 July 2010, Impregilo International Infrastructures, which held the investment, sold all its shares at the stock exchange price of euro 3, for a total of euro 11.8 million, accepting the voluntary takeover bid made by San Giacomo S.r.l. for the ordinary shares of Mediterranea delle Acque. The transaction generated a gain of euro 1.1 million recognised under "Net losses on investments".

2. Non-current assets (liabilities) classified as held for sale

Net non-current assets classified as held for sale may be analysed as follows:

(Euro/000)	31 December 2010	31 December 2009	Variation
Non-current assets classified as held for sale	473,587	466,246	7,341
Liabilities directly associated with non-current assets classified as held for sale	(89,590)	(86,939)	(2,651)
Net non-current assets classified as held for sale	383,997	379,307	4,690

The assets include the carrying amount of the RDF plants built by Impregilo group in previous years, the Acerra waste-to-energy plant, the Santa Maria La Fossa site and other items of property, plant and equipment.

The caption increased as a result of investments made during the year (euro 7.3 million).

Liabilities include advances received from the commissioner (euro 2.7 million in 2010).

3. Provisions for risks and charges

These provisions amount to euro 190.1 million at the reporting date, as follows:

(Euro/000)	31 December 2010	31 December 2009	Variation
Provisions for risks on equity investments	11,524	14,210	(2,686)
Other provisions	178,586	178,330	256
Total	190,110	192,540	(2,430)

The provision for risks on equity investments relates to expected impairment losses on the carrying amount of the group's investments in associates for the part that exceeds their carrying amounts.

Changes in this provision are detailed below:

(Euro/000)	2010	2009
Acquisitions/disinvestments	(352)	1
Share of profit of loss of associates	(2,612)	(2,169)
Dividends from associates and other investees	83	92
Other changes, including changes in translation reserve	195	(207)
Total	(2,686)	(2,283)

Other provisions comprise:

(Euro/000)	31 December 2010	31 December 2009	Variation
USW Campania projects	80,943	80,943	-
Provisions set up by Impregilo and its subsidiaries	32,407	29,413	2,994
Provision for maintenance of infrastructure under concession	19,312	22,733	(3,421)
Provision for investments in infrastructure under concession	2,245	2,151	94
Contract completion losses	8,233	8,515	(282)
Ongoing litigation	21,333	16,537	4,796
Building segment litigation	4,248	7,272	(3,024)
Environmental risks	1,802	2,284	(482)
Other	8,063	8,482	(419)
Total	178,586	178,330	256

The provision for the USW Campania projects includes the estimated costs for the environmental clean-up to be borne by group companies (euro 30.9 million) and an accrual made in 2007 for the ongoing criminal case (euro 50 million), maintained in 2010 due to the complexity and structure of the legislative and judicial aspects involved. Reference should be made to the specific section of the directors' report for additional information.

The provisions set up by Imprepar and its subsidiaries include accruals made for probable future charges related to the closing of contracts and effects of ongoing litigation.

The provision for maintenance of infrastructure under concession includes the measurement of the obligations existing at the reporting date for the group companies that apply IFRIC 12. These companies also set up a provision for investments in infrastructure under concession which includes the measurement of contractual obligations for future upgrades which will not lead to specific price increases or increases in the volume of use of the infrastructure.

The provision for contract completion losses mainly includes the accruals for the outstanding future charges to complete the Tunnel Alp Transit (T.A.T.) contract in Switzerland and the Middle East contracts by FISIA Italmimpianti.

The provision for ongoing litigation refers to disputes involving Impregilo and certain of its subsidiaries.

The provision for environmental risks, set up by FISIA Italmimpianti and FISIA Babcock, mainly relates to the management of the Fossano landfill for future charges related to the closing and post-closing activities.

"Other" mainly comprises amounts accrued in 2009 for certain foreign contracts completed in previous years for which disputes are ongoing with the customers. Relationships with these customers are difficult and, therefore, the group is unable to estimate exactly when the related receivables will be collected.

The item did not change substantially during the year; changes therein are shown below:

	31 December 2009	Accruals	Utilisations	Change in consolidation scope	Exchange rate gains (losses)	Reclassific- ations	Discounting	31 December 2010
(Euro/000)								
Total other provisions	178,330	31,994	(30,690)	(6,461)	4,441	1,049	(77)	178,586

Changes during 2009 are shown in the following table:

	31 December 2008	Accruals	Utilisations	Change in consolidation scope	Exchange rate gains (losses)	Other changes	31 December 2009
(Euro/000)							
Total other provisions	179,405	27,193	(26,155)	(569)	(1,411)	(133)	178,330

Changes of the year comprise:

- (i) accruals of euro 32.0 million, including euro 8.0 million related to the Engineering & Plant Construction segment, euro 7.9 million to the provision for maintenance of infrastructure under concession and euro 10.3 million for Imprepar due to the updating of the estimates about its pending litigation. The remainder comprises euro 4.4 million for the Construction segment and euro 1.4 million for other Concession segment companies;
- (ii) utilisations of euro 30.7 million, including euro 6.4 million used by the Construction segment, euro 9.8 million by the Concessions segment, euro 7.5 million by the Engineering & Plant Construction segment and euro 7.0 million by Imprepar. Utilisations relate to the occurrence of expenses and losses for which they had been accrued;
- (iii) changes in consolidation scope mainly relate to the effects of the dilution of the Ecorodovias investment and the Elog transaction described in the section on the key events of the year.

During 2008, the parent commenced a dispute with the tax authorities about an assessment challenging the tax treatment of impairment losses and losses on the sale of certain investments held by it in 2003. The most significant issue relates to the parent's sale of its entire investment in the Chilean operator Costanera Norte S.A. to Impregilo International Infrastructures N.V. in 2003.

The dispute is currently before the Supreme Court following the tax authorities' appeal notified on 5 November 2010. The second level court ruling was filed on 11 September 2009 reversing the first level ruling and fully cancelling the assessment about the key issue raised by the tax authorities about redetermination of the sales price for the investment in Sociedad Costanera Norte.

Lastly, with respect to the proceedings pending before the Florence Court against C.A.V.E.T. (reference should be made to the section on "Construction - Risk areas - Proceedings with the Florence Court - C.A.V.E.T." in the directors' report), the consortium's legal advisors believe that its correct conduct can be clearly demonstrated. They are confident that the first level sentence will be substantially changed, including with respect to the sentenced charges made by this hearing. Accordingly, the group did not make any provision therefor.

4. Post-employment benefits and employee benefits

At 31 December 2010, the group's liability due to all its employees determined using the criteria set out in IAS 19 is euro 24.7 million.

The balance mainly consists of the Italian post-employment benefits (TFR) related to Impregilo S.p.A. and its Italian subsidiaries. At 31 December 2010 and 2009, the liability for post-employment benefits is the outstanding payable at the reform effective date, net of benefits paid up to the reporting dates. The liability is considered part of a defined benefit plan under IAS 19 and has therefore been subjected to actuarial valuation. The valuation, performed with the assistance of an independent expert, was based on the following rates:

- turnover rate: 8%;
- discount rate 4.20%;
- advance payment rate: 2%;
- inflation rate: 2%.

Changes in the provision are as follows:

	31 December 2009	Accrual	Payments	Other changes	Contributions paid to INPS treasury and other funds	31 December 2010
(Euro/000)						
Post-employment benefits and employee benefits	33,772	12,463	(13,173)	(5,724)	(2,685)	24,653

Other changes mainly relate to the effect of exchange rate trends on the provision for Venezuela following the Bolivar's depreciation at the beginning of the year.

Changes in the previous year are as follows:

	31 December 2008	Accrual	Payments	Contributions paid to INPS treasury and other funds	Other changes	31 December 2009
(Euro/000)						
Post-employment benefits and employee benefits	33,419	18,937	(16,489)	(2,334)	239	33,772

5. Other non-current assets (liabilities) and non-current intragroup receivables

Other non-current assets and liabilities include:

(Euro/000)	31 December 2010	31 December 2009	Variation
Non-current intragroup receivables	17,446	13,139	4,307
Other non-current assets	57,072	45,584	11,488
Other non-current liabilities	(14,284)	(11,665)	(2,619)
Total	60,234	47,058	13,176

5.1 Non-current intragroup receivables

These receivables due from associates at euro 17.4 million show a euro 4.3 million increase on 31 December 2009 mainly due to the reversal of the impairment losses on the receivables from the associate Puentes del Litoral, which had been fully impaired at the end of 2009. As a result of the out-of-court settlement of certain issues and based on the assessments of how long it will take to recover the amounts recognised as part of the proceedings, net receivables of euro 7.8 million were recognised. This effect was partly offset by the reduction in receivables from the Swiss consortia.

5.2 Other non-current assets

Other non-current assets amount to euro 57.1 million, an increase of euro 11.5 million on 31 December 2009. The item mainly consists of financial and other receivables as follows:

(Euro/000)	31 December 2010	31 December 2009	Variation
Impregilo and subsidiaries	5,704	40,695	(34,991)
Vegas Tunnel	3,271	3,084	187
Impregilo Int. Infr. (Caminos de las Sierras)	32,136	-	32,136
Impregilo Int. Infr. (Cordoba provincial authorities)	12,579	-	12,579
Other Construction	1,143	209	934
Other Engineering & Plant Construction, Concessions and FIBE	2,239	1,596	643
Total	57,072	45,584	11,488

The balance relating to Impregilo International relates to the sale of the investment in the Argentine subsidiary Caminos de Las Sierras to the Cordoba provincial authorities (Argentina). Negotiations with the grantor commenced in 2009 and were finalised at the end of August 2010 with the sale of the group's entire investment and its elimination from the consolidation scope. The sale generated a gain of roughly euro 65.5 million.

The receivable of euro 32.1 million from Caminos de Las Sierras refers to the loan granted by Impregilo International Infrastructures to the Argentine operator in the past which was restructured as part of the sales agreements. The outstanding balance of euro 35.6 million at the reporting date includes euro 32.1 million due after one year and euro 3.5 million due within one year. The latter amount is shown under "Other current assets".

The receivable from the Cordoba provincial authorities relates to the sale of the investment in Caminos de Las Sierras and amounts to euro 14.4 million, including euro 12.6 million due after one year and euro 1.8 million due within one year (classified under "Other current assets").

The decrease in the balance relating to Imprepar is the result of the more precise allocation of items to "work in progress", "receivables from customers" and "other receivables" in the consolidated statement of financial position due to the changed strategies which led to its exit from liquidation.

5.3 Other non-current liabilities

Other non-current liabilities amount to euro 14.3 million, up euro 2.6 million on the 31 December 2009 balance, as shown in the following table:

(Euro/000)	31 December 2010	31 December 2009	Variation
Other - third parties	687	1,722	(1,035)
Employees	789	1,501	(712)
State bodies	12,808	8,442	4,366
Total	14,284	11,665	2,619

Payables of euro 12.8 million to state bodies mainly comprise the amounts due to the grantors by the Brazilian operators headed by Ecorodovias.

6. Net tax assets

Net tax assets total euro 169.0 million at 31 December 2010, down euro 46.5 million on 31 December 2009, as follows:

(Euro/000)	31 December 2010	31 December 2009	Variation
Deferred tax assets	75,604	88,625	(13,021)
Current tax assets	54,541	94,375	(39,834)
Other current tax assets	94,317	110,925	(16,608)
Deferred tax liabilities	(17,717)	(16,519)	(1,198)
Current tax liabilities	(20,073)	(22,552)	2,479
Other tax liabilities	(17,718)	(39,407)	21,689
Net tax assets	168,954	215,447	(46,493)

6.1 Deferred tax assets (liabilities)

Net deferred tax assets total euro 57.9 million, down by euro 14.2 million on the 31 December 2009 balance. They may be analysed as follows:

(Euro/000)	31 December 2010	31 December 2009	Variation
Deferred tax assets	75,604	88,625	(13,021)
Deferred tax liabilities	(17,717)	(16,519)	(1,198)
Net deferred tax assets	57,887	72,106	(14,219)

Deferred tax assets at the reporting date include euro 0.3 million, which has been recognised directly in equity as the tax effects of derivatives included in the Hedging reserve.

The decrease in deferred tax assets is mainly due to the reversal of the portion of such assets for the year related to provisions for risks to profit or loss.

Note 16 summarises the temporary differences which led to the recognition of the above deferred tax assets and liabilities and the related changes.

6.2 Current tax assets

Current tax assets amount to euro 54.5 million as follows:

(Euro/000)	31 December 2010	31 December 2009	Variation
Direct taxes	38,138	76,900	(38,762)
IRAP	1,582	1,599	(17)
Foreign direct taxes	14,821	15,876	(1,055)
Total	54,541	94,375	(39,834)

The decrease is due to the parent's collection of direct tax receivables of euro 36.7 million (principal and interest), part of which had been factored to a leading factoring company in previous years. They related to 1992, 1996, 1997 and 1998.

6.3 Other current tax assets

Other current tax assets decreased by euro 16.6 million to euro 94.3 million at the reporting date as follows:

(Euro/000)	31 December 2010	31 December 2009	Variation
VAT	68,689	88,690	(20,001)
Other indirect taxes	25,628	22,235	3,393
Total	94,317	110,925	(16,608)

The decrease in VAT is due to the normal payments of the year which are matched with similar items under liabilities (see note 6.5).

Other indirect taxes include withholdings of euro 6.9 million paid by the Icelandic branch on the remuneration paid to foreign temporary workers involved in the building site. A dispute with the local authorities is pending for the repayment of these withholdings, with respect to which reference should be made to the section on "Construction - Risk areas - Tax litigation - Iceland" of the directors' report.



6.4 Current tax liabilities

Current tax liabilities amount to euro 20.1 million as follows:

(Euro/000)	31 December 2010	31 December 2009	Variation
IRES	1,546	7,894	(6,348)
IRAP	897	1,931	(1,034)
Foreign taxes	17,630	12,727	4,903
Total	20,073	22,552	(2,479)

6.5 Other current tax liabilities

Other current tax liabilities of euro 17.7 million decreased by euro 21.7 million over 31 December 2009. They may be analysed as follows:

(Euro/000)	31 December 2010	31 December 2009	Variation
Withholdings	1,366	1,240	126
VAT	9,875	31,733	(21,858)
Other indirect taxes	6,477	6,434	43
Total	17,718	39,407	(21,689)

7. Working capital

Working capital at 31 December 2010 is a positive euro 234.8 million (31 December 2009: positive euro 81.2 million) and is made up as follows:

(Euro/000)	Note	31 December 2010	31 December 2009	Variation
Inventories	7.1	71,897	56,625	15,272
Contract work in progress	7.2	743,464	630,993	112,471
Advances on contract work in progress	7.3	(700,802)	(527,113)	(173,689)
Trade receivables	7.4	791,016	889,600	(98,584)
Trade payables	7.5	(777,279)	(934,154)	156,875
Net current intragroup receivables	7.6	94,488	67,736	26,752
Other current assets	7.7	261,192	216,115	45,077
Other current liabilities	7.8	(249,144)	(318,636)	69,492
Total		234,832	81,166	153,666

7.1 Inventories

Inventories total euro 71.9 million at the reporting date, as shown in the following table:

(Euro/000)	31 December 2010			31 December 2009			Variation
	Gross carrying amount	Allowance	Carrying amount	Gross carrying amount	Allowance	Carrying amount	
Real estate projects	23,359	(8,222)	15,137	23,595	(9,106)	14,489	648
Finished products and goods	7,409	-	7,409	3,562	-	3,562	3,847
Raw materials, consumables and supplies	50,463	(1,112)	49,351	39,721	(1,147)	38,574	10,777
Total	81,231	(9,334)	71,897	66,878	(10,253)	56,625	15,272

7.1.1 Real estate projects

Real estate projects amount to euro 15.1 million, substantially unchanged from 31 December 2009. The year-end balance mainly relates to the real estate project of euro 11.6 million (the related provision amounts to euro 7.8 million) for the construction of a trade point in Lombardy. This project has been delayed since the relevant municipality has not yet implemented the measures necessary to start the works, as mentioned in previous reports.

7.1.2 Finished products and goods and Raw materials, consumables and supplies

The carrying amount of these items totals euro 7.4 million and euro 49.4 million, respectively, and mainly relates to materials to be used for foreign contracts, including those of the Construction segment in Colombia, Panama and the USA (Lake Mead).

7.2 Contract work in progress

Current assets include contract work in progress, which totals euro 743.5 million at 31 December 2010, up by euro 112.5 million on the 31 December 2009 balance. The following table shows contract work in progress calculated using the stage of completion method net of losses realised or estimated at the reporting date and progress billings:

(Euro/000)	31 December 2010	31 December 2009	Variation
Contract work in progress	8,830,050	6,064,871	2,765,179
Advances received (on approved work)	(8,086,586)	(5,433,878)	(2,652,708)
Total	743,464	630,993	112,471

A breakdown of contract work in progress by business segment is as follows:

(Euro/000)	31 dicembre 2010	31 dicembre 2009	Variation
Construction	572,977	401,643	171,334
Engineering & Plant Construction	170,487	229,350	(58,863)
Total	743,464	630,993	112,471

Contract work in progress of the Construction segment mainly relates to railway work in Venezuela (euro 192.1 million, with production of euro 156.1 million during the year), works on Lots 5 and 6 of the A3 Salerno-Reggio Calabria motorway (euro 88.9 million, with production of euro 93.8 million during the year), work to widen the Panama Canal (euro 43.5 million, with production of euro 94.7 million during the year) and the contracts in Colombia (euro 23.6 million, with production of euro 77.8 million during the year).

Contract work in progress of the Engineering & Plant Construction segment mainly relates to the Qatar and United Arab Emirates desalination plants.

7.3 Advances on contract work in progress

The item "Advances on contract work in progress" included in "Current liabilities", amounts to euro 700.8 million, up euro 173.7 million on the figure at 31 December 2009. It comprises:

(Euro/000)	31 December 2010	31 December 2009	Variation
Contract work in progress	(6,672,255)	(9,858,894)	3,186,639
Advances received (on approved work)	6,909,551	10,113,991	(3,204,440)
Contractual advances	463,506	272,016	191,490
Total	700,802	527,113	173,689

Contract work in progress recognised under liabilities (negative WIP) is the negative net balance, for each contract, of work performed to date, the provision for contractual risks and progress billings.

The following table shows the contribution by business segment:

(Euro/000)	31 December 2010			31 December 2009			Variation
	Negative WIP	Advances	Total	Negative WIP	Advances	Total	
Construction	138,070	455,900	593,970	162,996	250,709	413,705	180,265
Engineering & Plant Construction	99,226	7,606	106,832	92,101	21,307	113,408	(6,576)
Total	237,296	463,506	700,802	255,097	272,016	527,113	173,689

The Construction segment balance relates principally to the following contracts: work to widen the Panama Canal (euro 161.7 million, due to the contractual advances received), contracts in Libya (euro 146.9 million, due to the contractual advances received), Lake Mead, US (euro 77.5 million, with production of euro 56.5 million), contracts in Colombia (euro 35.0 million, due to the contractual advances received), contracts in Venezuela (euro 23.7 million, due to the contractual advances received) and high speed/capacity railway contracts (euro 37.1 million, with production of euro 118.3 million).

The Engineering & Plant Construction balance relates to advances received for contracts in Dubai and Qatar (euro 7.6 million) and progress (production net of advances) on FISIA Babcock's contracts, mainly in the waste-to-energy sector, and FISIA Italmimpianti's contracts described above.

7.4 Trade receivables

At 31 December 2010, receivables show a net decrease of euro 98.5 million at euro 791.0 million. They may be broken down as follows:

(Euro/000)	31 December 2010	31 December 2009	Variation
Trade receivables	890,194	1,012,624	(122,430)
Allowance for impairment	(99,178)	(123,024)	23,846
Net trade receivables	791,016	889,600	(98,584)

The balance relates to amounts due from customers for invoices issued and for work performed and approved by customers but still to be invoiced. The decrease is mainly due to collections by the Construction segment for certain high speed/capacity contracts nearing completion (euro 88.1 million) and the new offices of the Lombardy Regional Authorities (euro 33.6 million), net of new invoices for the Panama Canal contract (euro 54.9 million) and the Messina Strait Bridge contract (euro 24.2 million).

The balance for the Venezuelan contracts decreased by euro 129.8 million, mostly due to the Bolivar's depreciation at the start of 2010, as described in the directors' report (the effect of this was roughly euro 90.0 million).

The allowance for impairment decreased by euro 23.8 million to euro 99.2 million during the year, as follows:

(Euro/000)	31 December 2009	Accruals	Utilisations	Reversals	Change in consolidation scope	Exchange rate gains (losses)	31 December 2010
Allowance for impairment	64,110	9,386	(14,046)	(10,663)	(12,927)	1,745	37,605
Allowance for default interest	58,914	2,750	(91)	-	-	-	61,573
Total	123,024	12,136	(14,137)	(10,663)	(12,927)	1,745	99,178

Due to the critical issues affecting the Engineering & Plant Construction segment, an accrual of euro 6.2 million was made to the allowance in 2010, bringing the balance to euro 11.8 million.

Following the positive resolution of the critical issues affecting the Venezuelan contracts in 2009, the related allowance for impairment of euro 20.0 million set up previously was fully released (including euro 11.7 million recognised in profit or loss and euro 8.3 million by directly derecognising certain positions).

The balance related to the change in the consolidation scope principally relates to Caminos de Las Sierras.

7.5 Trade payables

Trade payables amount to euro 777.3 million at the reporting date, with a decrease of euro 156.9 million on 31 December 2009. They are made up as follows:

(Euro/000)	31 December 2010	31 December 2009	Variation
Trade payables	777,279	934,154	(156,875)

The main item of the trade payables consists of euro 398.4 million due to suppliers of the Construction segment, which decreased by euro 46.8 million over the previous year end, and euro 241.9 million due to those of the Engineering & Plant Construction segment, down euro 106.7 million.



7.6 Net current intragroup receivables

The net intragroup balance at period end is a positive euro 94.5 million, up by euro 26.8 million over 31 December 2009. It is analysed in the following table:

(Euro/000)	31 December 2010	31 December 2009	Variation
Receivables	137,589	123,419	14,170
Payables	(43,101)	(55,683)	12,582
Net current intragroup receivables	94,488	67,736	26,752

This item mainly relates to trading and financial relationships among the non-consolidated companies. The increase is due to invoicing to Consorzio OIV Tocoma, VIT Tocoma and VIT Caroni Tocoma (euro 27.7 million) by the Venezuelan branch, partly offset by the effect of consolidating Grupo Unido por el Canal (receivable of euro 14.9 million at 31 December 2009).

7.7 Other current assets

Other current assets of euro 261.2 million show an increase of euro 45.1 million on the previous year end and may be analysed as follows:

(Euro/000)	31 December 2010	31 December 2009	Variation
Other receivables	120,394	106,521	13,873
Advances to suppliers	79,013	62,844	16,169
Prepayments and accrued income	61,785	46,750	15,035
Total	261,192	216,115	45,077

Other receivables amount to euro 120.4 million, up euro 13.9 million, principally due to the rights of the Brazilian company Ecorodovias vis-à-vis the grantor (euro 9.4 million). As described in previous years, the item also includes receivables of FIBE (and the former FIBE Campania merged into FIBE in 2009) due from the commissioner for the waste emergency in Campania as well as receivables from consortia and joint venture partners and from employees and social security institutions.

Advances to suppliers increased by euro 16.2 million on 31 December 2009, principally for the Construction segment (euro 32.7 million) due to advances for new contracts in Panama and Colombia, net of utilisation by the Engineering & Plant Construction segment of euro 16.6 million. A breakdown by segment is set out in the following table:

(Euro/000)	31 December 2010	31 December 2009	Variation
Construction	60,567	27,871	32,696
Engineering & Plant Construction	18,156	34,706	(16,550)
Concessions	290	267	23
Total	79,013	62,844	16,169

Prepayments and accrued income of euro 61.8 million show an increase of euro 15.0 million on 31 December 2009. The item mainly consists of commissions on sureties and other contract costs which will be recognised in profit or loss in future periods based on the stage of completion of the related contracts. The increase refers to the Panama Canal contract.

They are broken down in the following table:

(Euro/000)	31 December 2010	31 December 2009	Variation
Accrued income:			
- Costs recognised in line with stage of completion of contracts	2,828	5,247	(2,419)
- Other	595	20	575
Total accrued income	3,423	5,267	(1,844)
Prepayments:			
- Insurance	14,223	16,972	(2,749)
- Commissions on sureties	35,098	14,478	20,620
- Leases	1,183	838	345
- Costs recognised in line with stage of completion of contracts	4,674	6,660	(1,986)
- Other	3,184	2,535	649
Total prepayments	58,362	41,483	16,879
Total	61,785	46,750	15,035

7.8 Other current liabilities

Other current liabilities of euro 249.1 million (euro 318.7 million) comprise:

(Euro/000)	31 December 2010	31 December 2009	Variation
Social security institutions	9,005	10,323	(1,318)
Employees	24,019	25,216	(1,197)
Compensation and compulsory purchases	13,350	24,051	(10,701)
State bodies	119,099	161,368	(42,269)
Other payables	68,741	79,517	(10,776)
Provisions for risks and charges	2,062	636	1,426
Accrued expenses and deferred income	12,868	17,526	(4,658)
Total	249,144	318,637	(69,493)

- Payables due to employees relate to accrued unpaid remuneration.
- Payables for compensation and compulsory purchases relate to the high speed/capacity railway contracts (down euro 10.7 million due to the aforesaid completion of the contracts).
- Payables due to state bodies (euro 119.1 million) decreased by euro 42.3 million due to the short-term portion of the payable due to the grantor of the Ayrton Senna concession, following the payment of amounts due in the year and dilution of the group's investment percentage in Ecorodovias as a result of its flotation (see the section on the key events of the year). The item also includes euro 116.2 million (unchanged from the previous year end) related to transactions with the commissioner, the provincial authorities and municipalities of Campania in connection with the USW Campania projects.

- Other payables of euro 68.7 million (euro 79.5 million at 31 December 2009) mainly relate to sums due for the acquisition of business units in previous years and to foreign co-venturers.
- Accrued expenses and deferred income of euro 12.9 million relate to the following items:

(Euro/000)	31 December 2010	31 December 2009	Variation
Accrued expenses:			
- Commissions on sureties	3,639	6,485	(2,846)
- Ten-year liability insurance	764	2,748	(1,984)
- Insurance	82	329	(247)
- Other accrued expenses	8,226	7,805	421
Total accrued expenses	12,711	17,367	(4,656)
Deferred income:			
- Other deferred income	157	159	(2)
Total deferred income	157	159	(2)
Total	12,868	17,526	(4,658)

8. Equity

Equity increased to euro 1,127.0 million at 31 December 2010 from euro 895.4 million at the end of 2009 as follows:

(Euro/000)	31 December 2010	31 December 2009	Variation
Equity attributable to the owners of the parent			
Share capital	718,364	718,364	-
Share premium reserve	1,222	1,222	-
Other reserves:			
- Legal reserve	10,820	10,003	817
- Translation reserve	34,094	13,306	20,788
- Stock option reserve	42	-	42
- Hedging reserve	(5,568)	(5,441)	(127)
- Consolidation reserve	1,375	1,375	-
Total other reserves	40,763	19,243	21,520
Retained earnings	230,792	71,387	159,405
Profit for the year	128,445	79,616	48,829
Equity attributable to the owners of the parent	1,119,586	889,832	229,754
Share capital and reserves attributable to non-controlling interests	5,098	3,641	1,457
Profit for the year attributable to non-controlling interests	2,312	1,927	385
Share capital and reserves attributable to non-controlling interests	7,410	5,568	1,842
Total	1,126,996	895,400	231,596

Changes of the year in the different equity items are summarised in the relevant schedule of the consolidated financial statements.

In their meeting held on 29 April 2010, the parent's shareholders resolved to allocate the profit for 2009 as follows:

- euro 817,200.90 equal to 5% of the profit for the year, to the legal reserve;
- euro 420,027.66 as a dividend to the holders of savings shares, equal to euro 0.26 per share, as per article 33.b) of the by-laws;
- euro 15,106,789.44 to be carried forward.

Disclosures about the individual items are set out below.

Share capital

The parent's share capital of euro 718.4 million is unchanged with respect to 31 December 2009 and includes 404,073,428 shares, of which 402,457,937 ordinary shares and 1,615,491 savings shares.

Share premium reserve

The share premium reserve of euro 1.2 million did not change during the year.

Other reserves

This item is broken down in the following table:

(Euro/000)	31 December 2010	31 December 2009	Variation
Legal reserve	10,820	10,003	817
Translation reserve	34,094	13,306	20,788
Stock option reserve	42	-	42
Hedging reserve	(5,568)	(5,441)	(127)
Consolidation reserve	1,375	1,375	-
Total	40,763	19,243	21,520

The change in other reserves is due to the following factors:

- allocation of the legally-required amount of the parent's profit to the legal reserve, as described above;
- exchange rate differences, as detailed below:

(Euro/000)	2010	2009
Opening balance	13,306	(3,251)
<i>Reclassification from statement of comprehensive income to income statement</i>	<i>(942)</i>	<i>458</i>
<i>Change in investment percentage of Primav</i>	<i>(4,482)</i>	
<i>Equity-accounted investees</i>	<i>1,190</i>	<i>(280)</i>
<i>Increase (decrease)</i>	<i>25,022</i>	<i>16,379</i>
Total changes	20,788	16,557
Closing balance	34,094	13,306

- the Brazilian company Ecorodovias' issue of stock options at the end of August for its managers and employees. Its shareholders approved the stock option plan in their extraordinary meeting of 31 August 2010 and it will be managed by the board of directors.

The granted options must not exceed 2% of the ordinary shares issued. The exercise price is the stock exchange price adjusted to include inflation using a Brazilian consumer price index. A total of 685,764 ordinary shares will be offered at R\$ 9.95 per share and the exercise period is from 2011 to 2014. The effect of this plan, determined using the options' fair value at the reporting date, was recognised under reserves with a balancing entry under Personnel expenses in the income statement. The Black-Scholes method was used to determine fair value.

No shares were cancelled during the year while acquisition of the option exercise right will be exercised as follows:

Year	No. of options	Adjusted price per year (R\$)	Issue date fair value	Limit for use (months)
2011	171,441	10.22	2,16	11
2012	171,441	10.22	2,82	23
2013	171,441	10.22	3,38	35
2014	171,441	10.22	3,88	47
	685,764			

The option exercise terms are:

Terms	Time limit
25% of options (of a total of 685,764)	after 12 months from when the service was rendered
25% of options (of a total of 685,764)	after 24 months from when the service was rendered
25% of options (of a total of 685,764)	after 36 months from when the service was rendered
25% of options (of a total of 685,764)	after 48 months from when the service was rendered

- change in the hedging reserve due to fair value gains (losses) on financial instruments, as detailed below:

(Euro/000)	2010	2009
Opening balance	(5,441)	(5,098)
<i>Reclassification of fair value gains/losses on settled transactions to profit or loss</i>	2,337	1,681
<i>Reclassification of fair value gains/losses on hedging transactions that are no longer effective to profit or loss</i>	38	13
<i>Net fair value losses</i>	(1,919)	(2,404)
<i>Deferred tax effect</i>	(282)	635
<i>Net exchange rate losses</i>	(95)	(202)
<i>Net losses for equity-accounted investees</i>	(206)	(66)
Total changes	(127)	(343)
Closing balance	(5,568)	(5,441)

Retained earnings

This item may be analysed as follows:

(Euro/000)	2010	2009
Opening balance	71,387	(58,652)
Allocation of profit for the year and reserves	78,799	163,494
Dividend distribution	(420)	(33,455)
Ecorodovias share capital increase	83,926	-
Loss on the partial disposal of an investment	(2,900)	-
Total changes	159,405	130,039
Closing balance	230,792	71,387

The item "Ecorodovias share capital increase" of euro 83.9 million refers to the flotation of Ecorodovias Infraestrutura e Logística S.A. on the San Paulo (Brazil) stock exchange, described in the section on the key events of the year. The balance reflects Impregilo group's share of the net gains of the share capital increase net of the dilution effect.

The "Loss on the partial sale of an investment" of euro 2.9 million reflects the effects of the agreements entered into in 2010 with an Italian partner for the renegotiation of the consortium relationships for the high speed/capacity Milan-Genoa railway section works. These agreements are subject to certain conditions precedent which have not yet been fully complied with.

Share capital and reserves attributable to non-controlling interests

Share capital and reserves attributable to non-controlling interests are as follows:

(Euro/000)	2010	2009
Opening balance	5,568	4,093
Profit attributable to non-controlling interests	2,312	2,016
Change in consolidation scope	(383)	-
Change in translation reserve	(87)	(541)
Total changes	1,842	1,386
Closing balance	7,410	5,568

Reconciliation between equity and profit of Impregilo S.p.A. with consolidated equity and consolidated profit

The following table shows the reconciliation of equity and profit of the parent with the corresponding consolidated items:

(Euro/000)	Equity	Profit for the year
Equity and profit for the year of Impregilo S.p.A., IAS 31 December 2010	947,892	157,876
Elimination of consolidated investments	(566,016)	(123,401)
Elimination of the provision for risks on investments	17,736	-
Equity and profit or loss of consolidated companies	631,245	16,887
Other consolidation entries	-	-
Elimination of internally-generated goodwill	8,669	128,114
Elimination of dividends	-	(53,922)
Elimination of national tax consolidation system effects	80,060	2,891
Equity and profit for the year attributable to the owners of the parent	1,119,586	128,445
Equity and profit for the year attributable to non-controlling interests	7,410	2,312
Consolidated equity and profit for the year as at 31 December 2010	1,126,996	130,757

9. Net financial indebtedness

Net financial indebtedness at 31 December 2010 amounts to euro 313.4 million compared to euro 274.5 million at the previous year end. It may be broken down as follows:

(Euro/000)	Note	31 December 2010	31 December 2009	Variation
Other current financial assets	9.1	4,089	4,603	(514)
Cash and cash equivalents	9.2	878,817	814,651	64,166
Total cash and cash equivalents and other financial assets		882,906	819,254	63,652
Non-current bank loans	9.3	(255,846)	(325,256)	69,410
Bonds	9.4	(414,019)	(138,118)	(275,901)
Finance lease payables	9.5	(12,961)	(2,570)	(10,391)
Total non-current indebtedness		(682,826)	(465,944)	(216,882)
Current portion of bank and other loans and current account facilities	9.3	(465,742)	(573,509)	107,767
Current portion of bonds	9.4	(41,795)	(17,840)	(23,955)
Current portion of finance lease payables	9.5	(848)	(690)	(158)
Total current indebtedness		(508,385)	(592,039)	83,654
Derivatives (with positive fair value)	9.6	304	1	303
Derivatives (with negative fair value)	9.6	(5,438)	(6,447)	1,009
Factoring payables	9.7	-	(29,371)	29,371
Total other items in net financial indebtedness		(5,134)	(35,817)	30,683
Net financial indebtedness - continuing operations		(313,439)	(274,546)	38,893
Net financial indebtedness including discontinued operations		(313,439)	(274,546)	38,893

There are no receivables/payables due from/to related parties at either 31 December 2010 or 2009.

The debt/equity ratio at year end is 0.28 while it was 0.31 at 31 December 2009.

9.1 Other current financial assets

Other current financial assets are as follows:

(Euro/000)	31 December 2010	31 December 2009	Variation
Other current financial assets	4,089	4,603	(514)

This item includes the group companies' investments of liquidity in treasury bonds and guaranteed-return insurance instruments. The decrease is mainly due to the disinvestment by Ecorodovias of repos guaranteeing interest on its bond issue and the sale of the investment in Caminos de Las Sierras for euro 0.2 million.

9.2 Cash and cash equivalents

At 31 December 2010, cash and cash equivalents amount to euro 878.8 million, up by euro 64.2 million, as shown below:

(Euro/000)	31 December 2010	31 December 2009	Variation
Cash and cash equivalents	878,817	814,651	64,166

The statement of cash flows shows the reason for this increase and changes in current account facilities (note 9.3).

Moreover, the obtaining of funds by the members of consortia (in which Impregilo is involved) is subject to approval by all the consortium members in order to protect the financial requirements of the related contracts.

As described in the directors' report (section on the USW Campania projects), following the Supreme Court hearing of 17 June 2010, the release from seizure, with no further recourse, of the cash and cash equivalents that the Naples Review Court had subjected to a precautionary measure in February 2010 was again ordered.

9.3 Bank and other loans

Bank and other loans decreased by euro 177.2 million over 31 December 2009 to euro 721.6 million at year end, as summarised below:

(Euro/000)	31 December 2010	31 December 2009	Variation
Non-current portion	255,846	325,256	(69,410)
Current portion	465,742	573,509	(107,767)
Total	721,588	898,765	(177,177)



The group's financial indebtedness is broken down by loan type in the following table:

(Euro/000)	31 December 2010			31 December 2009		
	Non-current	Current	Total	Non-current	Current	Total
Bank corporate loans	224,756	155,131	379,887	294,338	227,386	521,724
Bank project financing	-	54,773	54,773	-	19,884	19,884
Bank concession financing	28,908	61,848	90,756	28,462	70,445	98,907
Financing and loans of companies in liquidation	2,182	271	2,453	2,456	260	2,716
Other loans	-	55,617	55,617	-	56,552	56,552
Total bank and other loans	255,846	327,640	583,486	325,256	374,527	699,783
Current account facilities	-	138,102	138,102	-	198,982	198,982
Total	255,846	465,742	721,588	325,256	573,509	898,765

Bank corporate loans

Bank corporate loans relate to the loans of euro 313.5 million granted to the parent Impregilo (euro 443.7 million) and of euro 66.4 million to the subsidiary FISIA Italimpianti (euro 78.0 million).

They have been granted by major banks and have repayment plans which provide for payment of the last instalments in 2013. The interest rates shown in the table have floating spreads depending on the loan term and conditions. The decision to apply the Euribor (1, 2, 3 or 6 months) has been contractually provided for to the benefit of Impregilo.

Certain loans have covenants that provide for, *inter alia*, the debtor's commitment to comply with certain financial and equity ratios. At the date of preparation of this report, no indications of non-compliance with such covenants were noted.

Hedging contracts have been agreed to cover interest rate risks on some of the loans.

The main conditions of the loans in place at 31 December 2010 are as follows:

	Company	Interest rate	Expiry date	Note
Popolare dell'Emilia	Impregilo	Euribor	2012	(2)
OPI/West LB	Impregilo	Euribor	2012	(1)
Royal Bank of Scotland	Impregilo	Euribor	2010	(3)
Intesa - San Paolo	Impregilo	Euribor	2012	(2)
Banca Carige	Impregilo	Euribor	2013	
Unicredit	Impregilo	Euribor	2012	(2)
West LB	FISIA Italimpianti	Euribor	2011	
Popolare di Sondrio	FISIA Italimpianti	Fixed rate	2011	
Intesa - San Paolo	FISIA Italimpianti	Euribor/Libor	2011	

The interest rates shown in the table have floating spreads depending on the loan term and conditions.

Note:

(1) An interest rate hedge has been agreed against this loan. A description of the derivative contract is set out in note 9.6. The loans have covenants that provide for, *inter alia*, the debtor's commitment to comply with certain financial and equity ratios. At the date of preparation of this report, no indications of non-compliance with such covenants were noted.

(2) The loan has covenants that provide for, *inter alia*, the debtor's commitment to comply with certain financial and equity ratios. At the date of preparation of this report, no indications of non-compliance with such covenants were noted.

The ratios are:

- debt/gross operating profit, as defined in the section on the alternative performance ratios of the directors' report;
- gross operating profit/financial expense;
- debt/equity.

(3) Loan expired on 31 December 2010.

The non-current portion of the above loans will be repaid at their contractual maturity, based on the following time bands:

	Company	Country	Total non-current portion	Due after 13 months but within 24 months	Due after 25 months but within 60 months	Due after 60 months
(Euro/000)						
Emilia Romagna	Impregilo	Italy	29,912	29,912	-	-
OPI/West LB	Impregilo	Italy	24,169	24,169	-	-
Intesa - San Paolo	Impregilo	Italy	99,544	99,544	-	-
Banca Carige	Impregilo	Italy	22,161	14,674	7,487	-
Unicredit	Impregilo	Italy	48,970	48,970	-	-
Total			224,756	217,269	7,487	-

The fair value of the bank corporate loans, measured as set out in the "Accounting policies" section, is euro 395.4 million.

Bank project financing

Project financing of euro 54.8 million at 31 December 2010 relates to the Salerno Reggio Calabria contract (euro 18.5 million), the Mestre connector contract for the construction of the fourth lane (euro 9.0 million), the Colombian contracts on the Sogamosa river (euro 20.1 million) and United Arab Emirates contracts carried out directly by the parent's local branch (euro 7.2 million). The increase is mainly due to the latter contracts.

The conditions of the financing in place at 31 December 2010 are as follows:

Bank	Company	Country	Interest rate	Expiry rate	Note
Depfa Bank	Salerno - Reggio Calabria	Italy	Euribor	n.a	(1)
BIIS (Gruppo San Paolo)	Passante di Mestre	Italy	Euribor	n.a	(1)
Banco de Bogotá	ICT I	Colombia	Fixed rate	n.a	(1)
Banco de Bogotá	ICT II	Colombia	Fixed rate	n.a	(1)
Europe Arab Bank	UAE branch	UAE	Libor	n.a	(1)

The interest rates shown in the table have floating spreads depending on the term and conditions of the financing.

Note:

(1) Project financing agreements do not provide for any contractual maturity, since repayments and extinctions are in line with the performance of the relevant contract.

The fair value of project financing, measured as set out in the "Accounting policies" section, is substantially in line with its carrying amount.



Concession financing

(Euro/000)	Company	Currency	Country	31 December 2010			31 December 2009		
				Total concession financing	Current portion	Non- current portion	Total concession financing	Current portion	Non- current portion
BNDES	Ecorodovias Group	Reais	Brazil	5,498	885	4,613	8,175	1,142	7,033
Cargotec Kalmar (Ecopatio)	Ecorodovias Group	Reais	Brazil	204	65	139	370	95	275
Finame Unibanco (Ecopatio)	Ecorodovias Group	Reais	Brazil	23	8	15	41	11	30
Unibanco	Ecorodovias Group	Reais	Brazil	-	-	-	15	15	-
Santander	Ecorodovias Group	Reais	Brazil	4,629	-	4,629	10,288	5,920	4,368
Bradesco	Ecorodovias Group	Reais	Brazil	1,541	816	725	6,180	4,647	1,533
ITAU	Ecorodovias Group	Reais	Brazil	49,224	49,224	-	49,107	49,048	59
ITAU BBA	Ecorodovias Group	Reais	Brazil	-	-	-	6,637	6,637	-
BIIC (Ecovias)	Ecorodovias Group	Reais	Brazil	-	-	-	89	28	61
CCI (Ecopatio Bracor)	Ecorodovias Group	Reais	Brazil	4,549	389	4,160	-	-	-
Citibank (Ecopatio)	Ecorodovias Group	Reais	Brazil	1,571	-	1,571	-	-	-
Columbia/EADI Sul	Ecorodovias Group	Reais	Brazil	1,054	623	431	-	-	-
B.Brasil (Ecocataratas)	Ecorodovias Group	Reais	Brazil	2,682	2,682	-	-	-	-
B.Brasil (Ecovia)	Ecorodovias Group	Reais	Brazil	4,672	4,672	-	-	-	-
Otros	Ecorodovias Group	Reais	Brazil	-	-	-	28	28	-
Banco Galicia	Iglys	Pesos	Argentina	5,366	2,291	3,075	8,505	2,775	5,730
Royal Bank of Scotland	Impregilo Parking Glasgow	Sterling	UK	9,742	193	9,549	9,472	99	9,373
Total				90,755	61,848	28,907	98,907	70,445	28,462

This item includes:

- euro 75.6 million granted by Brazilian banks to Ecorodovias and its subsidiaries. This financing is included in the project financing category and is secured by the revenue flows arising from the activities carried out under the related concessions. Interest rates are based on reference parameters such as the inflation rate and Brazilian interbank rate. Certain financing agreements have covenants that provide for, inter alia, the debtor's commitment to comply with certain financial ratios. At the date of preparation of this report, no indications of non-compliance with such covenants were noted.

Specifically, the following ratios have to be complied with:

- debt/gross operating profit;
- equity/total liabilities;
- costs/gross operating profit.

- euro 5.4 million related to the Argentine company Iglys. This financing was provided after the debt restructuring of Caminos de Las Sierras finalised in 2006 and is guaranteed by Impregilo S.p.A.. The liability was transferred by Caminos de Las Sierras to Iglys in 2009. Following sale of the group's investment in Caminos de Las Sierras (described earlier) and in line with the related agreements, Iglys will repay the financing (the section on Concessions - Argentina in the directors' report provides more information about this);
- euro 9.7 million related to the Parking Glasgow concession. This financing is included in the project financing category. An interest rate hedge has been agreed for it.

The main conditions of the financing in place at 31 December 2010 are as follows:

(Euro/000)	Company	Country	Interest rate	Expiry date	Note
BNDES	Ecorodovias Group	Brazil	TJLP (*)	2017	(1)
Cargotec Kalmar	Ecorodovias Group	Brazil	IGP	2014	(1)
Finame Unibanco	Ecorodovias Group	Brazil	TJLP (*)	2013	(1)
Unibanco	Ecorodovias Group	Brazil	TJLP (*)	2013	(1)
Santander	Ecorodovias Group	Brazil	CDI (**)	2014	(1)
Bradesco	Ecorodovias Group	Brazil	CDI (**)	2012	(1)
ITAU	Ecorodovias Group	Brazil	CDI (**)	2011	(1)
BIIC	Ecorodovias Group	Brazil	CDI (**)	2012	(1)
CCI	Ecorodovias Group	Brazil	IPCA (***)	2020	
Citibank	Ecorodovias Group	Brazil	Libor	2015	(1)
Banco do Brasil	Ecorodovias Group	Brazil	CDI (**)	2011	(1)
Banco Galicia	Iglys	Argentina	TECBP (\$)	2014	(2)
Royal Bank of Scotland	Impregilo Parking Glasgow	UK	Euribor	2029	(3)

(*) equal to the Brazilian inflation rate

(**) equal to the Brazilian interbank rate

(***) Brazilian national consumer price index

(\$)

The interest rates shown in the table have floating spreads depending on the term and conditions of the financing.

Note:

- (1) This financing is included in the project financing category and is secured by the revenue flows arising from the activities carried out under the related concessions. With respect to the 2009 year end, new financing had been taken out for the new Ayrton Senna concession.
- (2) The financing was granted following the restructuring of Caminos de Las Sierras S.A.'s debt finalised in 2006 and is guaranteed by Impregilo S.p.A.. It was transferred to Iglys S.A. in 2010.
- (3) This financing is included in the project financing category, and is secured by the revenue flows arising from the activities carried out under the related concessions. Interest rate hedges have been agreed for this financing (see note 9.6). The financing agreement includes a number of covenants, all of which the operator had complied with at the reporting date.

The above financing will be repaid in line with the expected performance of the relevant contract, based on the following time bands:

(Euro/000)	Company	Country	Total non-current portion	Due after 13 months but within 24 months	Due after 25 months but within 60 months	Due after 60 months
BNDES	Ecorodovias Group	Brazil	4,613	851	2,749	1,013
Cargotec Kalmar (Ecopatio)	Ecorodovias Group	Brazil	139	64	75	-
Finame Unibanco (Ecopatio)	Ecorodovias Group	Brazil	15	7	8	-
Santander	Ecorodovias Group	Brazil	4,629	1,173	3,456	-
Bradesco	Ecorodovias Group	Brazil	725	725	-	-
CCI (Ecopatio Bracor)	Ecorodovias Group	Brazil	4,160	342	1,282	2,536
Citibank (Ecopatio)	Ecorodovias Group	Brazil	1,571	393	1,178	-
Columbia/EADI Sul	Ecorodovias Group	Brazil	431	431	-	-
Banco Galicia	Iglys	Argentina	3,075	3,075	-	-
Royal Bank of Scotland	Impregilo Parking Glasgow	UK	9,549	158	626	8,765
Total			28,907	7,219	9,374	12,314

The fair value of the Concessions segment's financing, measured as set out in the "Accounting policies" section, is euro 90.3 million.

Financing and loans of companies in liquidation

This category includes the loans obtained by companies in liquidation. The related repayment plans are linked to the liquidation procedures of the companies to which the loans refer.

Other loans

(Euro/000)	Company	Country	31 December 2010			31 December 2009		
			Total other loans	Current portion	Non-current portion	Total other loans	Current portion	Non-current portion
	Meliorfactor	FISIA Italmimpianti	Italy	53,545	53,545	34,054	34,054	
	Meliorfactor	Consorzio Torre	Italy	2,072	2,072	22,498	22,498	
Total			55,617	55,617	-	56,552	56,552	-

Their conditions may be summarised as follows:

(Euro/000)	Company	Country	Interest rate	Expiry date
Meliorfactor	FISIA Italmimpianti	Italy	Euribor 3M	2011
Meliorfactor	Consorzio Torre	Italy	Euribor 3M	2011

The interest rates shown in the table have floating spreads depending on the loans' term and conditions.

The fair value of the loans, measured as set out in the "Accounting policies" section, is substantially in line with their carrying amount.

Current account facilities

Current account facilities decreased by euro 60.9 million to euro 138.1 million. This item includes euro 115.9 million used by the Venezuelan branch while the remainder mostly relates to the facility granted to FISIA Italmimpianti (euro 21.2 million).

9.4 Bonds

The outstanding bonds at 31 December 2010 relate to the Brazilian operator Ecorodovias (euro 157.5 million), which is consolidated on a proportionate basis, and the Dutch Impregilo International Infrastructures (euro 298.3 million). They are analysed in the following table:

(Euro/000)	31 December 2010	31 December 2009	Variation
Non-current portion	414,019	138,118	275,901
Current portion	41,795	17,840	23,955
Total	455,814	155,958	299,856

The Brazilian company's bond issue was placed on 21 December 2006 in three instalments with a total nominal amount of R\$ 450 million, the first with a nominal amount of R\$ 135 million, due in November 2013, and the other two with a nominal amount of R\$ 157.5 million each and due on 1 May and 1 November 2014, respectively. The first instalment bears interest at the interbank rate (currently approximately 8.5%) plus a spread of 4% of such rate paid every six months while the other two instalments bear an annual interest rate of 9.5% indexed to the Brazilian inflation rate. A leading independent body rated the bond issue AA-.

One of the Ecorodovias group companies placed a new bond issue in 2009, consisting of three instalments with a total nominal amount of R\$ 600 million, the first with a nominal amount of R\$ 460.7 million, due on 15 May 2013, and the other two with a nominal amount of R\$ 69.6 million each and due on 15 May 2015 and 15 November 2015, respectively. The first instalment bears interest at the interbank rate (currently approximately 8.5%) plus a spread of 1.5% of such rate paid every six months while the other two instalments bear an annual interest rate of 9.5% indexed to the Brazilian consumer goods price index (IPCA) plus a spread of 8.75% of such rate. A leading independent body rated the bond issue A+.

One of the Ecorodovias group companies placed another bond issue on 20 December 2010, consisting of one instalment with a nominal amount of R\$ 170 million (R\$ 136 million for Ecorodovias group) due every six months starting from 20 December 2012 to 20 December 2017. The bonds bear interest at the interbank rate (CDI) plus a spread of 2.20% pa, paid every six months. A leading independent body rated the bond issue A+.

The Dutch Impregilo International Infrastructures NV, wholly owned by Impregilo S.p.A., placed two note issues in November 2010 for a total nominal amount of euro 300 million with Italian and foreign qualified investors. The issues of euro 150 million each are redeemable in 2013 (bearing interest at Euribor plus a 3.5% spread) and in 2015 (bearing interest at a fixed rate of 6.526%). The notes are listed on the Luxembourg stock exchange and underwritten by Impregilo S.p.A.

The euro 299.8 million increase on 31 December 2009 is mainly due to Impregilo International Infrastructures' new issue of euro 298.3 million (net of the issue costs), reimbursement of the expiring bonds by Ecorodovias (euro 28.0 million) and exchange rate differences.



A breakdown of this item is set out in the following table:

	Company	Country	31 December 2010			31 December 2009		
(Euro/000)			Total bonds	Current portion	Non-current portion	Total bonds	Current portion	Non-current portion
Banco Bradesco S.A. - Ecovias dos Imigrantes (BRL) - 1st issue	Ecorodovias Group	Brazil	13,481	4,677	8,804	18,865	4,919	13,946
Banco Bradesco S.A. - Ecovias dos Imigrantes (BRL) - 2nd issue	Ecorodovias Group	Brazil	22,963	6,796	16,167	27,149	6,821	20,328
Banco Bradesco S.A. - Ecovias dos Imigrantes (BRL) - 3rd issue	Ecorodovias Group	Brazil	23,129	5,617	17,512	25,914	5,494	20,420
Itau BBA Santander - Ecorodovias Concessoes e Servicos (BRL) - 1st issue	Ecorodovias Group	Brazil	59,708	23,584	36,124	64,465	637	63,828
Itau BBA Santander - Ecorodovias Concessoes e Servicos (BRL) - 2nd issue	Ecorodovias Group	Brazil	10,650	965	9,685	9,780	(17)	9,797
Itau BBA Santander - Ecorodovias Concessoes e Servicos (BRL) - 3rd issue	Ecorodovias Group	Brazil	9,795	109	9,686	9,785	(14)	9,799
Elog S.A.	Ecorodovias Group	Brazil	17,790	47	17,743	-	-	-
Impregilo International Infrastructures	Impregilo International Infr.	Netherlands	149,180	-	149,180	-	-	-
Impregilo International Infrastructures	Impregilo International Infr.	Netherlands	149,118	-	149,118	-	-	-
Total			455,814	41,795	414,019	155,958	17,840	138,118

The terms of these bonds are as follows:

(Euro/000)	Country	Interest rate	Expiry date	Note
Ecorodovias (BRL) - 1st issue	Brazil	104% CDI	2013	(*)
Ecorodovias (BRL) - 2nd issue	Brazil	9,5% + IGP-M	2014	(S)
Ecorodovias (BRL) - 3rd issue	Brazil	9,5% + IGP-M	2014	(S)
Ecorodovias Concessoes e Servicos (BRL) - 1st issue	Brazil	CDI + 1,5%	2013	(*)
Ecorodovias Concessoes e Servicos (BRL) - 2nd issue	Brazil	IPCA + 8,75%	2015	(**)
Ecorodovias Concessoes e Servicos (BRL) - 3rd issue	Brazil	IPCA + 8,75%	2015	(**)
Elog	Brazil	CDI + 2,2%	2017	(*)
Impregilo International Infrastructures N.V. (Euro) - 1st issue	Netherlands	Euribor + 3,5%	2013	
Impregilo International Infrastructures N.V. (Euro) - 2nd issue	Netherlands	6,526	2015	

(*) CDI - Brazilian interbank rate.

(S) IGP-M - Brazilian inflation rate.

(**) IPCA = Brazilian consumer price index

The above bonds will be repaid based on the following time bands:

	Company	Country	Total non-current portion	Due after 13 months but within 24 months	Due after 25 months but within 60 months	Due after 60 months
(Euro/000)						
Banco Bradesco S.A. - Ecovias dos Imigrantes (BRL) - 1st issue	Ecorodovias Group	Brazil	8,804	4,402	4,402	-
Banco Bradesco S.A. - Ecovias dos Imigrantes (BRL) - 2nd issue	Ecorodovias Group	Brazil	16,167	5,389	10,778	-
Banco Bradesco S.A. - Ecovias dos Imigrantes (BRL) - 3rd issue	Ecorodovias Group	Brazil	17,512	6,746	10,766	-
Itau BBA Santander - Ecorodovias Concessoes e Servicos (BRL) - 1st issue	Ecorodovias Group	Brazil	36,124	24,083	12,041	-
Itau BBA Santander - Ecorodovias Concessoes e Servicos (BRL) - 2nd issue	Ecorodovias Group	Brazil	9,685	-	9,685	-
Itau BBA Santander - Ecorodovias Concessoes e Servicos (BRL) - 3rd issue	Ecorodovias Group	Brazil	9,686	-	9,686	-
Elog	Ecorodovias Group	Brazil	17,743	1,613	12,943	3,187
Impregilo International Infrastructures	Impregilo International Infr	Netherlands	149,180	-	149,180	-
Impregilo International Infrastructures	Impregilo International Infr	Netherlands	149,118	-	149,118	-
Total			414,019	42,233	368,599	3,187

The fair value of the bond issues, measured as set out in the "Accounting policies" section, is euro 455.8 million.

9.5 Finance lease payables

Finance lease payables may be broken down as follows at 31 December 2010:

(Euro/000)	31 December 2010	31 December 2009	Variation
Non-current portion	12,961	2,570	10,391
Current portion	847	690	157
Total	13,808	3,260	10,548

This item includes the principal of future lease payments of contracts existing at the reporting date. The increase is solely due to the Colombian company ICT II (euro 10.5 million) and relates to 24 agreements for machinery and equipment.

Finance leases relate to plant and machinery with an average term of between three and eight years. The effective average interest rate was 3.8% for the Italian companies at year end while the new agreements issued by Banco de Bogotá (Colombia) have a floating rate of 7.18% indexed to the local interbank rate.



The present value of the minimum future lease payments is euro 13.8 million (euro 3.3 million).

Payables for these leases are guaranteed to the lessor via rights on the leased assets.

9.6 Derivatives

These items show the fair value of the agreements hedging currency and interest rate risks at the reporting date. They may be broken down as follows:

(Euro/000)	31 December 2010		31 December 2009	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Interest rate swaps - Cash flow hedges	-	(4,933)	-	(5,296)
Interest rate swaps - FVTPL	-	-	-	(210)
Currency swaps - FVTPL	304	(506)	1	(941)
Total	304	(5,439)	1	(6,447)

The following tables set out the characteristics of the derivatives existing at 31 December 2010, showing the company owning the contract and the related fair value at the reporting date:

INTEREST RATE SWAP - Cash flow hedge Negative Fair Value

Company	Agreement date	Expiry date	Currency	Notional amount	Fair value (euro)
Impregilo S.p.A.	31/01/06	31/12/11	EUR	24,874,500	(646,490)
Impregilo S.p.A.	31/01/06	31/12/11	EUR	24,874,500	(646,490)
Impregilo Parking Glasgow	02/08/05	30/06/29	GBP	8,649,533	(1,905,670)
Impregilo Parking Glasgow	30/06/05	30/06/29	GBP	623,819	(1,734,147)
Total					(4,932,798)

This category includes derivatives that have been entered into to hedge the group against interest rate risks and that meet hedge accounting requirements under IFRS. To check compliance with these requirements, the effectiveness of the hedges has been verified and confirmed and therefore, the hedging reserve (see note 8) has been recognised in equity.

Fair value gains or losses on the derivatives entered into to hedge interest rate risk recognised in profit or loss are as follows:

	2010	2009	Variation
Effective portion of fair value gains or losses on cash flow hedges	2,337	1,681	656
Fair value gains or losses on FVTPL derivatives	-	431	(431)
	2,337	2,112	225

EXCHANGE RATE DERIVATIVES - FVTPL

Positive fair value

Company	Agreement date	Expiry date	Currency	Notional amount	Fair Value (euro)
Impregilo S.p.A.	13/09/10	14/03/11	USD	6,000,000	235,574
Impregilo S.p.A.	30/07/10	31/05/11	USD	6,850,000	15,240
Impregilo S.p.A.	17/09/10	17/06/11	USD	8,000,000	15,936
Impregilo S.p.A.	24/09/10	24/01/11	USD	7,688,000	29,650
Impregilo S.p.A.	30/11/10	08/06/11	USD	1,053,263	4,820
Impregilo S.p.A.	30/11/10	07/12/11	USD	1,053,263	2,645
Total					303,866

EXCHANGE RATE DERIVATIVES - RVTPL

Negative fair value

Company	Agreement date	Expiry date	Currency	Notional amount	Fair Value (euro)
Impregilo S.p.A.	02/06/10	04/04/11	USD	3,660,000	(54,107)
Impregilo S.p.A.	15/06/10	15/04/11	USD	2,772,000	(94,073)
Impregilo S.p.A.	22/06/10	22/02/11	USD	6,320,000	(153,883)
Impregilo S.p.A.	13/09/10	15/04/11	USD	6,000,000	(203,620)
Total					(505,683)

This category includes derivatives that have been entered into to hedge the group against currency risks but that do not meet (or no longer meet and the situation has not been yet been resolved) hedge accounting requirements for cash flow hedges.

9.7 Other items in net financial indebtedness

The other items included in net financial indebtedness decreased by euro 29.4 million, as follows:

(Euro/000)	31 dicembre 2010	31 dicembre 2009	Variation
<i>Factoring payables</i>			
Impregilo S.p.A.	-	(29,370)	29,370
Consorzio Torre	-	(2)	2
<i>Total factoring payables</i>	-	(29,372)	29,372
Total	-	(29,372)	29,372

Following collection of the VAT and IRPEG receivables, previously factored by Impregilo S.p.A., the related payable has been extinguished.

10. Guarantees and commitments

The key guarantees given by the group are set out below:

- Contractual sureties: these total euro 3,206.2 million and are given to customers as performance bonds, to guarantee advances, withholdings and involvement in tenders for all ongoing contracts. In turn, the group has guarantees given by its subcontractors that partially cover the contractual sureties given.
- Sureties for credit: they amount to euro 18.4 million and relate to the non-consolidated companies.
- Sureties granted to Sace for export credit of euro 4.3 million.
- Other guarantees of euro 232.6 million consisting of guarantees related to customs and tax obligations (euro 62.4 million) and for environmental clean-ups (euro 170.2 million).
- Collateral related to:
 - liens on shares of the consortium companies Salerno Reggio Calabria S.c.p.a. and Reggio Calabria-Scilla S.c.p.a. given to guarantee a loan (euro 43.4 million);
 - lien on shares of the consortium company Passante di Mestre S.c.p.a. given to guarantee a loan (euro 21.0 million);
 - guarantee deposits for shares of Impregilo Wolverhampton Ltd. and Impregilo Parking Glasgow Ltd. (euro 2 thousand).

11. Financial instruments and risk management

11.1. Classes of financial instruments

The group's financial instruments are broken down by class in the following table, which also shows their fair value:

31 December 2010								
(Euro/000)	Note	Loans and receivables	Financial assets at fair value through profit or loss	Hedging derivatives	Held-to-maturity investments	Available-for-sale financial assets	Total	Fair Value
Financial assets								
Investments	1.6	-	-	-	-	-	-	-
Non-current financial assets	9.1	-	-	-	-	-	-	-
Non-current intragroup receivables	5	17,446	-	-	-	-	17,446	17,446
Trade receivables	7.4	791,016	-	-	-	-	791,016	791,016
Current intragroup receivables	7.6	137,589	-	-	-	-	137,589	137,589
Other current financial assets	9.1	-	-	-	4,089	-	4,089	4,089
Derivatives	9.6	-	304	-	-	-	304	304
Cash and cash equivalents	9.2	878,817	-	-	-	-	878,817	878,817
Total		1,824,868	304	-	4,089	-	1,829,261	1,829,261

31 December 2010						
(Euro/000)	Note	Other liabilities to amortized cost	Financial liabilities at fair value through profit or loss	Hedging derivatives	Total	Fair Value
Financial liabilities						
Bank and other loans	9.3	721,588	-	-	721,588	736,612
Bonds	9.4	455,814	-	-	455,814	455,814
Derivatives	9.6	-	505	4,932	5,437	5,437
Trade payables	7.5	777,279	-	-	777,279	777,279
Current intragroup payables	7.6	43,101	-	-	43,101	43,101
Total		1,997,782	505	4,932	2,003,219	2,018,243

31 December 2009

	Note	Loans and receivables	Financial assets at fair value through profit or loss	Hedging derivatives	Held-to- maturity investments	Available-for- sale financial assets	Total	Fair Value
(Euro/000)								
Financial assets								
Investments	1.6	-	-	-	-	10,706	10,706	10,706
Non-current financial assets	9.1	-	-	-	-	-	-	-
Non-current intragroup receivables	5	13,139	-	-	-	-	13,139	13,139
Trade receivables	7.4	889,600	-	-	-	-	889,600	889,600
Current intragroup receivables	7.6	123,419	-	-	-	-	123,419	123,419
Other current financial assets	9.1	-	-	-	4,603	-	4,603	4,603
Derivatives	9.6	-	1	-	-	-	1	1
Cash and cash equivalents	9.2	814,651	-	-	-	-	814,651	814,651
Total		1,840,809	1	-	4,603	10,706	1,856,119	1,856,119

31 December 2009

	Note	Other liabilities to amortized cost	Financial liabilities at fair value through profit or loss	Hedging derivatives	Total	Fair Value
(Euro/000)						
Financial liabilities						
Bank and other loans	9.3	898,765	-	-	898,765	905,883
Other financial liabilities	9.7	29,372	-	-	29,372	29,372
Bonds	9.4	155,958	-	-	155,958	156,383
Derivatives	9.6	-	1,150	5,297	6,447	6,447
Trade payables	7.5	934,154	-	-	934,154	934,154
Current intragroup payables	7.6	55,683	-	-	55,683	55,683
Total		2,073,932	1,150	5,297	2,080,379	2,069,895

The note column gives the section in which the relevant item is described.

Reference should be made to the section on the accounting policies for information on the fair value measurement of these items. Specifically, the fair value of equity investments in other companies is based on stock exchange prices, when available, while that of the other items is based on the present value of forecast future cash flows.

Risk management

Impregilo is exposed to financial risks, including the following:

- **market risk** deriving from the group's exposure to interest rate fluctuations, exchange rate fluctuations and, with respect to the Engineering & Plant Construction Segment, commodity price volatility;
- **credit risk** deriving from the group's exposure to potential losses arising from the customers' non-compliance with their obligations;
- **liquidity risk** deriving from the risk that the financial resources necessary to meet obligations may not be available at the agreed terms and deadlines.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk (commodities and, to a lesser extent, stock prices).

Currency risk

The group's international presence entails its exposure to the risk of fluctuations in exchange rates of the Euro and the currencies of the various countries in which it operates. Currency risk at 31 December 2010 mainly related to the following currencies:

- Dollar (United States)
- Real (Brazil)
- Naira (Nigeria)
- Peso (Argentina)
- Peso (Santo Domingo)
- Bolivar (Venezuela)

The group's currency risk management strategy is essentially based on the following policies:

- agreement of contractual considerations for works and projects in countries with weak currencies using a primarily multi-currency format, in which only a portion of the consideration is expressed in local currency;
- use of portions of the contractual considerations in local currency mainly to cover project expenses to be incurred in that currency;
- analysis of exposure in US dollars on a cumulative and prospective basis with consistent deadlines and setting up of forward transactions in the same currency to hedge the group's net exposure at those deadlines.

Adoption of the above-mentioned policies has contained the group's exposure to currency risk, which only relates to the US dollar and the Bolivar.

The Venezuelan government depreciated the Bolivar against the US dollar by 50% in early January 2010. The related effects were recognised in profit or loss in 2010.



Given the regulated regime controlling the Bolivar and the group's strategy in place to hedge currency risk on currencies other than the US dollar or other strong currencies, whereby they are hedged directly in the contract, it did not perform a sensitivity analysis of the Venezuelan currency.

Had the Euro appreciated or depreciated by 5% against the US dollars at year end, the profit for the year would have been respectively greater or lower by euro 1.4 million, assuming that all other variables remained constant, mainly due to exchange rate losses (gains) arising from the adjustment of net liabilities in US dollars. Equity at 31 December 2010 would have been greater or lower by euro 1.0 million. A similar change at the end of the previous year would have led to a euro 3.7 million decrease (increase in the case of depreciation) in the profit for the year and a euro 2.8 million decrease (increase) in equity.

Other price risk

The group's results are affected by fluctuations in the price of metals used in production solely in the Engineering & Plant Construction segment. Against this risk, the subsidiary FISIA carries out hedging transactions through forward purchase agreements which enable it to fix the purchase price of semi-finished products in nickel, copper and zinc in advance with respect to its actual requirements. Such transactions qualify as fair value hedges and the related fair values are assessed using appropriate methods. The group has not been exposed to this risk in the last two years and, therefore, did not agree hedges.

Interest rate risk

Impregilo group has adopted a combined strategy of streamlining group operations by disposing of non-strategic assets, containing debt and hedging interest rate risks on a portion of the non-current structured loans through interest rate swaps (IRSs).

The financial risks arising from market interest rate fluctuations to which the group is potentially exposed and which are monitored by the relevant company personnel relate to non-current loans bearing variable rates. Such risk is mitigated by interest accrued on short-term investments of liquidity available at the Italian-based consortia and consortium companies and foreign subsidiaries, which are used to support the group's operations.

Had interest rates increased (or decreased) by an average 75 basis points at year end, the pre-tax profit for the year would have been respectively lower or greater by euro 7.3 million and equity by euro 5.1 million, assuming that all other variables remained constant and without considering cash and cash equivalents. A similar change at the end of the previous year would have led to a euro 6.9 million decrease (or increase) in the pre-tax profit for the year and a euro 4.8 million decrease (or increase) in equity, assuming that all other variables remained constant.

Credit risk

Credit risk is that deriving from the group's exposure to potential losses arising from the customers' (which are mostly governments or state bodies) non-compliance with their obligations.

Management of this risk is complex, starting as early as the assessment of offers, through a careful analysis of the characteristics of the countries in which the group's activities should be carried out and the customers, which are usually state or similar bodies, requesting an offer.



Therefore, this risk can be essentially assimilated to the country risk. An analysis of this risk based on the age of the outstanding amounts is not very meaningful, since the receivables should be assessed together with the related working capital items, especially those reflecting the net exposure to customers (positive and negative work in progress, advances and payments on account) in relation to contract work in progress as a whole.

A breakdown of working capital by country, as shown in the section on segment reporting, is set out below:

Working capital by country (Euro/000)	31 December 2010	31 December 2009
Italy	183,528	(199,761)
Other EU countries	80,325	143,979
Other European countries	(9,814)	(8,401)
Central and South America	55,361	193,043
Other areas and eliminations	(74,568)	(47,694)
Total	234,832	81,166

Note 7 details the items included in working capital.

The group's exposure to customers, broken down by contract location, is analysed below:

Customer by contract location (Euro/000)	Receivables	Positive WIP	Negative WIP and advances	Total	Impairment losses
31 December 2010					
Italy	424,483	276,884	(146,193)	555,174	9,377
Other EU countries	(3,754)	18,396	(58,210)	(43,568)	-
Other European countries	1,728	2,152	(8,679)	(4,798)	-
Central and South America	289,789	270,732	(239,369)	321,152	9
Other and eliminations	78,770	175,299	(248,351)	5,719	-
Total	791,016	743,464	(700,802)	833,679	9,386
31 December 2009					
Italy	489,252	232,414	(222,238)	499,428	985
Other EU countries	7,998	21,790	(56,867)	(27,079)	-
Other European countries	2,317	319	(2,628)	8	46
Central and South America	341,344	175,576	(35,429)	481,492	20,011
Other and eliminations	48,689	200,893	(209,951)	39,632	-
Total	889,600	630,993	(527,113)	993,480	21,042

Liquidity risk

Liquidity risk derives from the risk that the financial resources necessary to meet obligations may not be available to the group at the agreed terms and deadlines.

The group's strategy aims at ensuring that each ongoing contract is financially independent. This strategy is strictly monitored centrally.



A breakdown of financial liabilities by composition and due date (based on undiscounted future cash flows) is set out below:

(Euro/000)	31/12/11	31/12/12	31/12/15	After	Total
Current account facilities	138,102	-	-	-	138,102
Bonds	71,150	71,355	421,627	3,699	567,831
Bank and other loans	279,567	227,703	30,666	14,906	552,842
Other financial liabilities	55,617	-	-	-	55,617
Finance leases	847	-	12,961	-	13,808
Interest rate derivatives	1,799	-	-	3,640	5,439
Gross financial liabilities	547,082	299,058	465,254	22,245	1,333,639
Trade payables	777,279	-	-	-	777,279
Total	1,324,361	299,058	465,254	22,245	2,110,918

The prior year figures are given below for comparative purposes:

(Euro/000)	31/12/10	31/12/11	31/12/14	Oltre	Total
Current account facilities	198,983	-	-	-	198,983
Bonds	24,458	57,486	106,962	7,144	196,050
Banks and other loans	382,310	112,701	220,605	16,525	732,141
Other financial liabilities	29,372	-	-	-	29,372
Finance leases	913	876	1,642	402	3,833
Interest rate derivatives	1,150	2,319	-	2,978	6,447
Gross financial liabilities	637,186	173,382	329,209	27,049	1,166,826
Trade payables	934,154	-	-	-	934,154
Total	1,571,340	173,382	329,209	27,049	2,100,980

Future interest has been estimated based on the market interest rates at the date of preparation of these consolidated financial statements, summarised in the notes.

Liquidity risk management is mainly based on containing debt and maintaining a balanced financial position. This strategy is pursued by each of the group's operating units.

Loans and trade payables (net of advances to suppliers) falling due before 31 March 2011 are compared with the cash and cash equivalents that can be used to meet such obligations in the table below:

(Euro/000)	Total financial commitments due before 31 March 2011	Cash and cash equivalents	Difference
Impregilo S.p.A.	(170,618)	49,878	(120,740)
Subsidiaries	(295,440)	632,785	337,345
Special purpose entities	(134,518)	196,154	61,636
Total	(600,576)	878,817	278,241

The difference shown above is the "worse case scenario" occurring should all short-term credit lines without due dates be requested for repayment by lenders. In this respect:

- at the date of preparation of these consolidated financial statements, the group has received no requests for early termination or immediate repayment of the above credit lines, nor are such requests expected in the next few months;
- all asset items are expected to be collected.

Fair value measurement hierarchy

IFRS 7 requires that the fair value of financial instruments recognised in the statement of financial position be classified using a fair value hierarchy that reflects the significance of the inputs used to determine fair value. There are three different levels:

- Level 1 – Fair values measured using quoted prices in active markets;
- Level 2 – Fair values measured using valuation techniques for which inputs significant to the fair value measurement are based on observable market data;
- Level 3 - Fair values measured using valuation techniques for which inputs significant to the fair value measurement are based on unobservable market data.

Financial instruments recognised by the group at fair value are classified at the following levels:

(Euro/000)	Note	Level 1	Level 2	Level 3
Derivatives (with positive fair value)	9.6	-	304	-
Derivatives (with negative fair value)	9.6	-	(5,439)	-
Total		-	(5,135)	-

There were no movements from Level 1 to Level 2 during the year or vice versa.

Income statement

12. Revenue

Revenue for 2010 amounts to euro 2,062.3 million, down 24.2% on the previous year:

(Euro/000)	2010	2009	Variation	Var. %
Operating revenue	1,931,450	2,611,735	(680,285)	(26.0%)
Other revenue and income	130,871	109,734	21,137	19.3%
Total	2,062,321	2,721,469	(659,148)	(24.2%)

A breakdown of revenue by business segment is given in the following table:

(Euro/000)	2010	2009	Variation	Var. %
Construction	1,475,675	1,820,911	(345,236)	(19.0%)
Engineering & Plant Construction	309,859	734,060	(424,201)	(57.8%)
Concessions	280,488	170,840	109,648	64.2%
Other/eliminations	(3,701)	(4,342)	641	(14.8%)
Total	2,062,321	2,721,469	(659,148)	(24.2%)

The decrease on 2009 is due to the contraction in the Engineering & Plant Construction segment's turnover (euro 309.9 million compared to euro 734.1 million for 2009) due to near completion of its main desalination contracts and the continued negative economic situation of the countries in the Middle East, which is Italmobiliare's main market and where recommencement of infrastructure development programmes has not yet started properly.

The Construction segment also experienced a reduction in its turnover, down from euro 1,820.9 million to euro 1,475.7 million due to the difficult market situation. This will be steadily compensated by developments on the large new orders acquired in previous years, production on which will only be seen in full in future years.

The Concessions segment increased its turnover by euro 109.6 million thanks to the Ayrton Senna motorway concession, acquired in June 2009, and the euro 65.6 million gain on the sale of the Argentine operator Caminos de Las Sierras (recognised under Other revenue).

A breakdown of revenue and other revenue is given in the following table:

(Euro/000)	2010	2009	Variation	Var. %
Works	1,675,697	2,399,084	(723,387)	(30.2%)
Services	250,506	205,515	44,991	21.9%
Sales to third parties	4,034	6,677	(2,643)	(39.6%)
Other	1,213	459	754	164.3%
Total	1,931,450	2,611,735	(680,285)	(26.0%)

A breakdown of other revenue is given in the following table:

(Euro/000)	2010	2009	Variation	Var. %
Cost recoveries	25,133	41,184	(16,051)	(39.0%)
Rent and leases	541	839	(298)	(35.5%)
Gains	70,694	7,016	63,678	907.6%
Prior year income	32,416	33,465	(1,049)	(3.1%)
Other	2,087	27,230	(25,143)	(92.3%)
Total	130,871	109,734	21,137	19.3%

As noted earlier, the decrease in other revenue due to the negative economic situation (see especially the item Cost recoveries) was offset by the gain on the sale of the Argentine operator, leading to an overall increase of euro 21.1 million.

Prior year income relates to income recognised on certain Italian contracts nearing completion and out-of-court settlements agreed by Imiprepar with customers.

13. Costs

13.1 Raw materials and consumables

The cost of raw materials and consumables incurred in 2010 decreased by euro 268.5 million to euro 223.5 million compared to the corresponding figure of the previous year:

(Euro/000)	2010	% of revenue	2009	% of revenue	Variation
Purchases of raw materials and consumables	232,647	11.3%	491,550	18.1%	(258,903)
Change in raw materials and consumables	(9,185)	(0.4%)	418	0.0%	(9,603)
Total	223,462	10.8%	491,968	18.1%	(268,506)

The reduction in costs for raw materials is mainly due to the decrease seen for the Engineering & Plant Construction segment (euro 253.4 million) and the Construction segment (euro 17.0 million), both due to the downturn in their business volumes.

13.2 Subcontracts

Costs of subcontracts decreased to euro 372.5 million, down euro 336.9 million compared to the corresponding figure of the previous year, as shown in the following table:

(Euro/000)	2010	% of revenue	2009	% of revenue	Variation
Subcontracts	372,492	18.1%	709,361	26.1%	(336,869)

The decrease is mainly the result of the reduction for the Construction segment (euro 240.9 million) and the Engineering & Plant Construction segment (euro 105.4 million), due to the downturn in their business volumes, as commented on above.

13.3 Other operating expenses

Other operating expenses amount to euro 880.3 million, down euro 94.7 million on 2009 as follows:

(Euro/000)	2010	% of revenue	2009	% of revenue	Variation
Consultancy and technical services	214,838	10.4%	279,276	10.3%	(64,438)
Fees to directors, statutory auditors and independent auditors	6,699	0.3%	6,712	0.2%	(13)
Maintenance	9,643	0.5%	11,442	0.4%	(1,799)
Transportation and freight	31,286	1.5%	53,297	2.0%	(22,011)
Insurance	20,962	1.0%	42,871	1.6%	(21,909)
Recharges and allocations of costs from consortia and joint ventures	409,161	19.8%	408,996	15.0%	165
Rent and leases	45,660	2.2%	37,460	1.4%	8,200
Other operating expenses	129,436	6.3%	124,392	4.6%	5,044
Prior year expense	10,583	0.5%	7,838	0.3%	2,745
Losses on the disposal of assets	2,068	0.1%	2,788	0.1%	(720)
Total	880,336	42.7%	975,072	35.8%	(94,736)



"Consultancy and technical services", down euro 64.4 million on 2009, mainly consist of costs for the design and construction work carried out by the special purpose entities. The decrease principally refers to the Construction segment. These costs are broken down in the following table:

(Euro/000)	2010	% of revenue	2009	% of revenue	Variation
Design and engineering services	167,844	8.1%	222,265	8.2%	(54,421)
Tests	1,284	0.1%	1,805	0.1%	(521)
Construction	23,124	1.1%	33,021	1.2%	(9,897)
Legal, administrative and other services	22,586	1.1%	22,185	0.8%	401
Total	214,838	10.4%	279,276	10.3%	(64,438)

13.4 Personnel expenses

Personnel expenses for the year amount to euro 304.5 million, down by euro 14.0 million on 2009. The item is made up as follows:

(Euro/000)	2010	% of revenue	2009	% of revenue	Variation
Wages and salaries	208,744	10.1%	208,477	7.7%	267
Social security and pension contributions	49,353	2.4%	53,192	2.0%	(3,839)
Post-employment benefits and other benefits	12,463	0.6%	18,937	0.7%	(6,474)
Other personnel ex penses	33,965	1.6%	37,941	1.4%	(3,976)
Total	304,525	14.8%	318,547	11.7%	(14,022)

The decrease is mainly due to the smaller accruals for post-employment benefits and other benefits due to the reduction in personnel numbers at certain sites where the contracts are nearing completion.

Other personnel expenses mainly relate to repayments of travel expenses.

13.5 Amortisation, depreciation, provisions and impairment losses

This item of euro 57.7 million shows a decrease on the previous year figure of euro 24.5 million. It may be analysed as follows:

(Euro/000)	2010	% of revenue	2009	% of revenue	Variation
Accrual to the allowance for impairment	17,063	0.8%	21,127	0.8%	(4,064)
Accrual to the provision for risks	31,995	1.6%	27,525	1.0%	4,470
Impairment losses (reversals of impairment losses)	(28,913)	(1.4%)	(910)	(0.0%)	(28,003)
Utilisations	(20,955)	(1.0%)	(11,915)	(0.4%)	(9,040)
Total provisions and impairment losses	(810)	(0.0%)	35,827	1.3%	(36,637)
Amortisation of intangible assets	1,319	0.1%	1,742	0.1%	(423)
Depreciation of property, plant and equipment	39,721	1.9%	30,398	1.1%	9,323
Amortisation of rights to infrastructure under concession	17,458	0.8%	14,176	0.5%	3,282
Total amortisation and depreciation	58,498	2.8%	46,316	1.7%	12,182
Total	57,688	2.8%	82,143	3.0%	(24,455)

The decrease refers to the following business segments:

(Euro/000)	2010	2009	Variation	Var. %
Construction	(9,465)	26,209	(35,674)	(136.1%)
Engineering & Plant Construction	6,768	632	6,136	970.9%
Concessions	1,887	9,527	(7,640)	(80.2%)
Other	-	(541)	541	(100.0%)
Total provisions and impairment losses	(810)	35,827	(36,637)	(102.3%)
Construction	35,663	27,436	8,227	30.0%
Engineering & Plant Construction	3,176	3,174	2	0.1%
Concessions	19,653	15,639	4,014	25.7%
Other	6	67	(61)	(91.0%)
Total amortisation and depreciation	58,498	46,316	12,182	26.3%

The accrual to the allowance for impairment was mainly made for impaired receivables from certain foreign construction and engineering & plant construction customers. The item also includes impairment losses of euro 3.7 million on receivables from Caminos de Las Sierras following the agreement for its sale described earlier.

The accruals to the provision for risks and charges principally relate to Impregar and FISIA Italimpianti's revisions of the estimates for their pending disputes (euro 9.7 million and euro 7.5 million, respectively). They also include accruals to the provision for maintenance and the provision for investments in infrastructure under concession made by the Ecorodovias group operators (euro 9.2 million).

The impairment losses (reversals of impairment losses) show a positive balance of euro 28.9 million, mostly deriving from collection of receivables from foreign customers, for which accruals to the allowance for impairment had been made in 2009 and which were reversed in 2010, and the restructuring of the receivable due to the parent by the Argentine associate Puentes del Litoral S.A. as the critical issues related to its bankruptcy proceeding were resolved.

Utilisations of euro 21.0 million relate to the Construction and the Engineering & Plant Construction segment as the events for which the provisions were set up took place.

14. Gain on the partial sale of an investment in a subsidiary

Reference should be made to the paragraph on Elog's share capital increase in the section on the key events of the year.

15. Financing income (costs) and gains (losses) on investments

Financing income (costs) and gains (losses) on investments came to a negative euro 73.8 million compared to a negative euro 33.1 million for 2009.



The item may be analysed as follows:

(Euro/000)	2010	2009	Variation
Financial income	37,009	85,589	(48,580)
Financial expense	(92,850)	(103,035)	10,185
Net exchange rate losses	(17,770)	(10,874)	(6,896)
Net financing costs	(73,611)	(28,320)	(45,291)
Net losses on investments	(234)	(4,757)	4,523
Net financing costs and net losses on investments	(73,845)	(33,077)	(40,768)

15.1 Financial income

Financial income totalled euro 37.0 million (euro 85.6 million) and is made up as follows:

(Euro/000)	2010	2009	Variation
Bank interest income	7,779	14,592	(6,813)
Interest on securities	-	1,191	(1,191)
Gains on the sale of securities	5,352	60,213	(54,861)
Interest on intragroup transactions	2,074	816	1,258
Interest on other items of net invested capital:			
- <i>Interest on tax assets</i>	784	1,366	(582)
- <i>Default interest</i>	5,817	2,628	3,189
- <i>Other interest income</i>	13,775	1,317	12,458
Total interest on other items of net invested capital	20,376	5,311	15,065
Financial discounts and allowances	1,428	3,466	(2,038)
Total	37,009	85,589	(48,580)

The decrease in bank interest income is due to the lower market rates on the markets in which the group holds its cash and cash equivalents and the use of cash flows generated by operating activities.

Gains on the sale of securities decreased by euro 54.9 million to euro 5.4 million. In 2009, they were recognised when the group took advantage of currency mismatches of money markets in relation to certain South American currencies, whose official exchange rates with some strong currencies, including the US dollar, are fixed artificially. The situation changed in 2010 following the different monetary conditions for these currencies which make it much more difficult to carry out the related transactions.

Interest on other items of net invested capital mainly increased as a result of recognition by the Montevideo International Arbitration Tribunal of interest income of euro 8.4 million accrued by the Argentine operator Mercovia in its award about a litigation commenced in previous years.

15.2 Financial expense

Financial expense totalled euro 92.8 million (euro 103.0 million) and is made up as follows:

(Euro/000)	2010	2009	Variation
Bank interest expense	(53,074)	(70,844)	17,770
Interest on bonds	(15,245)	(7,726)	(7,519)
Interest on other loans	(1,561)	(1,980)	419
Interest on leases	(683)	(242)	(441)
Interest on intragroup transactions	(22)	(13)	(9)
<i>Interest on other items of net invested capital</i>			
- Interest on tax assets	(1,534)	(1,114)	(420)
- Default interest	(204)	(262)	58
- Other interest expense	(4,330)	(3,536)	(794)
Total interest on other items of net invested capital	(6,068)	(4,912)	(1,156)
Impairment losses on loans, net of utilisation of allowance	(618)	(135)	(483)
Losses on the sale of securities	(582)	-	(582)
Bank charges and commissions	(13,693)	(8,362)	(5,331)
Commissions on sureties	(1,179)	(8,788)	7,609
Financial discounts and allowances	(125)	(33)	(92)
Total	(92,850)	(103,035)	10,185

Bank interest expense decreased by euro 17.8 million. The effects of the sharp drops in interest rates in the Eurozone were partly offset by the increase in short-term positions in South America where interest rates are higher.

Interest on bonds relates to Ecorodovias' concessions in Brazil and the new bond issue placed by Impregilo International Infrastructures on the Dutch market.

Interest on other loans mainly relates to the factoring of tax receivables, fully collected in 2010, as described earlier.

15.3 Net exchange rate losses

The net exchange rate loss of euro 17.8 million (loss of euro 10.9 million) may be analysed as follows:

(Euro/000)	2010	2009	Variation
Realised net exchange rate losses	(18,541)	(5,478)	(13,063)
Unrealised net exchange rate losses	(3,108)	(4,602)	1,494
Fair value gains (losses) on exchange rate hedges	3,879	(794)	4,673
Net exchange rate losses	(17,770)	(10,874)	(6,896)

The item mainly relates to the Engineering & Plant Construction segment's exposure to the Arabian Gulf currencies (euro 15.0 million) and the Construction segment's exposure to South American currencies for which it cannot obtain hedges at reasonable conditions.

15.4 Net losses on investments

Net losses on investments came to euro 0.2 million compared to net losses of euro 4.8 million in the previous year.

The item may be broken down as follows:

(Euro/000)	2010	2009	Variation
Profit (loss) of equity-accounted investees	(1,955)	3,492	(5,447)
Impairment losses on AFS financial assets	-	(11,777)	11,777
Dividends	505	673	(168)
Gains on the disposal of investments	1,058	2,730	(1,672)
Other gains	158	125	33
Total	(234)	(4,757)	4,523

The loss of equity-accounted investees is broken down in the following table:

(Euro/000)	2010	2009	Variation
Construction	(2,048)	1,569	(3,617)
<i>Yacilec</i>	<i>(363)</i>	<i>(166)</i>	<i>(197)</i>
<i>Agua Azul</i>	<i>589</i>	<i>798</i>	<i>(209)</i>
<i>Wolverhampton</i>	<i>125</i>	<i>74</i>	<i>51</i>
<i>Ochre Holding</i>	<i>-</i>	<i>81</i>	<i>(81)</i>
<i>Enecor</i>	<i>-</i>	<i>1,140</i>	<i>(1,140)</i>
<i>Sabrom</i>	<i>(262)</i>	<i>-</i>	<i>(262)</i>
<i>Yuma Concessionaria</i>	<i>27</i>	<i>-</i>	<i>27</i>
Total concessions	116	1,927	(1,811)
Engineering & Plant Construction	(23)	(4)	(19)
Total	(1,955)	3,492	(5,447)

Gains on the disposal of investments relate to Mediterranea delle Acque.

16. Income tax

The group's income tax expense for the year is euro 60.1 million as follows:

(Euro/000)	2010	2009	Variation
Current taxes	39,992	29,356	10,636
Net deferred tax income (expense)	15,601	(16,628)	32,229
Prior year taxes	468	5,754	(5,286)
Total income taxes	56,061	18,482	37,579
IRAP	4,053	7,566	(3,513)
Total	60,114	26,048	34,066

Taxes are calculated using the tax rate expected to be applied to the annual profit using estimates updated at 31 December 2010.

An analysis and reconciliation of the theoretical income tax rate, calculated under Italian tax legislation, and the effective tax rate are set out below:

	INCOME TAX EXPENSE	
	Euro/m	%
Profit before tax	193.0	-
Theoretical tax expense	53.1	27.5%
Effect of permanent differences	(9.5)	(4.9)%
Non-recoverable foreign taxes	8.4	4.4%
Other	3.6	1.9%
Prior year taxes	0.5	0.3%
Total	56.1	29.1%

The tax expense is affected by the following:

- permanent differences which decrease the group's total tax expense compared to its "theoretical" expense;
- recognition of taxes paid abroad in accordance with the legislation of the countries in which the branches of the Italian consolidated companies operate and which cannot be recovered;
- other sundry items which increase the tax expense slightly.

An analysis and reconciliation of the theoretical IRAP tax rate and the effective tax rate are set out below:

	IRAP	
	Euro/m	%
Operating profit	223.8	-
Personnel expenses	304.5	-
Operating profit for IRAP purposes	528.3	-
Theoretical tax expense	20.6	3.9%
Tax effect of foreign companies' production	(10.2)	(1.9)%
Tax effect of foreign production	(3.0)	(0.6)%
Effect of permanent differences	(2.4)	(0.5)%
Other	(0.9)	(0.2)%
Total	4.1	0.9%



The net deferred tax expense contributes negatively to the consolidated profit for euro 15.6 million as shown below:

(Euro/000)	
Deferred tax expense for the year	19,076
Reversal of deferred tax liabilities recognised in previous years	(11,666)
Deferred tax income for the year	(39,553)
Reversal of deferred tax assets recognised in previous years	47,744
Total	15,601

Changes in net deferred tax assets and liabilities and the related impact on profit or loss are set out below:

	31 December 2009	Accruals	Utilisations	Change in consolidation scope and exchange rate gains (losses)	31 December 2010
(Euro/000)					
Deferred tax assets:					
Amortisation and depreciation exceeding tax rates	1,033	963	-	-	1,996
Provisions for risks and allowances for impairment	48,768	7,223	(21,060)	-	34,931
2005 share capital increase related costs	1,059	-	(1,059)	-	-
Deferred taxes	19,002	25,295	(20,289)	1,209	25,217
Fisia Hiatus transaction	33,734	-	(3,589)	-	30,145
Tax losses	-	4,825	-	-	4,825
Other	13,201	1,247	(1,747)	(595)	12,105
Total	116,797	39,553	(47,744)	614	109,219
Offsetting	(28,171)			(5,444)	(33,615)
(a) Net deferred tax assets	88,626	39,553	(47,744)	(4,830)	75,604
Deferred tax liabilities:					
Deferred gains	(4,670)	-	443	-	(4,227)
Contract revenue and revenue items	(14,889)	(1,488)	316	891	(15,170)
Contract revenue taxable in future years	(19,696)	(12,245)	9,507	(1,249)	(23,683)
Other	(5,435)	(5,343)	1,400	1,126	(8,252)
Total	(44,690)	(19,076)	11,666	768	(51,332)
Offsetting	28,171			5,444	33,615
(b) Net deferred tax liabilities	(16,519)	(19,076)	11,666	6,212	(17,717)
(a)+(b) Net deferred tax income		20,477	(36,078)		(15,601)

Changes in 2009 were as follows:

	31 December 2008	Accruals	Utilisations	Change in consolidation scope and exchange rate gains (losses)	31 December 2009
(Euro/000)					
Deferred tax assets:					
Amortisation and depreciation exceeding tax rates	3,084	-	(2,051)	-	1,033
Provision for risks and allowances for impairment	32,635	24,993	(8,860)	-	48,768
2005 share capital increase related costs	3,144	-	(2,085)	-	1,059
Contract costs deductible in future years	-	19,393	-	(391)	19,002
Fisia Hiatus goodwill	37,323	-	(3,589)	-	33,734
Other	6,792	1,687	(2,751)	639	6,367
Total	82,978	46,073	(19,336)	248	109,963
Offsetting	(18,874)	-	-	(9,297)	(28,171)
(a) Net deferred tax assets	64,104	46,073	(19,336)	(9,049)	81,792
Deferred tax liabilities:					
Deferred gains	(4,670)	-	-	-	(4,670)
Contract revenue and revenue items	(18,968)	-	4,833	(754)	(14,889)
Contract revenue taxable in future years	-	(20,101)	-	405	(19,696)
Other	(12,190)	(1,821)	7,899	678	(5,435)
Total	(35,828)	(21,922)	12,732	329	(44,690)
Offsetting	18,874	-	-	9,297	28,171
(b) Net deferred tax liabilities	(16,954)	(21,922)	12,732	9,625	(16,519)
(a)+(b) Net deferred tax income		24,151	(6,604)		17,547

Deferred tax assets and liabilities are principally offset when relating to Italian companies participating in the national tax consolidation system.

17. Profit (loss) from discontinued operations

Profit (loss) from discontinued operations for 2010 and 2009 is analysed below:

(Euro/000)	2010	2009	Variation
Revenue	-	-	-
Costs	(2,113)	(3,710)	1,597
Total	(2,113)	(3,710)	1,597

The loss relates solely to the USW Campania projects (see note 2).

18. Related party transactions

The Consob regulation covering related party transactions (the "Regulation") was approved with resolution no. 17221 of 12 March 2010 and subsequently amended with resolution no. 17389 of 23 June 2010.

The Regulation requires, inter alia, adoption of a number of new procedures and corporate governance rules by those companies regulated by Consob, which are described in more detail in the relevant section of the first part of this Annual Report (Report on corporate governance and shareholding structure). It is applicable from 1 January 2011, except in certain cases.

Given the importance of the issues covered by the Regulation related to financial disclosures and its reference to the IFRS, the group deemed it appropriate that this information refers to the parties to which the specific procedure approved by the board of directors on 30 November 2010 is applicable, in whole or in part. This procedure is available on the internet site www.impregilo.it in the "Corporate governance - Corporate documents - Other documents" section.

18.1. Related party transactions (direct and indirect)

Impregilo group did not carry out any transactions with indirectly related parties during the year.

Transactions with directly related parties were of an ordinary nature and were carried out with:

- directors, statutory auditors and key management personnel, in line with the contracts regulating their positions within the group;
- associates (ordinary transactions).

Impregilo group's transactions with its associates mainly related to:

- trading transactions, namely purchases and procurement of services necessary to carry out work on contracts, contracting and subcontracting;
- services (technical, organisational, legal and administrative), carried out at centralised level;
- financial transactions, namely loans and joint current accounts as part of cash pooling transactions and guarantees given on behalf of group companies.

Transactions are carried out with associates in the interests of Impregilo, aimed at building on existing synergies in the group in terms of production and sales integration, efficient use of existing skills, streamlining of centralised structures and financial resources. These transactions are regulated by specific contracts and carried out on an arm's length basis.



18.2 Transactions with parties to which Impregilo has extended certain instructions of the procedure approved on 30 November 2010, even if not specifically required by law

The more important transactions with the parties, to which Impregilo has extended certain instructions of the procedure approved on 30 November 2010, even if not specifically required by law, carried out in 2010 are summarised below:

(Impregilo's share in thousands of Euros)					
Related party	31 December 2010				
	Payables	Other current liabilities	Revenue	Costs	Cash flows for the year
Immobiliare Milano Ass. S.r.l.	96	-		385	(418)
Impresa Grassetto	6	17,667		-	(25)
S.A.T.A.P. S.p.A.	1,172	-		1,644	(1,463)
SAI investimenti SGR S.p.A.	563	-		1,846	(2,231)
Total	1,837	17,667		3,875	(4,137)

The parent transferred its registered office and head office from Sesto San Giovanni to Milan in the second half of 2009. It has leased premises in the Milan Business Park. Transactions with Immobiliare Milano Assicurazioni S.r.l. and SAI Investimenti SGR S.p.A. relate to lease agreements for such premises. They are parties to which Impregilo has extended certain instructions of the procedure (see above) on a voluntary basis.

The other transactions shown in the table above mostly relate to the high speed/capacity railway contracts.

All above transactions are governed by specific agreements and carried out on an arm's length basis. Their effects on the statement of financial position and income statement are shown together with the related contract. Their impact on the group's financial position and results of operations has not been material.

As required by Consob communication no. DEM/6064293, the effects of the above most significant related party transactions are disclosed in the statement of financial position, income statement and statement of cash flows.

19. Significant non-recurring events and transactions

With respect to significant non-recurring events as defined in Consob communication no. DEM/6064293¹⁾, the group's financial position at 31 December 2010 and results of operations for the year then ended were not affected by significant non-recurring events and transactions except for that described in the section on the key events of the year about the transactions carried out by Ecorodovias.

1) Significant non-recurring events and transactions are those that do not frequently occur in the normal course of business.



20. Balances or transactions arising from atypical and/or unusual transactions

During the year, Impregilo group did not carry out any atypical and/or unusual transactions, as defined in the above Consob communication no. DEM/6064293⁽¹⁾.

21. Earnings per share

Earnings per share are disclosed at the foot of the income statement.

They have been calculated by dividing the profit (loss) for the year attributable to the owners of the parent by the weighted average of the shares outstanding during the year. Diluted earnings per share are calculated considering the weighted average of the outstanding shares adjusted by assuming the conversion of all the shares with potentially diluting effects.

The following table summarises the calculation. There were no diluting effects in 2010 and 2009 as all the previously issued options had been exercised.

(Euro/000, thousands of shares)	2010	2009
Profit from continuing operations	132,870	85,253
Non-controlling interests	(2,312)	(1,927)
Profit earmarked for holders of savings shares	(588)	(588)
Profit from continuing operations attributable to the owners of the parent	129,970	82,738
Profit from continuing and discontinued operations	130,757	81,543
Non-controlling interests	(2,312)	(1,927)
Profit earmarked for holders of savings shares	(588)	(588)
Profit from continuing and discontinued operations attributable to the owners of the parent	127,857	79,028
Average outstanding ordinary shares	402,458	402,458
Average outstanding savings share	1,615	1,615
Average number of shares	404,073	404,073
Diluting effect	-	-
Average number of diluted shares	404,073	404,073
Basic earnings per share (from continuing operations)	0.32	0.20
Basic earnings per share (from continuing and discontinued operations)	0.32	0.20
Diluted earnings per share (from continuing operations)	0.32	0.20
Diluted earnings per share (from continuing and discontinued operations)	0.32	0.20

1) Atypical and/or unusual transactions are those that, due to their significance and relevance, the counterparty, the object of the transaction, exchange pricing and timing, may cast doubts as to the accuracy and completeness of disclosures, conflicts of interest, protection of the group's assets and non-controlling interests.

22. Events after the reporting period

Reference should be made to the section on "Non-current assets classified as held for sale and discontinued operations - USW Campania projects" in the second part of the directors' report for details on the events that have taken place since 31 December 2010 with respect to the USW Campania projects.

As mentioned earlier in this report, the far-reaching political crisis that developed in Libya in February 2011 has degenerated into a situation of violent conflict and possible solutions are still unclear. Impregilo group is active in this country through its controlling investment in a local company and is closely monitoring the situation. The activities in which the Libyan subsidiary was engaged up until the conflict developed were important public works of interest to the country and for which the limited investments made have been fully covered by the contractually provided for advances. The subsidiary's main assets at 31 December 2010 relate to investments in property, plant and equipment (carrying amount of euro 43.7 million), receivables from customers and contract work in progress (carrying amount of euro 68.6 million) and payables for contractual advances (carrying amount of euro 146.9 million). The works have been suspended temporarily due to causes of force majeure until the current crisis is resolved and work can be recommenced in conditions of safety. As presently provided for by local regulations and the contracts, the group does not believe it necessary to adjust the balances in its consolidated statement of financial position, also considering the existing insurance policies.

No other significant events have taken place since 31 December 2010.

On behalf of the board of directors

Chairman

Massimo Ponzellini

(Signed on the original)





CONSOLIDATED FINANCIAL STATEMENTS OF IMPREGILO GROUP INTRAGROUP TRANSACTIONS



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CONSOLIDATED FINANCIAL STATEMENTS OF IMPREGILO GROUP

INTRAGROUP TRANSACTIONS - 31 DECEMBER 2010

(in Euros)	RECEIVABLES			
	Trade	Financial	Other	Total
Other				
ENGINEERING & PLANT CONSTRUCTION				
Consorzio Agenzia del Mare				
Consorzio Ramsar Molentargius	40,107	37,319		77,426
Consorzio Unitam				
Total	40,107	37,319		77,426
CONCESSIONS				
Pedemontana Veneta S.p.A.	71,369			71,369
Tangenziale Esterna di Milano S.p.A.	12,750			12,750
Total	84,119			84,119
CONSTRUCTION				
Arbeitsgemeinschaft Aschertunnel				
Consorzio del Sinni				
Consorzio Acueducto Oriental				
Joint Venture Aktor Ate - Impregilo S.p.A.	33,872			33,872
Arbeitsgemeinschaft tunnel (ATUS)	646,656	1,249,200		1,895,856
Arge Haupttunnel Eyholz	1,062,729			1,062,729
Consorzio Casertano per il Disinq.del Golfo di Napoli	262			262
Consorzio C.A.V.E.T.	36,518		632	37,150
Consorzio Alta Velocità Torino/Milano - C.A.V.TO.MI.				9,177
CCB Consorzio Centro Balneare	470,918			470,918
Consorzio CEMS	611,523			611,523
Consorzio Edile Palazzo Mantegazza	484,289			484,289
Consorzio Edilizia Sociale Industrializzata Lazio	58,802	47,120		105,922
CGMR Gestione materiale Roveredo	18,930			18,930
Consorzio Galliera Scaglioni	34,220			34,220
J.Cartellone C.C. S.A.-Igi S.p.A. - (Casisa UTE)	214,579	2,198,087	508,272	2,920,938
Consorzio Cogefar/Italstrade/Recchi/CMC - CIRC	122,505			122,505
CMC Consorzio Monte Ceneri lotto 851	1,396,187			1,396,187
CMC-MAVUNDLA-IGL JV	669,872	93	7,364,995	8,034,960
Joint Venture Impregilo S.p.A. - Empedos S.A. - Ak	470,153	86,870	489,324	1,046,347
Consorzio Impregilo Cosapi			3	3
Consorzio Ferroviario Milanese				
Consorzio Grupo Contuy-Pro. y Ob. De F.		1,299,818		1,299,818
Consorzio Contuy Medio		1,346,107		1,346,107
Consorzio CO.RI.TECNO	456,073			456,073
Consorzio Pedelombarda 2				
Consorzio CPS Pedemontana	443,100			443,100
Consorzio Portale Vezia	1,033,468			1,033,468

PAYABLES			NET		Revenue from sponsorship fees	Financial income	Financial expense
Trade	Financial	Other	Total	RECEIVABLES	PAYABLES		
(38,734)			(38,734)		(38,734)		
(41,997)			(41,997)	35,429			
(5,430)	(2,776)		(8,206)		(8,206)		
(86,161)	(2,776)		(88,937)	35,429	(46,940)		
				71,369			
				12,750			
				84,119			
						15	
	(23,029)		(23,029)		(23,029)		
				33,872		10,562	
(777,479)			(777,479)	1,118,377		80,387	
				1,062,729		789,523	
				262			
198,141			198,141	235,291			
			9,177	9,177			
(6,222)			(6,222)	464,696		1,067	
				611,523		14,135	
				484,289		17,967	
(2,729)			(2,729)	103,193			
				18,930			
				34,220		1,913	
	(2,283,626)		(2,283,626)	637,312		7,619	
(78,351)			(78,351)	44,154			
				1,396,187		79,983	425,367
(46,635)			(46,635)	7,988,325			
				1,046,347			
				3			
(7,901)			(7,901)		(7,901)		
(224,878)			(224,878)	1,074,940			
(1,088)			(1,088)	1,345,019			
(552,416)			(552,416)		(96,343)		
	(4,000)		(4,000)		(4,000)		
(217,369)			(217,369)	225,731			
				1,033,468		224,197	



(in Euros)	RECEIVABLES			
	Trade	Financial	Other	Total
(continued) CONSTRUCTION				
CRA Consorzio Realizzazione Arca	311,102			311,102
CSLN Consorzio				
Consorzio Stazione Mendrisio	21,017			21,017
Churchill Consortium	105,562			105,562
Churchill Hospital J.V.	8,191			8,191
Consorzio Central Hidroelectrica Daule Peripa Division Obras Civiles			4,155,995	4,155,995
E.R. Impregilo/Dumez y Asociados para Yaciretê	2,887,494	5,308,574		8,196,068
Consorzio Federici/Impresit/Ice Cochabamba	600,000			600,000
Consorzio Imprese Lavori FF.SS. di Saline - FEIC	5,055			5,055
Consorzio Felce	256,150			256,150
Consorzio Ferrofir	111,038			111,038
Consorzio Galliera Roveredo	701,298			701,298
Grupo Empresas Italianas - GEI		2,550,722		2,550,722
G.T.B. S.c.r.l.		241,700		241,700
Groupement Hydrocastoro	18,108			18,108
Consorzio Italian Engineering & Contractors for Al Faw - IECAF	342			342
Consorzio Imigrantes				
Executive J.V. Impregilo S.p.A. Terna S.A.		5,951		5,951
Consorzio Iniziative Ferroviarie - INFER	3,044			3,044
Consorzio Iricav Due	17,890			17,890
Line 3 Metro Stations	23,856	615,000	115,511	754,367
Consorzio MARC	13,659			13,659
Matsoku Civil Contractor (MMC) J.V.				
Consorzio infrastruttura area metropolitana				
Consorzio Metropolitane				
Metropolitana di Napoli S.p.A.	85,245			85,245
M.N. 6 S.c.r.l.	715,051			715,051
Salini - Impregilo Joint Venture for Mukorsi	7,522			7,522
Consorzio NOG.MA				
Consorzio Cigla-Sade	149,912	1,150,886		1,300,798
Consorzio OIV-TOCOMA	1,426,124	51,102,017		52,528,141
Impregilo - Salini for Owen Falls H.O.				
Consorzio Planalto		277,789	2,154,170	2,431,959
Riviera S.c.r.l.	2,446	600,364		602,810
Consorzio Sarda Costruzioni Generali		7,550		7,550
Salerno-Reggio Calabria S.c.p.a.				
Consorzio San Cristoforo				
Consorzio Sardo d'Imprese				
Sarmento S.c.r.l.	7,800	383,018		390,818
Consorzio Serra do Mar	18,026	163,603	2,299,858	2,481,487

PAYABLES				NET				
Trade	Financial	Other	Total	RECEIVABLES	PAYABLES	Revenue from sponsorship fees	Financial income	Financial expense
				311,102		2,123		
(9,102)			(9,102)		(9,102)			
				21,017				
(34,853)			(34,853)	70,709				
(93,116)		(125,796)	(218,912)		(210,721)			
	(4,725,906)		(4,725,906)		(569,911)			
(173,031)	(96,527)	(3,935,427)	(4,204,985)	3,991,083			177,381	
	(101,145)		(101,145)	498,855				
				5,055				
				256,150		15,648		
				111,038				
				701,298		366,284		
				2,550,722				
(534,730)			(534,730)		(293,030)			
				18,108				
(1,758)	(9,997)		(11,755)		(11,413)			
	(202,048)		(202,048)		(202,048)			
				5,951				
(2,741)			(2,741)	303				
(5,599,557)			(5,599,557)		(5,581,667)			1,033
				754,367				
(4,139)			(4,139)	9,520				
	(1,433)		(1,433)		(1,433)			
(15,976)			(15,976)		(15,976)			
	(10,845)		(10,845)		(10,845)			
(62,539)			(62,539)	22,706				
(228,656)	(566,922)		(795,578)		(80,527)			12,980
				7,522				
	(63,000)		(63,000)		(63,000)			
	(1,437,221)		(1,437,221)		(136,423)		38,526	
(389,965)			(389,965)	52,138,176				
(2,335)			(2,335)		(2,335)			
	(1,876,497)		(1,876,497)	555,462				
(1,310,581)			(1,310,581)		(707,771)		10,939	
(32,024)			(32,024)		(24,474)			
10,199			10,199	10,199				
(35,859)			(35,859)		(35,859)		2	
(7,501)			(7,501)		(7,501)			
				390,818			12,819	
	(2,086,699)		(2,086,699)	394,788				



(in Euros)				
	RECEIVABLES			
	Trade	Financial	Other	Total
(continued) CONSTRUCTION				
S.I.M.A. GEST 3 S.c.r.l.				
Consorzio SI.VI.CI.CA.	228,796			228,796
SO.C.E.T. Società' Costruttori Edili Toscani	1			1
S.P.P.C.A.C. S.c.r.l.	25,077			25,077
Strade e Depuratori Palermo S.c.r.l.				
Arge Stollen Chatzuhus	6,334			6,334
Consorzio Suburbia	7,845			7,845
Consorzio TAT-Tunnel Alp Transit Ticino	1,497,995	9,441		1,507,436
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A	8,463	759,626	4,022,369	4,790,458
Thessaloniki Metro	252,165			252,165
Thessaloniki Metro CW	1,438,715		1,134,107	2,572,822
Consorzio TRA.DE.CI.V.	2,297,003			2,297,003
Consorzio Tre Esse	9,400			9,400
Consorzio Trevi - S.G.F. INC per Napoli	1,769,284			1,769,284
Arge Uetlibergtunnel				
Consorzio Venezia Nuova				
Consorzio VIT Caroni Tocoma		5,151,161	10,307	5,161,468
Consorzio VIT Tocoma		2,979,704	8,371	2,988,075
Consorzio V.S.T. Tocoma		221,678	19,621	241,299
Yellow River Contractors J.V.	126,430		746,128	872,558
Yellow River Contractor H.O.			148,502	148,502
Total	23,428,096	77,756,079	23,178,165	124,362,340
TOTAL Other	23,552,322	77,793,398	23,178,165	124,523,885

Associates**ENGINEERING & PLANT CONSTRUCTION**

Nautilus S.c.p.a.				
Villagest S.c.r.l.	247,034			247,034
Total	247,034			247,034

CONCESSIONS

Consorcio Agua Azul S.A.	21,781			21,781
Aguas del Gran Buenos Aires S.A.	12,676			12,676
Impregilo Wolverhampton Ltd	143,496			143,496
Enecor S.A.	2,279	395,485		397,764
Ochre Holdings Solutions Ltd	26,140			26,140
Puentes del Litoral S.A.	2,161	1,576,505		1,578,666
Sistranyac S.A.		132		132
Yacylec S.A.	13,945			13,945
Total	222,478	1,972,122		2,194,600

PAYABLES				NET				
Trade	Financial	Other	Total	RECEIVABLES	PAYABLES	Revenue from sponsorship fees	Financial income	Financial expense
(162,358)			(162,358)		(162,358)			
				228,796		27,145		
(106,288)			(106,288)		(106,287)			
	(16,835)		(16,835)	8,242				
(184,949)			(184,949)		(184,949)			
				6,334				
				7,845				
(16,905)		(46,199)	(63,104)	1,444,332		2,160,748	311	
				4,790,458				
		(2,271,191)	(2,271,191)		(2,019,026)			
(5,176)			(5,176)	2,567,646				
(335,883)			(335,883)	1,961,120				
(1,171,044)			(1,171,044)		(1,161,644)			
(508,482)			(508,482)	1,260,802		15,471		
						121		
(6,964)			(6,964)		(6,964)			
(1,119)		(3,999,960)	(4,001,079)	1,160,389				
(6,785)		(1,761,050)	(1,767,835)	1,220,240				
(77,070)			(77,070)	164,229				
	(188,455)		(188,455)	684,103				
				148,502				
(12,819,037)	(11,410,559)	(14,423,249)	(38,652,845)	97,446,032	(11,736,537)	3,807,289	672,964	14,013
(12,905,198)	(11,413,335)	(14,423,249)	(38,741,782)	97,565,580	(11,783,477)	3,807,289	672,964	14,013
(50,619)			(50,619)		(50,619)			
(128,322)			(128,322)	118,712				
(178,941)			(178,941)	118,712	(50,619)			
				21,781				
(102,082)	(49,865)		(151,947)		(139,271)			
				143,496			8,053	
				397,764				
				26,140			721,198	
		(10,491)	(10,491)	1,568,175			671,920	
	(76,097)		(76,097)		(75,965)			8,257
				13,945		31,361		
(102,082)	(125,962)	(10,491)	(238,535)	2,171,301	(215,236)	31,361	1,401,171	8,257



(in Euros)

	RECEIVABLES			
	Trade	Financial	Other	Total
IMPREGILO CONSTRUCTION				
Adduttore Ponte Barca S.c.r.l.	431,446			431,446
Diga Ancipa S.c.r.l.	5,032	201		5,233
Anagnina 2000 S.c.r.l.	10,851	990		11,841
Ancipa S.c.r.l.	494,468	1,882,622		2,377,090
Antignano S.c.r.l.		2,019		2,019
Aurelia 98 S.c.r.l.				
Cagliari 89 S.c.r.l.	1,511,006	561,692	2,371	2,075,069
Cannatello S.c.r.l.	(542)			(542)
CE.S.I.F. S.c.p.a.				
Consorzio Lavori Interventi Straordinari Palermo		44,521		44,521
Impregilo Arabia Ltd	298,402	1,402,176	2,823	1,703,401
Consorzio Consavia S.c.n.c.		10,025		10,025
Corso Malta S.c.r.l.	182,924	555		183,479
Depurazione Palermo S.c.r.l.				
Edificatrice Sarda S.r.l.		447,790		447,790
Edilizia Giudiziaria S.c.r.l.	16,187			16,187
FE.LO.VI. S.c.n.c.	2,136			2,136
Galliera 2000 S.c.r.l.	32,743			32,743
Imprese Riunite Genova Irg S.c.r.l.	69,401			69,401
Imprese Riunite Genova Seconda S.c.r.l.	438,822			438,822
Grandi Uffici S.c.r.l.	865	46,189		47,054
Impresit Bakolori Plc				
Metrogenova S.c.r.l.	48,729			48,729
Olbia 90 S.c.r.l.	117,471			117,471
Paulese S.c.r.l.		22,555		22,555
Pietrarossa S.c.r.l.	4,132	1,211,197		1,215,329
Platano S.c.n.c.				
Quattro Venti S.c.r.l.	159,503			159,503
RCCF Nodo di Torino S.c.p.a.	30,722	109,530		140,252
Saces S.r.l.				
San Giorgio Caltagirone S.c.r.l.	11,857	68,873		80,730
Sclafani S.c.r.l.	18,500	318,016		336,516
Soingit S.c.r.l.	213,434			213,434
Cogefar/C.I.S.A./Icla/Fondedile		66,316		66,316
VE.CO. S.c.r.l.				
Monte Vesuvio S.c.r.l.	3,600	177,025		180,625
Total	4,101,689	6,372,292	5,194	10,479,175
TOTAL Associates	4,571,201	8,344,414	5,194	12,920,809

PAYABLES				NET				
Trade	Financial	Other	Total	RECEIVABLES	PAYABLES	Revenue from sponsorship fees	Financial income	Financial expense
(121,673)	(4,881)		(126,554)	304,892				
	(3,615)		(3,615)	1,618				
96,123	(3,615)		92,508	104,349				
				2,377,090				
				2,019		24,505		
(16,121)			(16,121)		(16,121)			
(1,859,550)		(5,165)	(1,864,715)	210,354				
					(542)			
(2,450)			(2,450)		(2,450)			
(26,785)			(26,785)	17,736				
(363,699)			(363,699)	1,339,702				
				10,025				
				183,479				
	(3,615)		(3,615)		(3,615)			
				447,790				
				16,187				
	(6,090)		(6,090)		(3,954)			
				32,743				
(616,772)			(616,772)		(547,371)			
186,786			186,786	625,608				
				47,054				
	(24,598)		(24,598)		(24,598)			
383,813		(32,453)	351,360	400,089		82,960		
(81,445)			(81,445)	36,026				
				22,555				
				1,215,329				
(12,288)	(13)		(12,301)		(12,301)			
(47,620)			(47,620)	111,883				
				140,252				
	(1,071,338)		(1,071,338)		(1,071,338)			
				80,730				
				336,516				
(88,610)	(96,929)		(185,539)	27,895				
				66,316				
(138,527)			(138,527)		(138,527)			
				180,625				
(2,708,818)	(1,214,694)	(37,618)	(3,961,130)	8,338,862	(1,820,817)	107,465		
(2,989,841)	(1,340,656)	(48,109)	(4,378,606)	10,628,875	(2,086,672)	138,826	1,401,171	8,257



(in Euros)				
	RECEIVABLES			
	Trade	Financial	Other	Total
Subsidiaries				
ENGINEERING & PLANT CONSTRUCTION				
filiale Fisia Kuwait	1,532			1,532
Total	1,532			1,532
CONCESSIONS				
Collegamento Ferroviario Genova-Milano	9,600	23,918		33,518
S. Anna Palermo S.c.r.l.	5,786			5,786
Unicatanzaro S.c.r.l.	103,169			103,169
Total	118,555	23,918		142,473
CONSTRUCTION				
San Benedetto S.c.r.l.				
Total				
TOTAL Subsidiaries	120,087	23,918		144,005
TOTAL CURRENT	28,243,610	86,161,730	23,183,359	137,588,699
Other				
CONSTRUCTION				
Arge Haupttunnel Eyholz		1,327,576		1,327,576
Consorzio Galliera Roveredo		1,005,678		1,005,678
Consorzio TAT-Tunnel Alp Transit Ticino		3,974		3,974
Thessaloniki Metro CW		255,000		255,000
TOTAL Other		2,592,228		2,592,228
CONCESSIONS				
Impregilo Wolverhampton Ltd		682,878		682,878
Ochre Holdings Solutions Ltd		6,347,267		6,347,267
Puentes del Litoral S.A.		7,823,790		7,823,790
TOTAL Associates		14,853,935		14,853,935
TOTAL NON-CURRENT		17,446,163		17,446,163
TOTAL	28,243,610	103,607,893	23,183,359	155,034,862

PAYABLES				NET		Revenue from sponsorship fees	Financial income	Financial expense
Trade	Financial	Other	Total	RECEIVABLES	PAYABLES			
				1,532				
				1,532				
				33,518				
64,585			64,585	70,371				
				103,169				
64,585			64,585	207,058				
(45,520)	(26)		(45,546)		(45,546)			
(45,520)	(26)		(45,546)		(45,546)			
19,065	(26)		19,039	208,590	(45,546)			
(15,875,974)	(12,754,017)	(14,471,358)	(43,101,349)	108,403,045	(13,915,695)	3,946,115	2,074,135	22,270
				1,327,576				
				1,005,678				
				3,974				
				255,000				
				2,592,228				
				682,878				
				6,347,267				
				7,823,790				
				14,853,935				
				17,446,163				
(15,875,974)	(12,754,017)	(14,471,358)	(43,101,349)	125,849,208	(13,915,695)	3,946,115	2,074,135	22,270





CONSOLIDATED FINANCIAL STATEMENTS OF IMPREGILO GROUP – EQUITY INVESTMENTS



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IMPREGILO GROUP - EQUITY INVESTMENTS WITH POSITIVE CARRYING AMOUNTS

Name	31 December 2009	Acquisitions (Disinvestments and liquidations)	Share/quota capital transactions	Share of profit or loss of associates
(Euro/000)				
A.T.I. Girola-Romagnoli-Poscio - Domo II S.c.r.l. (in liq.)	4,132	(4,132)		
Adduttore Ponte Barca S.c.r.l. (in liq.)	6,972			
Aguas del Gran Buenos Aires S.A. (in liq.)	(280)			
Anagnina 2000 S.c.r.l.	5,165			
Ancipa S.c.r.l. (in liq.)	5,165			
Antignano S.c.r.l. (in liq.)	4,892			(4,892)
Auditorium Roma S.c.r.l. (in liq.)	54,000	(54,000)		
Aurelia 98 S.c.r.l. (in liq.)	4,000	(4,000)		(16,121)
Autostrada Estense S.c.p.a. (in liq.)	180,000	(180,000)		
B.O.B.A.C. S.c.a.r.l. (in liq.)	5,100			
Calpark S.c.p.A.	8,642			
CE.S.I.F. S.c.p.a. (in liq.)	63,460			
Cogefar/C.I.S.A./Icla/Fondedile - Sorrentina S.c.r.l. (in liq.)	11,620			
Coincar S.A.	2,416,268			(2,485,395)
Collegamento Ferroviario Genova-Milano S.p.A.	87,770		11,099	(11,099)
Consorzio Federici/Impresit/Ice Cochabamba	15,818			
Consorzio Casale Nei	775			
Consorzio CO.RI.TECNO (in liq.)	11,104			
Consorzio Cogefar/Italstrade/Recchi/CMC - CIRC (in liq.)	12,911			
Consorzio CON.SI	516			
Consorzio Consavia S.c.n.c. (in liq.)	1,714			
Consorzio CPS Pedemontana Veneta Costruttori Progettisti e Servizi	35,000			
Consorzio del Sinni	12,395			
Consorzio Eastital Costruzioni (in liq.)	3,651			(3,651)
Consorzio Eastital Costruzioni (in liq.)	63,912	(63,912)		
Consorzio Ferrofir (in liq.)	178,265			
Consorzio Ferroviario Milanese	28,276			
Consorzio Generale Pozzuoli - COGEPO (in liq.)	465	(465)		
Consorzio Imprese Lavori FF.SS. di Saline - FEIC	5,165			
Consorzio infrastruttura area metropolitana - Metro Cagliari (in liq.)	8,286			
Consorzio Iniziative Ferroviarie - INFER	14,461			
Consorzio Iricav Due	61,975		8,364	
Consorzio Italian Engineering & Contractors for Al Faw - IECF	-	3,310		
Consorzio MARC - Monitoraggio Ambientale Regione Campania (in liq.)	2,582			
Consorzio Metrofer (in liq.)	4,304			
Consorzio Metropolitane	12,911			
Consorzio MITECO	4,416			
Consorzio Nazionale Imballaggi - CO.NA.I.	5			
Consorzio NOG.MA	84,000			
Consorzio Pedelombarda 2	-	4,000		
Consorzio RCPS Nuova Romea (in liq.)	612	(612)		

Other gains (losses) in profit or loss	Dividends from associates	Hedging reserve	Change due to exchange rate fluctuations	Change in consolidation scope	Reclassifications	31 December 2010
						-
						6,972
			280			-
						5,165
						5,165
						-
						-
					16,121	-
						-
						5,100
						8,642
						63,460
					(11,620)	-
			69,127			-
						87,770
						15,818
						775
						11,104
						12,911
						516
						1,714
						35,000
						12,395
						-
						-
						178,265
						28,276
						-
						5,165
						8,286
						14,461
						70,339
						3,310
						2,582
						4,304
						12,911
				(4,416)		-
						5
						84,000
						4,000
						-



Name (Euro/000)	31 December 2009	Acquisitions (Disinvestments and liquidations)	Share/quota capital transactions	Share of profit or loss of associates
Consorzio San Cristoforo (in liq.)	24,790	10,819		(35,609)
Consorzio Sarda Costruzioni Generali - SACOGEN	2,582			
Consorzio Sardo d'Imprese	1,078			
Consorzio Suburbia (in liq.)	2,647			(2,647)
Consorzio TRA.DE.CI.V.	12,533			
Consorzio Tre Esse	19,625	(19,625)		
Consorzio Trevi - S.G.F. INC per Napoli	4,500			
Construtora Impregilo y Asociados S.A.-CIGLA S.A.	1			
Constructora Embalse Casa de Piedra S.A. (in liq.)	1			
Costruttori Romani Riuniti - CRR S.p.A. (in liq.)	25,822			
Costruttori Romani Riuniti - CRR S.p.A. (in liq.)	68,456			
Depurazione Palermo S.c.r.l. (in liq.)	3,616			
EDIL.CRO S.c.r.l.	1,720			(1,720)
Edil.Gi. S.c.r.l. (in liq.)	2,754			
Emittenti Titoli S.p.A.	10,832			
Eurolink S.c.p.a.	2			
FE.LO.VI. S.c.n.c. (in liq.)	8,392			
Fedco J.V.	13,623	(13,623)		
G.T.B. S.c.r.l.	12,329	(12,324)		
Galliera 2000 S.c.r.l. (in liq.)	6,456			
GE.A.C. S.r.l.	413			
Grassetto S.p.A. (in liq.)	7,747			
Groupement Hydrocastoro	-			
Grupo ICT I SAS	62,144			
Grupo ICT II SAS	203,821			
Grupo Unidos Por El Canal S.A.	323,996			
Healy-Yonkers-Atlas-Gest J.V.	11,707			
I_Faber S.p.A.	583,317			
Immobiliare Golf Club Castel D'Aviano S.r.l.	62,909			
Impregilo - Ebasco-Losinger J.V.	123,432	(123,432)		
Impregilo Arabia Ltd	3,048,200			(344,170)
Impregilo S.p.A. - Iglys S.A. UTE	2,516			
Imprese Riunite Genova Irg S.c.r.l. (in liq.)	6,791			
Isibari S.c.r.l.	7,907			(7,907)
Istituto per lo Sviluppo Edilizio ed Urbanistico - ISVEUR S.p.A.	22,750			
Istituto Promozionale per l'Edilizia S.p.A. - Ispredil S.p.A.	330			
Italsagi SP. ZO.O	1			
La Quado S.c.a.r.l.	-			
M.N. 6 S.c.r.l.	510			
Malpensa 2000 S.c.r.l. (in liq.)	1,054	(1,054)		
Markland S.r.l. (in liq.)	1,269			

Other gains (losses) in profit or loss	Dividends from associates	Hedging reserve	Change due to exchange rate fluctuations	Change in consolidation scope	Reclassifications	31 December 2010
						-
						2,582
						1,078
						-
						12,533
						-
						4,500
						1
						1
						25,822
						68,456
						3,616
						-
						2,754
						10,832
						2
						8,392
						-
						5
						6,456
						413
						7,747
						-
				(62,144)		-
				(203,821)		-
				(323,996)		-
			352			12,059
						583,317
						62,909
						-
			241,569			2,945,599
						2,516
						6,791
						-
						22,750
						330
						1
						-
						510
						-
						1,269



Name (Euro/000)	31 December 2009	Acquisitions (Disinvestments and liquidations)	Share/quota capital transactions	Share of profit or loss of associates
Metrogenova S.c.r.l.	8,257			
Metropolitana di Napoli S.p.A.	313,652			
Milano Sviluppo S.r.l. (in liq.)	(1)			
Monte Vesuvio S.c.r.l. (in liq.)	23,241			
Olbia 90 S.c.r.l. (in liq.)	2,531			
Parco Scientifico e Tecnologico della Sicilia S.c.p.a.	5,165			
Platano S.c.n.c. (in liq.)	165			
Quattro Venti S.c.r.l. (in liq.)	20,658			
RCCF Nodo di Torino S.c.p.a. (in liq.)	26,856			
Rimini Fiera S.p.A.	3,437,554			(243,884)
Riviera S.c.r.l.	5,271			
S. Anna Palermo S.c.r.l. (in liq.)	18,592			
S.I.MA. GEST 3 S.c.r.l.	5	(5)		
S.P.P.C.A.C. S.c.r.l. (in liq.)	1,102			
San Benedetto S.c.r.l. (in liq.)	9,622			
Sarmento S.c.r.l.	1			
Savico S.c.r.l. (in liq.)	(3)			
Sep Eole	762			
Seveso S.c.a.r.l. (in liq.)	400			
Skiarea Valchiavenna S.p.A.	99,740			
Società Autostrada Broni - Mortara S.p.A.	1,000,000			
Società Italiana per il Traforo del Ciriegia/Mercantour - SITRACI S.p.A.	244,536			(168,729)
Soingit S.c.r.l. (in liq.)	3,121			
Strade e Depuratori Palermo S.c.r.l.	1,653			
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A.-Iglys S.A. UTE	3,944			
Torino Parcheggi S.r.l. (in liq.)	3,034			
VE.CO. S.c.r.l.	2,582			
Versilia S.c.r.l. (in liq.)	3,512	(3,512)		
Versilia Servizi S.c.a.r.l. (in liq.)	6,800	(6,800)		
TOTAL CONSTRUCTION	13,355,750	(469,367)	19,463	(3,325,824)
Consorzio Agenzia del Mare (in liq.)	33,708			
Consorzio Agrital Ricerche (in liq.)	(54,934)			
Consorzio Aree Industriali Potentine (in liq.)	(653)			
Consorzio Macopsissa Ambiente (in liq.)	13,823			
Consorzio Ramsar Molentargius	2,608			
Consorzio Unitam (in liq.)	6,714			
Libyan Italian Join Company	9,432			(9,432)
Nautilus S.c.p.a. (in liq.)	75,208			(13,237)
Villagest S.c.r.l. (in liq.)	6,275			
TOTAL ENGINEERING & PLANT CONSTRUCTION	92,181	-	-	(22,669)

Other gains (losses) in profit or loss	Dividends from associates	Hedging reserve	Change due to exchange rate fluctuations	Change in consolidation scope	Reclassifications	31 December 2010
						8,257
						313,652
						(1)
						23,241
						2,531
						5,165
						165
						20,658
						26,856
						3,193,670
						5,271
						18,592
						-
						1,102
						9,622
						1
					(1,997)	(2,000)
						762
						400
						99,740
					(1,000,000)	-
					(720)	75,087
						3,121
						1,653
						3,944
						3,034
						2,582
						-
						-
-	-	-	311,328	(594,377)	(998,216)	8,298,757
						33,708
						(54,934)
						(653)
						13,823
						2,608
						6,714
						-
						61,971
						6,275
-	-	-	-	-	-	69,512



Equity investments

Name (Euro/000)	31 December 2009	Acquisitions (Disinvestments and liquidations)	Share/quota capital transactions	Share of profit or loss of associates
Acqua Campania S.p.A.	9,607			
Coincar S.A.	805,423			(828,465)
Consorcio Agua Azul S.A.	5,737,144			589,219
Enecor S.A.	-			
Ochre Solutions Holdings Ltd	90,167			
Pedemontana Veneta S.p.A.	1,140,000			
Sistranyac S.A.	149,965			
Società Autostrada Broni - Mortara S.p.A.	-		9,000,000	(261,756)
Tangenziale Esterna S.p.A.	7,750,000			
Yacylec S.A.	1,463,439			(363,147)
Yuma Concessionaria S.A.	-	4,348,551		27,338
TOTAL CONCESSIONS	17,145,745	4,348,551	9,000,000	(836,811)
TOTAL EQUITY INVESTMENTS WITH POSITIVE CARRYING AMOUNTS	30,593,676	3,879,184	9,019,463	(4,185,304)
AVAILABLE FOR SALE FINANCIAL ASSETS				
Mediterranea delle Acque S.p.A.	10,705,797	(11,758,581)		
TOTAL	41,299,473	(7,879,397)	9,019,463	(4,185,304)

Other gains (losses) in profit or loss	Dividends from associates	Hedging reserve	Change due to exchange rate fluctuations	Change in consolidation scope	Reclassifications	31 December 2010
						9,607
			23,042			-
	(1,064,708)		585,385			5,847,040
(158,847)					158,847	-
						90,167
						1,140,000
						149,965
					1,000,000	9,738,244
						7,750,000
	(487,094)		63,879			677,077
			(304,608)			4,071,281
(158,847)	(1,551,802)	-	367,698	-	1,158,847	29,473,381
(158,847)	(1,551,802)	-	679,026	(594,377)	160,631	37,841,650
1,052,785						-
893,938	(1,551,802)	-	679,026	(594,377)	160,631	37,841,650



IMPREGILO GROUP - EQUITY INVESTMENTS WITH NEGATIVE CARRYING AMOUNTS

Name (Euro/000)	31 December 2009	Acquisitions (Disinvestments and liquidations)	Share/quota capital transactions	Share of profit or loss of associates
Alia S.c.r.l. (in liq.)	1			
Ancipa S.c.r.l. (in liq.)	(1,957,223)			(382,736)
Antignano S.c.r.l. (in liq.)				(25,107)
Cagliari 89 S.c.r.l. (in liq.)	(132,850)			
Cannatello S.c.r.l. (in liq.)	(14,000)			
Cogefar/C.I.S.A./Icla/Fondedile - Sorrentina S.c.r.l. (in liq.)	-			(141,620)
Consorzio Edilizia Sociale Industrializzata Lazio - CESIL (in liq.)	(157,219)			40,292
Consorzio infrastruttura area metropolitana - Metro Cagliari (in liq.)	(2,757)			(36)
Consorzio per il Nucleo di Balvano (in liq.)	(411,094)			411,094
Corso Malta S.c.r.l. (in liq.)	(65,000)			
Costruttori Riuniti per la Valtellina - CORIVALT S.c.r.l. (in liq.)	(46,000)			46,000
Diga Ancipa S.c.r.l. (in liq.)	(90,187)			5,687
Edificatrice Sarda S.r.l. (in liq.)	(387,574)			(3,000)
Edilizia Giudiziaria S.c.r.l. (in liq.)	(6,616)			
Fedco J.V.	(13,623)	13,623		
GE.A.C. S.r.l.	(413)			
Grandi Uffici S.c.r.l. (in liq.)	-			(50,000)
Groupement Hydrocastoro	(258,735)	258,735		
Imprese Riunite Genova Irg S.c.r.l. (in liq.)	-			
Imprese Riunite Genova Seconda S.c.r.l. (in liq.)	(1,135,000)			1,115,000
Marsico Nuovo S.c.r.l. (in liq.)	(8,430)			8,430
Milano Sviluppo S.r.l. (in liq.)	(72,404)	79,277		(6,873)
Monte Vesuvio S.c.r.l. (in liq.)	(201,354)			(91,387)
Montenero S.c.r.l. (in liq.)	-			
Paullese S.c.r.l. (in liq.)	(11,419)			(4,606)
Pietrarossa S.c.r.l. (in liq.)	(2,344,055)			(1,409,139)
S. Leonardo S.c.r.l. (in liq.)	(1)			
Saces S.r.l. (in liq.)	(1,205,993)			
Salini - Impregilo Joint Venture for Mukorsi	(7,522)			
San Giorgio Caltagirone S.c.r.l. (in liq.)	(65,114)			(21,887)
Sclafani S.c.r.l. (in liq.)	(65,000)			(90,000)
Sep Eole	(1,628,626)			
Società Italiana per il Traforo del Ciriegia/Mercantour - SITRACI S.p.A.	-			
Soingit S.c.r.l. (in liq.)	(103,121)			50,000
Strade e Depuratori Palermo S.c.r.l.	-			(1,653)
Sviluppo Applicazioni Industriali - SAPIN S.r.l. (in liq.)	-			
Unicatanzaro S.c.r.l. (in liq.)	(8,102)			
TOTAL CONSTRUCTION	(10,399,431)	351,635	-	(551,541)

Other gains (losses) in profit or loss	Dividends from associates	Hedging reserve	Change due to exchange rate fluctuations	Change in consolidation scope	Reclassifications	31 December 2010
					(1)	-
						(2,339,959)
						(25,107)
						(132,850)
						(14,000)
					11,620	(130,000)
						(116,927)
						(2,793)
						-
						(65,000)
						-
						(84,500)
						(390,574)
						(6,616)
						-
						(413)
						(50,000)
						-
					(20,000)	(20,000)
					20,000	-
						-
						-
						(292,741)
						-
						(16,025)
					1	(3,753,193)
						(1)
						(1,205,993)
						(7,522)
						(87,001)
						(155,000)
						(1,628,626)
						-
					3,121	(50,000)
						(1,653)
						-
						(8,102)
-	-	-	-	-	14,741	(10,584,596)



Equity investments

Name	31 December 2009	Acquisitions (Disinvestments and liquidations)	Share/quota capital transactions	Share of profit or loss of associates
(Euro/000)				
Puentes del Litoral S.A.	(3,037,818)			3,039,104
Impregilo Wolverhampton Ltd	(772,342)			124,600
Ochre Solutions Holdings Ltd				
TOTAL CONCESSIONS	(3,810,160)	-	-	3,163,704
TOTAL EQUITY INVESTMENTS WITH NEGATIVE CARRYING AMOUNTS	(14,209,591)	351,635	-	2,612,163
TOTAL	27,089,882	(7,527,762)	9,019,463	(1,573,141)



Other gains (losses) in profit or loss	Dividends from associates	Hedging reserve	Change due to exchange rate fluctuations	Change in consolidation scope	Reclassifications	31 December 2010
					(1,286)	-
	(82,685)	(182,832)	(25,531)			(938,790)
-	(82,685)	(182,832)	(25,531)	-	(1,286)	(938,790)
-	(82,685)	(182,832)	(25,531)	-	13,455	(11,523,386)
893,938	(1,634,487)	(182,832)	653,495	(594,377)	174,086	26,318,264





CONSOLIDATION SCOPE



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CONSOLIDATION SCOPE

Name	Country	Currency	Share/quota capital subscribed	% of investment	% direct	% indirect	Indirectly held by	Method 31.12.2010
CONSTRUCTION								
Impregilo S.p.A.	Italy	Euro	718,364,457	100		100	Sundry	line-by-line
Alia S.c.r.l. (in liq.)	Italy	Euro	10,200	100		100	Imprepar S.p.A.	line-by-line
BATA S.r.l. (in liq.)	Italy	Euro	102,000	50.69		50.69	Imprepar S.p.A.	line-by-line
Bocoge S.p.A. - Costruzioni Generali	Italy	Euro	1,702,720	100	100			line-by-line
Campione S.c.r.l. (in liq.)	Italy	Euro	11,000	99.9	99.9			line-by-line
CIS Divisione Prefabbricati Vibrocasa Scac - C.V.S. S.r.l. (in liq.)	Italy	Euro	10,000	100		100	INCAVE S.r.l.	line-by-line
Congressi 91 S.c.r.l. (in liq.)	Italy	Euro	25,000	100		80 20	Impresa Castelli S.r.l. Bocoge S.p.A.	line-by-line
Consorzio CCTE (in liq.)	Italy	Euro	41,315	100	60	40	ILIM S.r.l.	line-by-line
Consorzio Cogefar-Impresit Cariboni per la Frana di Spriana S.c.r.l. (in liq.)	Italy	Euro	45,900	100	100			line-by-line
Consorzio tra le Società Impregilo/Bordin/Coppetti/Icep - CORAV	Italy	Euro	51,129	96.97	96.97			line-by-line
Consorzio Pielte (in liq.)	Italy	Euro	15,493	100		33.33 66.67	Imprepar S.p.A. Incave S.r.l.	line-by-line
Construtora Impregilo y Asociados S.A. - CIGLA S.A.	Brazil	BRL	7,641,014	100	100			line-by-line
Costruzioni Ferroviarie Torinesi Duemila S.c.r.l. (in liq.)	Italy	Euro	10,328	100		100	INCAVE S.r.l.	line-by-line
CSC Impresa Costruzioni S.A.	Switzerland	CHF	2,000,000	100	100			line-by-line
Effepi - Finanza e Progetti S.r.l. (in liq.)	Italy	Euro	78,000	100		100	SGF INC S.p.A.	line-by-line
Engeco France S.a.r.l.	France	Euro	15,470	100		99.67 0.33	Imprepar S.p.A. Incave S.r.l.	line-by-line
Eurotechno S.r.l. (in liq.)	Italy	Euro	26,245	100		100	Imprepar S.p.A.	line-by-line
I.L.I.M. - Iniziative Lombarde Immobiliari S.r.l. (in liq.)	Italy	Euro	3,100,000	100	100			line-by-line
Imprefeal S.p.A.	Italy	Euro	2,580,000	100		100	Imprepar S.p.A.	line-by-line
Impregilo Colombia SAS	Colombia	COP	850,000,000	100	100			line-by-line
Impregilo Lidco Libya Co	Libya	DL	5,000,000	60	60			line-by-line
Imprepar - Impregilo Partecipazioni S.p.A.	Italy	Euro	3,100,000	100	100			line-by-line
Impresa Castelli S.r.l. (in liq.)	Italy	Euro	10,000	100		100	Imprepar S.p.A.	line-by-line
Impresit del Pacifico S.A.	Peru	PEN	35,000	100		100	Imprepar S.p.A.	line-by-line
INC - Algerie S.a.r.l.	Algeria	DZD	151,172,000	99.97		99.97	SGF INC S.p.A.	line-by-line
INCAVE S.r.l. (in liq.)	Italy	Euro	90,000	100		100	Imprepar S.p.A.	line-by-line
Joint Venture Impregilo S.p.A. - S.G.F. INC S.p.A.	Greece			100	99	1	SGF INC S.p.A.	line-by-line
Lavori Lingotto S.c.r.l. (in liq.)	Italy	Euro	25,000	100	100			line-by-line
Nuovo Dolonne S.c.r.l. (in liq.)	Italy	Euro	50,000	100	100			line-by-line
PGH Ltd	Nigeria	NGN	52,000,000	100	100			line-by-line
Rivigo J.V. (Nigeria) Ltd	Nigeria	NGN	25,000,000	70		70	PGH Ltd	line-by-line
S. Leonardo S.c.r.l. (in liq.)	Italy	Euro	25,500	99.99		99.99	Imprepar S.p.A.	line-by-line
S.A. Healy Company	USA	USD	11,320,863	100	100			line-by-line
S.G.F. - I.N.C. S.p.A.	Italy	Euro	3,859,680	100	100			line-by-line
San Martino Prefabbricati S.p.A. (in liq.)	Italy	Euro	510,000	100		100	Impresa Castelli S.r.l.	line-by-line
Savico S.c.r.l. (in liq.)	Italy	Euro	10,200	100		81 19	Imprepar S.p.A. Sapin S.r.l.	line-by-line
Società Industriale Prefabbricazione Edilizia del Mediterraneo - S.I.P.E.M. S.p.A. (in liq.)	Italy	Euro	438,546	100	100			line-by-line
Suramericana de Obras Publicas C.A. - Suropca C.A.	Venezuela	VEB	2,874,118,000	100	99	1	CSC S.A.	line-by-line
Sviluppo Applicazioni Industriali - SAPIN S.r.l. (in liq.)	Italy	Euro	51,480	100		100	Imprepar S.p.A.	line-by-line
Vegas Tunnel Constructors	USA			100	40	60	Healy S.A.	line-by-line
Aquilgest S.c.r.l. (in liq.)	Italy	Euro	10,000	51		51	Imprepar S.p.A.	proportionate
Aquilpark S.c.r.l. (in liq.)	Italy	Euro	10,000	51		51	Imprepar S.p.A.	proportionate
BA.TA. 91 S.c.r.l. (in liq.)	Italy	Euro	50,000	50.69		50.69	Imprepar S.p.A.	proportionate
CO. MAR. S.c.r.l. (in liq.)	Italy	Euro	10,200	84.99		84.99	Imprepar S.p.A.	proportionate
Consorzio Acueducto Oriental	Dom. Republic			67	67			proportionate

Name	Country	Currency	Share/quota capital subscribed	% of investment	% direct	% indirect	Indirectly held by	Method 31.12.2010
Consorzio Central Hidroelectrica Daule Peripa Division Obras Civiles	Ecuador			90	85	5	Imprepar S.p.A.	proportionate
Consorzio Contuy Medio Grupo A C.I. S.p.A. Ghella Sogene C.A., Otaola C.A.	Venezuela			36.4	36.4			proportionate
Consorzio Impregilo - Ingco	Dom. Republic			70	70			proportionate
Consorzio Impregilo - OHL	Colombia			70		70	Impregilo Colombia SAS	proportionate
Consorzio Impregilo Yarull	Dom. Republic			70	70			proportionate
Consorzio Alta Velocità Torino/Milano - C.A.V.TO.MI.	Italy	Euro	5,000,000	74.69	74.69			proportionate
Consorzio Autosilo Vico Morcote	Switzerland			70		70	CSC S.A.	proportionate
Consorzio C.A.V.E.T. - Consorzio Alta Velocità Emilia/Toscana	Italy	Euro	5,422,797	75.98	75.98			proportionate
Consorzio Camaiole Impianti (in liq.)	Italy	Euro	25,500	55	55			proportionate
Consorzio Caserma Donati	Italy	Euro	300,000	84.2	84.2			proportionate
Consorzio Cociv	Italy	Euro	516,457	54	54			proportionate
Consorzio MITECO	Italy	Euro	10,000	44.16	44.16			proportionate
Consorzio Scilla (in liq.)	Italy	Euro	1,000	51	51			proportionate
Consorzio Torre	Italy	Euro	5,000,000	94.6	94.6			proportionate
Consorzio Venice Link (in liq.)	Italy	Euro	1,000	61	61			proportionate
Consorzio/Vianini lavori/Impresit/Dal Canton/Icisi/Siderbeton - VIDIS (in liq.)	Italy	Euro	25,822	60		60	Imprepar S.p.A.	proportionate
Constructora Mazar Impregilo-Herdoiza Crespo	Ecuador			70	70			proportionate
Empresa Constructora Angostura Ltda	Chile	PSC	50,000,000	65	65			proportionate
Empresa Constructora Costanera Norte Ltda	Chile	CLP	10,000,000	77.78	77.78			proportionate
Eurolink S.c.p.a.	Italy	Euro	150,000,000	45	45			proportionate
Ghazi-Barotha Contractors J.V.	Switzerland			57.8	57.8			proportionate
Grupo ICT I SAS	Colombia	COP	300,000,000	60	60			proportionate
Grupo ICT II SAS	Colombia	COP	1,000,000,000	60	60			proportionate
Grupo Unidos Por El Canal S.A.	Panama	USD	1,000,000	48	48			proportionate
La Quado S.c.a.r.l.	Italy	Euro	10,000	35	35			proportionate
Librino S.c.r.l. (in liq.)	Italy	Euro	45,900	66		66	Imprepar S.p.A.	proportionate
Melito S.c.r.l. (in liq.)	Italy	Euro	77,400	66.67		66.67	Imprepar S.p.A.	proportionate
Montenero S.c.r.l. (in liq.)	Italy	Euro	10,400	61.11		61.11	Imprepar S.p.A.	proportionate
Nathpa Jhakri J.V.	India	USD	1,000,000	60	60			proportionate
OS.A.V.E. S.c.r.l. (in liq.)	Italy	Euro	10,199	66.15		66.15	Imprepar S.p.A.	proportionate
Passante di Mestre S.c.p.a.	Italy	Euro	50,000,000	42	42			proportionate
Pedelombarda S.c.p.a.	Italy	Euro	80,000,000	47	47			proportionate
Reggio Calabria - Scilla S.c.p.a.	Italy	Euro	35,000,000	51	51			proportionate
S. Leonardo Due S.c.r.l. (in liq.)	Italy	Euro	40,800	60		60	Imprepar S.p.A.	proportionate
Salerno-Reggio Calabria S.c.p.a.	Italy	Euro	50,000,000	51	51			proportionate
Trincerone Ferroviario S.c.r.l. (in liq.)	Italy	Euro	45,900	60		60	Imprepar S.p.A.	proportionate
Val Viola S.c.r.l. (in liq.)	Italy	Euro	10,200	60	60			proportionate
Vittoria S.c.r.l. (in liq.)	Italy	Euro	20,400	58		58	Imprepar S.p.A.	proportionate
A.T.I. Monte Bianco S.c.r.l. (in liq.)	Italy	Euro	10,329	33.33		33.33	SGF INC S.p.A.	equity
Adduttore Ponte Barca S.c.r.l. (in liq.)	Italy	Euro	45,900	24.33		24.33	Imprepar S.p.A.	equity
Aegek-Impregilo-Aslom J.V.	Greece			45.8	45.8			equity
Anagnina 2000 S.c.r.l.	Italy	Euro	10,329	50	50			equity
ANBAFER S.c.r.l. (in liq.)	Italy	Euro	25,500	50		50	Imprepar S.p.A.	equity
Ancipa S.c.r.l. (in liq.)	Italy	Euro	10,200	50		50	Imprepar S.p.A.	equity
Antignano S.c.r.l. (in liq.)	Italy	Euro	10,200	47.37		47.37	Imprepar S.p.A.	equity
Arbeitsgemeinschaft Tunnel Umfahrung Saas (ATUS)	Switzerland			32		32	CSC S.A.	equity
Arge Haupttunnel Eyholz	Switzerland			36		36	CSC S.A.	equity
Arge Stollen Chatzuhus	Switzerland			40		40	CSC S.A.	equity



Name	Country	Currency	Share/quota capital subscribed	% of inves- ment	% direct	% indirect	Indirectly held by	Method 31.12.2010
(continued) CONSTRUCTION								
Aurelia 98 S.c.r.l. (in liq.)	Italy	Euro	10,000	40	40			equity
B.O.B.A.C. S.c.a.r.l. (in liq.)	Italy	Euro	10,200	50		50	SGF INC S.p.A.	equity
Cagliari 89 S.c.r.l. (in liq.)	Italy	Euro	10,200	49		49	Sapin S.r.l.	equity
Cannatello S.c.r.l. (in liq.)	Italy	Euro	20,400	40		40	Imprepar S.p.A.	equity
CCB Consorzio Centro Balneare	Switzerland			40		40	CSC S.A.	equity
CE.S.I.F. S.c.p.a. (in liq.)	Italy	Euro	250,000	24.18	24.18			equity
CGR Consorzio Galliera Roveredo	Switzerland			37.5		37.5	CSC S.A.	equity
Churchill Construction Consortium	Great Britain			30		30	Impregilo New Cross Ltd	equity
Churchill Hospital J.V.	Great Britain			50		50	Impregilo New Cross Ltd	equity
CMC - Consorzio Monte Ceneri lotto 851	Switzerland			40		40	CSC S.A.	equity
CMC - Mavundla - Impregilo J.V.	South Africa			39.2	39.2			equity
Cogefar/C.I.S.A./Icla/Fondedile - Sorrentina S.c.r.l. (in liq.)	Italy	Euro	46,480	25		25	Imprepar S.p.A.	equity
Collegamento Ferroviario Genova-Milano S.p.A.	Italy	Euro	120,000	60.4	60.4			equity
Consorzio Cigla-Sade	Brazil			50		50	Cigla S.A.	equity
Consorzio Contuy Medio	Venezuela			29.04	29.04			equity
Consorzio Federici/Impresit/Ice Cochabamba	Bolivia	USD	100,000	25		25	Imprepar S.p.A.	equity
Consorzio Grupo Contuy-Proyectos y Obras de Ferrocarriles	Venezuela			33.33	33.33			equity
Consorzio Imigrantes	Brazil			50		50	Cigla S.A.	equity
Consorzio Impregilo Cosapi (in liq.)	Peru			55	55			equity
Consorzio OIV-TOCOMA	Venezuela			20	20			equity
Consorzio Planalto	Brazil			50	25	25	Cigla S.A.	equity
Consorzio Serra do Mar	Brazil			50	25	25	Cigla S.A.	equity
Consorzio V.I.T. - Tocoma	Venezuela			35	35			equity
Consorzio V.I.T. Caroni - Tocoma	Venezuela			35	35			equity
Consorzio V.S.T.	Venezuela			35		35	Suropca C.A.	equity
Consorzio V.S.T. Tocoma	Venezuela			30	30			equity
Consorzio CEMS	Switzerland			33.4		33.4	CSC S.A.	equity
Consorzio CGCC	Switzerland			50		50	CSC S.A.	equity
Consorzio CGMR	Switzerland			40		40	CSC S.A.	equity
Consorzio CO.RI.TECNO (in liq.)	Italy	Euro	51,646	50		50	Imprepar S.p.A.	equity
Consorzio Cogefar/Italstrade/Recchi/CMC - CIRC (in liq.)	Italy	Euro	51,000	25		25	Imprepar S.p.A.	equity
Consorzio Consavia S.c.n.c. (in liq.)	Italy	Euro	20,658	50		50	Imprepar S.p.A.	equity
Consorzio CPS Pedemontana Veneta Costruttori Progettisti e Servizi	Italy	Euro	100,000	35	35			equity
Consorzio del Sinni	Italy	Euro	51,646	43.16		43.16	Imprepar S.p.A.	equity
Consorzio Edile Palazzo Mantegazza	Switzerland			45		45	CSC S.A.	equity
Consorzio Felce	Switzerland			25		25	CSC S.A.	equity
Consorzio Ferrofir (in liq.)	Italy	Euro	30,987	33.33		33.33	Imprepar S.p.A.	equity
Consorzio FLP	Switzerland			30		30	CSC S.A.	equity
Consorzio FLP II	Switzerland			33.33		33.33	CSC S.A.	equity
Consorzio Galleria Scaglioni CGS	Switzerland			50		50	CSC S.A.	equity
Consorzio Imprese Lavori FF.SS. di Saline - FEIC	Italy	Euro	15,494	33.33		33.33	Imprepar S.p.A.	equity
Consorzio Iniziative Ferroviarie - INFER	Italy	Euro	41,316	35		35	Imprepar S.p.A.	equity
Consorzio Italian Engineering & Contractors for Al Faw - IECAF	Italy	Euro	10,000	33.1	33.1			equity
Consorzio Lavori Interventi Straordinari Palermo - Colispa S.c.r.l. (in liq.)	Italy	Euro	21,420	29.76		29.76	Imprepar S.p.A.	equity
Consorzio Metropolitane	Italy	Lit	100,000,000	25		25	Imprepar S.p.A.	equity
Consorzio Pedelombarda 2	Italy	Euro	10,000	40	40			equity
Consorzio per il Nucleo di Balvano (in liq.)	Italy	Euro	51,645	40.26		40.26	Imprepar S.p.A.	equity
Consorzio Portale Vezia (CVP Lotto 854)	Switzerland	Euro		60		60	CSC S.A.	equity
Consorzio Sarda Costruzioni Generali - SACOGEN	Italy	Lit	20,000,000	25		25	Sapin S.r.l.	equity

Name	Country	Currency	Share/quota capital subscribed	% of investment	% direct	% indirect	Indirectly held by	Method 31.12.2010
Consorzio Sardo d'Imprese	Italy	Euro	103,291	34.38		34.38	Sapin S.r.l.	equity
Consorzio SI.VI.CI.CA.	Switzerland			25		25	CSC S.A.	equity
Consorzio Stazione Mendrisio	Switzerland	Euro		25		25	CSC S.A.	equity
Consorzio Suburbia (in liq.)	Italy	Euro	15,494	33.33		33.33	Impresa Castelli S.r.l.	equity
Consorzio TAT-Tunnel Alp Transit Ticino, Arge	Switzerland			25	17.5	7.5	CSC S.A.	equity
Consorzio Trevi - S.G.F. INC per Napoli	Italy	Euro	10,000	45		45	SGF INC S.p.A.	equity
Constructora Embalse Casa de Piedra S.A. (in liq.)	Argentina	ARS	821	72.93		72.93	Imprepar S.p.A.	equity
Corso Malta S.c.r.l. (in liq.)	Italy	Euro	40,800	42.5		42.5	Imprepar S.p.A.	equity
Costruttori Riuniti per la Valtellina - CORIVALT S.c.r.l. (in liq.)	Italy	Euro	10,200	42.5		42.5	Imprepar S.p.A.	equity
CRA Consorzio Realizzazione Arca	Switzerland			40		40	CSC S.A.	equity
CSLN Consorzio	Switzerland			28		28	CSC S.A.	equity
Depurazione Palermo S.c.r.l. (in liq.)	Italy	Lit	20,000,000	50		50	Imprepar S.p.A.	equity
Diga Ancipa S.c.r.l. (in liq.)	Italy	Euro	10,200	50		50	Imprepar S.p.A.	equity
E.R. Impregilo/Dumez y Asociados para Yaciretê - ERIDAY	Argentina	USD	539,400	20.75	18.75	2	Iglys S.A.	equity
Edificatrice Sarda S.r.l. (in liq.)	Italy	Euro	10,328	25		25	Sapin S.r.l.	equity
Edil.Gi. S.c.r.l. (in liq.)	Italy	Lit	20,000,000	50		50	Imprepar S.p.A.	equity
Edilizia Giudiziaria S.c.r.l. (in liq.)	Italy	Euro	10,200	26.66		26.66	Imprepar S.p.A.	equity
Empresa Constructora Lo Saldes L.t.d.a.	Chile	CLP	10,000,000	35	35			equity
Executive J.V. Impregilo S.p.A. Terna S.A. - Alte S.A. (in liq.)	Greece			33.33	33.33			equity
FE.LO.VI. S.c.n.c. (in liq.)	Italy	Euro	25,822	32.5		32.5	Imprepar S.p.A.	equity
Galliera 2000 S.c.r.l. (in liq.)	Italy	Euro	25,500	25		25	Impresa Castelli S.r.l.	equity
Grandi Uffici S.c.r.l. (in liq.)	Italy	Euro	10,200	31.46		31.46	Imprepar S.p.A.	equity
Groupement Hydrocastoro	Algeria	DZD	2,000,000	49.98		49.98	INC Algerie Sarl	equity
Grupo Empresas Italianas - GEI	Venezuela	VEB	10,000,000	33.33	33.33			equity
Healy-Yonkers-Atlas-Gest J.V.	USA			45		45	Healy S.A.	equity
Impregilo Cogefar New Esna Barrage J.V. (in liq.)	Egypt	Euro	51,645	100		99	1 Imprepar S.p.A. 1 INCAVE S.r.l.	equity
Impregilo - Rizzani de Eccher J.V.	Switzerland			67	67			equity
Impregilo Arabia Ltd	Arabia	SAD	40,000,000	50	50			equity
Impregilo Healy Joint Venture	USA			100	15	85	Healy S.A.	equity
Impregilo S.p.A. - Iglys S.A. UTE	Argentina	ARS	10,000	39.1	29.1	10	Iglys S.A.	equity
Imprese Riunite Genova Irg S.c.r.l. (in liq.)	Italy	Euro	25,500	26.3		26.3	Imprepar S.p.A.	equity
Imprese Riunite Genova Seconda S.c.r.l. (in liq.)	Italy	Euro	25,000	26.3		26.3	Imprepar S.p.A.	equity
Isibari S.c.r.l.	Italy	Euro	15,300	55		55	Bocoge S.p.A.	equity
Italsagi SP. ZO.O	Poland	PLN	10,000	33		33	Imprepar S.p.A.	equity
Joint Venture Aegek-Impregilo-Ansaldo-Seli-Ansaldobreda	Greece			26.71	26.71			equity
Joint Venture Aktor Ate - Impregilo S.p.A. (Constantinos)	Greece			40	40			equity
Joint Venture Impregilo S.p.A. - Empedos S.A. - Aktor A.T.E.	Greece			66	66			equity
Joint Venture Terna - Impregilo	Greece			45	45			equity
Line 3 Metro Stations	Greece			50	50			equity
Lodigiani-Pgel J.V. (in liq.)	Pakistan			100		100	Imprepar S.p.A.	equity
Matsoku Civil Contractor (MMC) J.V.	Lesotho			30		30	Imprepar S.p.A.	equity
Metrogenova S.c.r.l.	Italy	Euro	25,500	35.63	35.63			equity
Mohale Dam Contractors (MDC) J.V.	Lesotho			50	50			equity
Mohale Tunnel Contractors (MTC) J.V.	Lesotho			35	35			equity
Monte Vesuvio S.c.r.l. (in liq.)	Italy	Euro	45,900	50		50	Imprepar S.p.A.	equity
Olbia 90 S.c.r.l. (in liq.)	Italy	Euro	10,200	24.5		24.5	Sapin S.r.l.	equity
Paulesse S.c.r.l. (in liq.)	Italy	Euro	25,500	50		50	Impresa Castelli S.r.l.	equity
Pietrarossa S.c.r.l. (in liq.)	Italy	Euro	10,200	50		50	Imprepar S.p.A.	equity
Platano S.c.n.c. (in liq.)	Italy	Euro	30,987	33.33		33.33	Imprepar S.p.A.	equity



Name	Country	Currency	Share/quota capital subscribed	% of investment	% direct	% indirect	Indirectly held by	Method 31.12.2010
(continued) CONSTRUCTION								
Quattro Venti S.c.r.l. (in liq.)	Italy	Euro	51,000	40	40			equity
RCCF Nodo di Torino S.c.p.a. (in liq.)	Italy	Euro	102,000	26		26	INCAVE S.r.l.	equity
S. Anna Palermo S.c.r.l. (in liq.)	Italy	Euro	40,800	71.6	71.6			equity
Saces S.r.l. (in liq.)	Italy	Euro	26,000	37		37	Imprepar S.p.A.	equity
San Benedetto S.c.r.l. (in liq.)	Italy	Euro	25,823	57		57	Imprepar S.p.A.	equity
San Giorgio Caltagirone S.c.r.l. (in liq.)	Italy	Euro	25,500	33		33	Imprepar S.p.A.	equity
Sciafani S.c.r.l. (in liq.)	Italy	Euro	10,400	41		41	Imprepar S.p.A.	equity
Sep Eole	France	FF	10,000	50		50	Imprepar S.p.A.	equity
Sincat S.c.r.l. (in liq.)	Italy	Lit	80,000,000	28.57		28.57	Imprepar S.p.A.	equity
SO.CO.TAU. S.c.r.l. (in liq.)	Italy	Euro	10,200	20.27		20.27	Bocoge S.p.A.	equity
Soingit S.c.r.l. (in liq.)	Italy	Lit	80,000,000	29.49		29.49	Imprepar S.p.A.	equity
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A.-Iglys S.A. UTE	Argentina			35	26.25	8.75	Iglys S.A.	equity
Thessaloniki Metro CW J.V.	Greece			42.5	42.5			equity
Unicatanzaro S.c.r.l. (in liq.)	Italy	Euro	15,300	56		56	Bocoge S.p.A.	equity
VE.CO. S.c.r.l.	Italy	Euro	10,200	25	25			equity
Wohnanlage Hohenstaufenstrasse Wiesbaden	Germany			62.7		62.7	Imprepar S.p.A.	equity
Yellow River Contractors J.V.	China			36.5	36.5			equity

ENGINEERING & PLANT CONSTRUCTION

Fisia Italmimpianti S.p.A.	Italy	Euro	10,000,000	100	100			line-by-line
Fisia Babcock Engineering CO. Ltd	China	Euro	140,000	100		100	Fisia Babcock Gmbh	line-by-line
Fisia Babcock Environment Gmbh	Germany	Euro	15,000,000	100		100	Impregilo Intern. Infrastruc. N.V.	line-by-line
Gestione Napoli S.p.A. (in liq.)	Italy	Euro	100,000	99	24	54	Fisia Italmimpianti S.p.A.	line-by-line
						21	Fisia Babcock Gmbh	
Steinmuller International Gmbh	Germany	Euro	25,000	100		100	Fisia Babcock Gmbh	line-by-line
Shangai Pucheng Thermal Power Energy Co. L.t.d.	China	RMB	200,000,000	50		50	Fisia Babcock Gmbh	proportionate
Consorzio Agenzia del Mare (in liq.)	Italy	Euro	154,937	25		25	Fisia Italmimpianti S.p.A.	equity
Consorzio Agrital Ricerche (in liq.)	Italy	Euro	138,405	20		20	Fisia Italmimpianti S.p.A.	equity
Consorzio Macopsissa Ambiente (in liq.)	Italy	Euro	30,987	45.12		45.12	Fisia Italmimpianti S.p.A.	equity
Nautilus S.c.p.a. (in liq.)	Italy	Euro	479,880	34.41		34.41	Fisia Italmimpianti S.p.A.	equity
Villagest S.c.r.l. (in liq.)	Italy	Euro	13,944	50		50	Fisia Italmimpianti S.p.A.	equity

USW CAMPANIA PROJECTS

Fibe S.p.A.	Italy	Euro	3,500,000	99.998	99.989	0.003	Impregilo Intern. Infrastruc. N.V.	line-by-line
						0.003	Fisia Babcock Gmbh	
						0.003	Fisia Italmimpianti S.p.A.	

CONCESSIONS

Impregilo International Infrastructures N.V.	Netherlands	Euro	50,000,000	100	100			line-by-line
IGLYS S.A.	Argentina	ARS	17,000,000	100		98	Impregilo Intern. Infrastruc. N.V.	line-by-line
						2	INCAVE S.r.l.	
Impregilo New Cross Ltd	Great Britain	GBP	2	100		100	Impregilo Intern. Infrastruc. N.V.	line-by-line
Impregilo Parking Glasgow Ltd	Great Britain	GBP	1	100		100	Impregilo Intern. Infrastruc. N.V.	line-by-line
Mercovia S.A.	Argentina	ARS	10,000,000	60		60	Impregilo Intern. Infrastruc. N.V.	line-by-line

Name	Country	Currency	Share/quota capital subscribed	% of investment	% direct	% indirect	Indirectly held by	Method 31.12.2010
Ecorodovias Infraestrutura e Logística S.A.	Brazil	BRL	466,699,080	29.24		29.24	Impregilo Intern. Infrastruc. N.V.	proportionate
Anish Empreendimentos e Participacoes L.t.d.a.	Brazil	BRL	11,587,500	29.21		29.21	Elg 01 Participacoes L.t.d.a.	proportionate
Armazens Gerais Columbia S.A.	Brazil	BRL	26,371,059	23.39		17.66	Elog S.A.	proportionate
Bodner S.A.	Uruguay	PU	1,200,000	23.39		5.73	Bodner S.A.	proportionate
Concessionaria Das Rodovias Ayrton Senna e Carvalho Ponto SA-Ecopistas	Brazil	BRL	85,946,000	29.24		23.39	Elog S.A.	proportionate
Concessionaria Ecovia Caminho do Mar S.A.	Brazil	BRL	15,600,000	29.24		29.24	Ecorodovias Concessoes e Servicos S.A.	proportionate
Concessionaria Ecovias dos Imigrantes S.A.	Brazil	BRL	302,547,396	29.24		29.24	Ecorodovias Concessoes e Servicos S.A.	proportionate
Eadi sul Terminal de Cargas Ltda	Brazil	BRL	4,602,208	20.53		29.24	Ecorodovias Infr. e Logistica S.A.	proportionate
Ecopatio Logistica Cubatao L.t.d.a.	Brazil	BRL	69,826,666	23.39		11.7	Elog S.A.	proportionate
Ecoporto Holding L.t.d.a.	Brazil	BRL	1,000	29.21		8.83	Armazens Gerais Columbia S.A.	proportionate
Ecorodovias Concessoes e Servicos S.A.	Brazil	BRL	477,792,042	29.24		23.39	Elog S.A.	proportionate
Elil 01 Participacoes L.t.d.a.	Brazil	BRL	1,000	29.21		29.21	Ecorodovias Infr. e Logistica S.A.	proportionate
Elg 01 Participacoes L.t.d.a.	Brazil	BRL	1,000	23.37		29.21	Ecorodovias Infr. e Logistica S.A.	proportionate
Elog S.A.	Brazil	BRL	284,854,009	23.39		23.37	Elog S.A.	proportionate
Empr. Concessionaria de Rodovias do Sul S.A. - Ecosul	Brazil	BRL	17,755,000	26.32		23.39	Ecorodovias Infr. e Logistica S.A.	proportionate
Paquetà Participacoes L.t.d.a.	Brazil	BRL	11,000,000	29.21		26.32	Ecorodovias Infr. e Logistica S.A.	proportionate
Rodovia Das Cataratas S.A. - Ecocataratas	Brazil	BRL	41,849,000	29.24		29.21	Anish Empreend. E Particip. L.t.d.a.	proportionate
Aguas del Gran Buenos Aires S.A. (in liq.)	Argentina	ARS	45,000,000	42.59	16.5	29.24	Ecorodovias Concessoes e Servicos S.A.	proportionate
Aguas del Oeste S.A.	Argentina	ARS	170,000	33.33		23.73	Impregilo Intern. Infrastruc. N.V.	equity
Coincar S.A.	Argentina	ARS	40,465,122	35	26.25	2.36	Iglys S.A.	equity
Consortio Agua Azul S.A.	Peru	PEN	69,001,000	25.5		33.33	Iglys S.A.	equity
Enecor S.A.	Argentina	ARS	8,000,000	30		8.75	Iglys S.A.	equity
Impregilo Wolverhampton Ltd	Great Britain	GBP	1,000	20		25.5	Impregilo Intern. Infrastruc. N.V.	equity
Ochre Solutions Holdings Ltd	Great Britain	GBP	20,000	40		30	Impregilo Intern. Infrastruc. N.V.	equity
Puentes del Litoral S.A.	Argentina	ARS	43,650,000	26	22	40	Impregilo Intern. Infrastruc. N.V.	equity
Sistranyac S.A.	Argentina	ARS	3,000,000	20.1		4	Iglys S.A.	equity
Società Autostrada Broni - Mortara S.p.A.	Italy	Euro	2,500,000	40	40	20.1	Impregilo Intern. Infrastruc. N.V.	equity
Yacylec S.A.	Argentina	ARS	20,000,000	18.67		18.67	Impregilo Intern. Infrastruc. N.V.	equity
Yuma Concessionaria S.A.	Colombia	COP	26,000,100,000	40	40			equity



The following companies have been excluded from the consolidation scope compared to 31 December 2010:

Name	Country	Currency	Share/quota capital subscribed	% of investment	% direct	% indirect	Indirectly held by	Method 31.12.2009
CONSTRUCTION								
A.T.I. Girola-Romagnoli-Poscio - Domo II S.c.r.l.	Italy	Euro	10,200	40		40	Imprepar S.p.A.	equity
Auditorium Roma S.c.r.l.	Italy	Euro	90,000	60	60			equity
C.B.N. Chiasso consorzio	Switzerland			34		34	CSC S.A.	equity
Consorzio Paleuropa	Italy	Euro	10,000	60	60			equity
Consorzio RCPS Nuova Romea	Italy	Euro	20,000	30.6	30.6			equity
Consorzio San Cristoforo	Italy	Euro	51,645	48	48			equity
Consorzio Tre Esse	Italy	Euro	51,646	38		38	SGF INC S.p.A.	equity
Fedco J.V.	Malta	MDL	21,000	33.33		33.33	Imprepar S.p.A.	equity
Fox Valley West Properties JV	USA			50		50	Healy S.A.	equity
Gestioni Sanitarie Toscane S.c.r.l.	Italy	Euro	103,290	30		30	Imprepar S.p.A.	equity
IGL-Stfa - Impregilo Sezai Turkes Feyzi Akkaya J.V. (Bosforo)	Turkey	USD	1,000,000	50		50	Imprepar S.p.A.	equity
Impregilo - Ebasco-Losinger J.V.	USA			75	18.75	56.25	Healy S.A.	equity
Marsico Nuovo S.c.r.l.	Italy	Euro	10,200	25		25	Imprepar S.p.A.	equity
Milano Sviluppo S.r.l. (in liq.)	Italy	Euro	10,000	33.33		33.33	Impresa Castelli S.r.l.	equity
Salini - Cogefar Impresit Osborne Dam J.V.	Zimbabwe			50		50	Imprepar S.p.A.	equity
Salini - Cogefar Impresit Zhovhe Dam J.V.	Zimbabwe			50		50	Imprepar S.p.A.	equity
Sistema Sinni S.c.r.l.	Italy	Euro	30,600	31.25		31.25	Imprepar S.p.A.	equity
Versilia S.c.r.l.	Italy	Euro	10,200	34	34			equity
Versilia Servizi S.c.a.r.l.	Italy	Euro	20,000	34	34			equity
CONCESSIONS								
Caminos de las Sierras S.A.	Argentina	ARS	120,000,000	90.52		90.52	Impregilo Intern. Infrastruc. N.V.	line-by-line
ENGINEERING & PLANT CONSTRUCTION								
Pertusola Sud S.c.r.l.	Italy	Euro	10,000	50		50	Fisia Italimpianti S.p.A.	equity

The consolidation scope has been enlarged compared to 31 December 2010 by the following companies:

Name	Country	Currency	Share/quota capital subscribed	% of investment	% direct	% indirect	Indirectly held by	Method 31.12.2010
CONSTRUCTION								
Empresa Constructora Angostura Ltda	Chile	PSC	50,000,000	65	65			proportionate
Empresa Constructora Lo Saldes L.t.d.a.	Chile	CLP	10,000,000	35	35			equity
Consorcio Impregilo - OHL	Colombia			70		70	Impregilo Colombia SAS	equity
Consorzio CGCC	Switzerland			50		50	CSC S.A.	equity
Consorzio Pedelombarda 2	Italy	Euro	10,000	40	40			equity
Consorzio Portale Vezia (CVP Lotto 854)	Switzerland	Euro		60		60	CSC S.A.	equity
Consorzio SI.VI.CI.CA.	Switzerland			25		25	CSC S.A.	equity
Consorzio Stazione Mendrisio	Switzerland	Euro		25		25	CSC S.A.	equity
Impregilo Colombia SAS	Colombia	COP	850,000,000	100	100			equity
La Quado S.c.a.r.l.	Italy	Euro	10,000	35	35			equity
CONCESSIONS								
Anish Empreendimentos e Participacoes L.t.d.a.	Brazil	BRL	11,587,500	29.21		29.21	Elg 01 Participacoes L.t.d.a.	proportionate
Armazens Gerais Columbia S.A.	Brazil	BRL	26,371,059	23.39		17.66	Elog S.A.	proportionate
						5.73	Bodner S.A.	
Bodner S.A.	Uruguay	PU	1,200,000	23.39		23.39	Elog S.A.	proportionate
Eadi sul Terminal de Cargas Ltda	Brazil	BRL	4,602,208	20.53		11.7	Elog S.A.	proportionate
						8.83	Armazens Gerais Columbia S.A.	
Eil 01 Participacoes L.t.d.a.	Brazil	BRL	1,000	29.21		29.21	Ecorodovias Infr. e Logistica S.A.	proportionate
Paquetà Participacoes L.t.d.a.	Brazil	BRL	11,000,000	29.21		29.21	Anish Empreend. E Particip. L.t.d.a.	proportionate
Yuma Concessionaria S.A.	Colombia	COP	1,000,100,000	40	40			equity





STATEMENT ON THE CONSOLIDATED FINANCIAL STATEMENTS



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Statement on the consolidated financial statements pursuant to article 81-ter of Consob regulation no. 11971 of 14 May 1999 and subsequent amendments and integrations

1 Alberto Rubegni, as chief executive officer, and Rosario Fiumara, as manager in charge of financial reporting, of Impregilo S.p.A. state, considering the provisions of article 154-bis.3/4 of Legislative decree no. 58 of 24 February 1998:

- the adequacy of the administrative and accounting procedures given the group's characteristics; and
- their effective application

during 2010 to prepare the consolidated financial statements.

2 No significant issues arose.

3 Moreover, they state that:

3.1 the consolidated financial statements:

- a) have been prepared in accordance with the International Financial Reporting Standards endorsed by the European Union pursuant to EC Regulation 1606/2002 of the European Parliament and Council of 19 July 2002 and the measures implementing article 9 of Legislative decree no. 38/2005;
- b) are consistent with the accounting records and entries;
- c) are suitable to give a true and fair view of the financial position at 31 December 2010 and the results of operations and cash flows for the year then ended of the Issuer and consolidated companies.

3.2 The directors' report includes a reliable analysis of the financial performance and results, as well as the financial position of the Issuer and the consolidated companies, together with information about the key risks and uncertainties to which they are exposed.

Milan, 16 March 2011

Chief executive officer

Alberto Rubegni

(Signed on the original)

Manager in charge of financial reporting

Rosario Fiumara

(Signed on the original)





SEPARATE FINANCIAL STATEMENTS
OF IMPREGILO S.p.A. AS AT AND FOR THE YEAR
ENDED 31 DECEMBER 2010



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STATEMENT OF FINANCIAL POSITION

(Euro)

ASSETS	Note	31 December 2010	31 December 2009
Non-current assets			
Property, plant and equipment	1.1	56,339,836	46,158,445
Intangible assets	1.2	33,685,551	46,719,238
Equity investments	1.3	598,112,417	369,609,014
Non-current intragroup receivables	4	144,325,708	297,114,162
Other non-current assets	4	771,385	315,546
Deferred tax assets	5.1	36,034,125	44,549,610
Total non-current assets		869,269,022	804,466,015
Current assets			
Inventories	6.1	37,194,947	38,557,562
Contract work in progress	6.2	369,013,159	344,193,926
Trade receivables	6.4	200,774,710	301,754,412
Current intragroup receivables	6.4.2	443,207,825	451,816,935
Derivatives and other current financial assets (*)	8.1-8.4	313,159	75,162
Current tax assets	5.2	43,057,005	81,427,898
Other current tax assets	5.3	40,854,745	63,373,517
Other current assets	6.6	36,720,552	37,130,339
Cash and cash equivalents (*)	8.2	49,877,568	154,914,635
Total current assets		1,221,013,670	1,473,244,386
Total assets		2,090,282,692	2,277,710,401

(*) Items included in net financial position

(Euro)

EQUITY AND LIABILITIES	Note	31 December 2010	31 December 2009
Equity			
Share capital		718,364,457	718,364,457
Share premium reserve		1,222,023	1,222,023
Other reserves		9,892,070	8,330,643
Retained earnings		60,537,648	45,430,858
Profit for the year		157,875,816	16,344,018
Total equity	7	947,892,014	789,691,999
Non-current liabilities			
Bank and other loans (*)	8.3	224,755,798	294,338,448
Non-current derivatives (*)	8.4	-	2,319,498
Post-employment benefits and employee benefits	3	15,562,648	23,859,394
Tax liabilities	5.4	80,060,138	77,168,944
Provisions for risks and charges	2	91,681,951	93,990,232
Total non-current liabilities		412,060,535	491,676,516
Current liabilities			
Current account facilities and current portion of bank loans (*)	8.3- 8.5	211,918,281	361,205,026
Derivatives and other current financial liabilities (*)	8.4	1,798,663	940,617
Advances on contract work in progress	6.3	91,891,956	132,056,885
Trade payables	6.5.1	100,991,161	79,177,594
<i>of which: related parties</i>	<i>15</i>	<i>1,680,217</i>	
Current intragroup payables	6.5.2	265,133,536	321,483,308
Current tax liabilities	5.5	6,743,093	10,896,364
Other current tax liabilities	5.6	3,617,815	24,194,848
Other current liabilities	6.7	48,235,638	66,387,244
<i>of which: related parties</i>	<i>15</i>	<i>17,666,518</i>	<i>17,666,518</i>
Total current liabilities		730,330,143	996,341,886
Total equity and liabilities		2,090,282,692	2,277,710,401

(*) Items included in net financial position



INCOME STATEMENT

(Euro)

	Note	2010	2009
Revenue			
Operating revenue	11	1,028,197,185	1,555,337,439
Other revenue	11	30,673,891	59,185,006
Total revenue		1,058,871,076	1,614,522,445
Costs			
Raw materials and consumables	12.1	(29,823,797)	(51,423,676)
Subcontracts	12.2	(72,771,345)	(87,164,458)
Other operating expenses	12.3	(776,077,258)	(1,177,811,471)
Personnel expenses	12.4	(102,280,901)	(127,423,381)
Amortisation, depreciation, provisions and impairment losses	12.5	11,489,271	(29,638,464)
<i>of which: related parties (*)</i>	15	<i>(2,270,965)</i>	
Total costs		(969,464,030)	(1,473,461,450)
Operating profit		89,407,046	141,060,995
Financing income (costs) and gains (losses) on investments			
<i>Financial income</i>	13.1	<i>18,922,273</i>	<i>75,914,463</i>
<i>Financial expense</i>	13.2	<i>(40,047,002)</i>	<i>(55,014,002)</i>
<i>Net exchange rate losses</i>	13.3	<i>(11,084,414)</i>	<i>(12,482,261)</i>
Net financing costs		(32,209,143)	8,418,200
Net gains (losses) on investments	13.4	123,924,598	(103,986,353)
Net financing costs and net gains (losses) on investments		91,715,455	(95,568,153)
Profit before tax		181,122,501	45,492,842
Income tax expense	14	(23,246,685)	(29,148,824)
Profit for the year		157,875,816	16,344,018

(*) Relating to the items "Subcontracts" and "Other operating expenses"

STATEMENT OF COMPREHENSIVE INCOME

(Euro)

	Note	2010	2009
Profit for the year (a)		157,875,816	16,344,018
Gains (losses) on cash flow hedges, net of the tax effect	7	744,225	(89,419)
Other comprehensive income (expense) (b)		744,225	(89,419)
Total comprehensive income (a) + (b)		158,620,041	16,254,599

STATEMENT OF CASH FLOWS

(Euro/000)

	Note	2010	2009
Cash and cash equivalents	8.2	154,915	128,692
Current account facilities	8.3	(182,454)	(134,304)
Total cash and cash equivalents at the beginning of the year		(27,539)	(5,612)
Operating activities			
Profit for the year		157,876	16,344
Amortisation of intangible assets	12.5	245	924
Depreciation of property, plant and equipment	12.5	12,198	12,675
Net impairment losses and provisions	12.5	(23,932)	16,039
Accrual for post-employment benefits and employee benefits	12.4	7,517	14,591
Gains on the sale of assets	11 - 12.3	(810)	(4,503)
Deferred taxes and national tax consolidation system	14	8,233	(21,239)
Impairment losses on investments	13.4	(121,957)	105,870
Other non-monetary items		11,528	(18,459)
Total income statement		50,898	122,242
Decrease (increase) in inventories		(13,463)	(32,307)
Decrease (increase) in trade receivables		(84,567)	(66,840)
(Decrease) increase in advances from customers		(36,943)	(68,896)
(Decrease) increase in trade payables		18,329	(3,919)
Decrease (increase) in other assets/liabilities		128,337	58,447
<i>of which: cash flows from related party transactions</i>	15	<i>(3,482)</i>	-
Total operating cash flows		11,693	(113,515)
Cash flows from operating activities		62,591	8,727
Investing activities			
Investments in property, plant and equipment	1.1	(25,237)	(5,602)
Proceeds from the sale or reimbursement value of property, plant and equipment		3,282	6,830
Investments in non-current financial assets		(13,424)	(8,998)
Proceeds from the sale or reimbursement value of non-current financial assets		287	3,383
Cash flows used in investing activities		(35,092)	(4,387)
Financing activities			
Dividend distribution	7	(420)	(33,457)
Increase in bank and other loans		7,183	180,000
Decrease in bank and other loans		(160,194)	(183,231)
Change in other financial assets/liabilities		(955)	10,421
Cash flows used in financing activities		(154,386)	(26,267)
Other changes due to non-recurring transactions		-	-
Effect of appreciation of Bolivar		88,346	-
Decrease in cash and cash equivalents		(38,541)	(21,927)
Cash and cash equivalents	8.2	49,878	154,915
Current account facilities	8.3	(115,958)	(182,454)
Total cash and cash equivalents at the end of the year		(66,080)	(27,539)
Other information			
Income taxes paid during the year		(2,836)	(4,507)
Net interest paid during the year		(31,304)	(43,697)



STATEMENT OF CHANGES IN EQUITY

(Euro/000)	Note	Share capital	Share premium reserve	
As at 31 December 2008		718,364	1,222	
Share capital increase	7	-	-	
Allocation of profit and reserves	7	-	-	
Dividend distribution	7	-	-	
<i>Profit for the year</i>	7	-	-	
<i>Other comprehensive expense</i>	7	-	-	
Total comprehensive income		-	-	
As at 31 December 2009		718,364	1,222	
Share capital increase	7	-	-	
Allocation of profit and reserves	7	-	-	
Dividend distribution	7	-	-	
<i>Profit for the year</i>	7	-	-	
<i>Other comprehensive income</i>	7	-	-	
Total comprehensive income		-	-	
As at 31 December 2010		718,364	1,222	



Legal reserve	Hedging reserve	Total other reserves	Retained earnings	Profit for the year	Total equity
5,851	(1,583)	4,268	-	83,040	806,894
	-	-	-	-	-
4,152	-	4,152	45,431	(49,583)	-
-	-	-	-	(33,457)	(33,457)
-	-	-	-	16,344	16,344
-	(89)	(89)	-	-	(89)
-	(89)	(89)	-	16,344	16,255
10,003	(1,672)	8,331	45,431	16,344	789,692
-	-	-	-	-	-
817	-	817	15,527	(16,344)	-
-	-	-	(420)	-	(420)
-	-	-	-	157,876	157,876
-	744	744	-	-	744
-	744	744	-	157,876	158,620
10,820	(928)	9,892	60,538	157,876	947,892



2010 performance by geographical segment

(Euro/m)	Italy	Other EU countries	Other European (Non-EU) countries
Revenue by geographical segment	410,6	30,3	45,3

Statement of financial position as at 31 December 2010 by geographical segment

(Euro/m)	Italy	Other EU countries	Other European (Non-EU) countries
Net non-current assets	438,3	169,9	3,2
Total non-current assets	438,3	169,9	3,2
Provisions for risks, Post-employment benefits and employee benefits and Other non-current assets (liabilities)	61,6	0,1	
Net tax assets			
Working capital	289,9	148,7	(2,5)
Total working capital	289,9	148,7	(2,5)
Net invested capital	789,8	318,7	0,7
Equity			
Net financial indebtedness			
Total financial resources			



North America	Central and South America	Middle East and Asia	Rest of the World	Total Impregilo S.p.A.
26,3	440,0	31,0	75,4	1,058,9

North America	Central and South America	Middle East and Asia	Rest of the World	Total Impregilo S.p.A.
8,5	35,6	30,7	1,9	688,1
8,5	35,6	30,7	1,9	688,1
-	(20,1)	(3,4)	(0,3)	37,9
				29,5
(8,1)	150,5	(9,7)	11,9	580,7
(8,1)	150,5	(9,7)	11,9	580,7
0,4	166,0	17,6	13,5	1,336,2
				947,9
				388,3
				1,336,2



NOTES TO THE SEPARATE FINANCIAL STATEMENTS OF IMPREGILO S.p.A.

INTRODUCTION

Impregilo S.p.A. has prepared its 2010 separate financial statements on a going concern basis. As required by Regulation no. 1606/2002 issued by the European Parliament and Council, implemented in Italy by Legislative decree no. 38/2005, these separate financial statements of Impregilo S.p.A. have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union at 31 December 2010. They comprise a statement of financial position, an income statement, a statement of comprehensive income, a statement of cash flows, a statement of changes in equity and these notes.

The separate financial statements have been prepared using the historical cost principle, except for those items which are recognised at fair value in accordance with IFRS, as described in the section on "Accounting policies". The carrying amounts of assets and liabilities, hedged with transactions which qualify for hedge accounting, are adjusted to reflect changes in fair value related to the hedged risks.

The statement of financial position, income statement and statement of comprehensive income are presented in Euros, whereas the amounts in the statement of cash flows, statement of changes in equity and these notes are shown in thousands of Euros, unless stated otherwise.

CHANGE IN STANDARDS

The following standards, amendments and interpretations have been applied by the company for the first time starting from 1 January 2010.

- IFRS 3 (revised in 2008) - Business combinations. The revised IFRS 3 introduced important changes mainly related to step acquisitions of subsidiaries, the fair value measurement of non-controlling interests acquired in a step acquisition, recognition of all acquisition-related costs in profit or loss and the acquisition-date recognition of the liability for the contingent consideration.
- Improvement to IFRS 5 - Non-current assets held for sale and discontinued operations. This improvement establishes that when an entity is engaged in a disposal plan which leads to the loss of control over an investee, all the investee's assets and liabilities shall be reclassified as held for sale, even when the entity still has a non-controlling interest in the investee after the transfer.
- Amendment to IFRS 2 - Share-based payments.
- IFRIC 12 - Service concession arrangements.
- Amendment to IAS 39 - Financial instruments: recognition and measurement - Eligible hedged items.

The following standards, amendments and interpretations are applicable for the first time from 1 January 2010 but are not relevant to Impregilo:

- revised IFRS 1 - First-time adoption of the International Financial Reporting Standards
- IFRIC 15 - Agreements for the construction of real estate
- IFRIC 16 - Hedges of a net investment in a foreign operation



- IFRIC 17 - Distributions of non-cash assets to owners
- IFRIC 18 - Transfers of assets from customers

The European Commission endorsed and published the following new standards, amendments and integrations in 2009 and 2010 in addition to those existing, approved and published by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC):

- Amendment to IAS 32 - Classification of rights issues (applicable from 1 January 2011)
- Amendment to IAS 24 - Related party disclosures (applicable from 1 January 2011)
- Amendment to IFRIC 14 - Prepayments of a minimum funding requirement (applicable from 1 January 2011)
- Amendment to IFRIC 19 - Extinguishing financial liabilities with equity instruments (applicable from 1 January 2011)
- Improvements to IFRS (2010; applicable from 1 January 2011).

Adoption of the above amendments did not significantly affect the company's separate financial statements.

The company has not adopted in advance the standards, amendments and interpretations already endorsed by the European Union but which become applicable after 31 December 2010.

FORMAT AND CONTENT OF THE SEPARATE FINANCIAL STATEMENTS

Format of the separate financial statements

Impregilo S.p.A. opted to present its separate financial statements at 31 December 2010 as follows:

- Current and non-current assets and current and non-current liabilities are presented separately in the statement of financial position. Current assets and liabilities are those expected to be realised, sold, used or settled in the company's normal operating cycle, which normally exceeds 12 months. Non-current assets and liabilities include non-current assets, deferred tax assets, employee benefits, deferred tax liabilities and other balances expected to be realised or settled after the company's normal operating cycle.
- The income statement gives a classification of costs by nature and shows the profit or loss before "Financing income (costs) and gains (losses) on investments" and income taxes. The statement of comprehensive income shows all non-owners changes in equity.
- The statement of cash flows presents the cash flows from operating, investing and financing activities separately. The indirect method is used.



ACCOUNTING POLICIES

The accounting policies adopted to draw up Impregilo's separate financial statements at 31 December 2010 comply with the IFRS and are consistent with those used to prepare the 2009 separate financial statements, except for the standards enacted after 1 January 2010, summarised in the section on the "Changes in standards".

Property, plant and equipment

Property, plant and equipment are recognised at purchase or production cost, net of accumulated depreciation and any impairment losses. Depreciation is calculated on a straight-line basis using rates determined based on the assets' residual possible use. The annual rates are as follows:

Category	Depreciation rate
Land	-
Buildings	3%
Plant and machinery	from 10% to 20%
Industrial and commercial equipment	from 25% to 40%
Other assets	from 12% to 25%

Land and buildings, plant and machinery with a carrying amount to be recovered mainly through their sale (rather than the asset's continued use) are measured at the lower of their carrying amount and fair value less costs to sell. Assets classified as held for sale shall be immediately available for sale and their sale shall be highly probable (ie, the related commitments already exist). Their sales value shall be reasonable compared to their fair value.

The carrying amount of property, plant and equipment is tested for impairment whenever events or changes in circumstances take place indicating that the carrying amount will not be recovered. Reference should be made to the section on "Impairment of assets" for details on impairment testing.

Borrowing costs directly related to the acquisition or construction of an asset are capitalised as part of the cost of the asset, to the extent of its recoverable amount. As established by IAS 23 - Borrowing costs, the company has applied this method to all qualifying assets.

Borrowing costs are capitalised when the costs of the acquisition of the asset and borrowing costs are incurred, and the activities necessary to bring the asset to a condition for its use have been started.

The costs provided for but not yet paid related to qualifying assets are excluded from determination of the amount to be capitalised.

Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

Subsequent expenditure is only capitalised if it increases the future economic benefits of the related asset. All other expenditure is expensed when incurred.

Ordinary maintenance costs are fully expensed when incurred. Costs that increase the carrying amount of assets are allocated thereto and depreciated over their residual economic lives.

Dismantlement and restoration costs of assets used for work in progress are added to the cost of the related asset and depreciated in line with the depreciation pattern of the asset to which they refer when they are expected and objectively determinable.

Leasehold improvements are classified in the different items of property, plant and equipment on the basis of their nature. They are depreciated over the shorter of the estimated useful life of the relevant asset and the residual term of the lease.

Leased property, plant and equipment

Assets held under finance leases whereby all the risks and rewards of ownership are substantially transferred to the company are recognised as company assets and classified as property, plant and equipment. The related payable to the lessor is shown under financial liabilities. The lease payment is split into the financial expense, taken to the income statement, and the principal repayment, offset against the financial liability. The carrying amount of the leased asset is determined considering its fair value or, if lower, the present value of the lease payments.

The depreciation method and subsequent measurement are consistent with those applied to non-leased assets.

Leases where the lessor retains all the risks and rewards of ownership are treated as operating leases. The initial negotiation costs incurred for this type of lease increase the value of the related lease and are recognised over the lease term netted against the revenue generated by the lease. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Other intangible assets

Other intangible assets purchased or generated internally are recognised under assets in accordance with IAS 38 - Intangible assets when it is probable that the use of the asset will generate future economic benefits and the cost of the asset can be measured reliably. Those assets with finite useful lives are measured at purchase or development cost and amortised on a straight-line basis over their estimated useful lives. Recoverability of their carrying amount is checked by using the criteria set out in the section on "Impairment of assets".

The excess of the purchase cost compared to the company's share of the net fair value of the high capacity business units acquired in the past is classified as other intangible assets and mainly refers to acquisition costs of the business units purchased. The related amortisation is calculated in line with the stage of completion and duration of the work.

Equity investments

Investments in subsidiaries and associates and interests in joint ventures are measured at cost and tested regularly for impairment. This test is carried out whenever there is an indication that the investment may be impaired. The method used is described in the section on "Impairment of assets". When an impairment loss is required, this is recognised immediately in profit or loss. When the reasons for a previous impairment loss no longer exist, the carrying amount of the investment is restated to the extent of its original cost. Reversals of impairment losses are recognised in profit or loss.



Impairment of non-financial assets

If there is any indication that an intangible asset or an item of property, plant and equipment is impaired, the recoverable amount of the asset is estimated to determine the amount of the impairment loss. Goodwill and other intangible assets with indefinite lives are tested annually for impairment.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

If a binding sales agreement does not exist, fair value is estimated using the observable prices of an active market, recent transactions or the best information available to reflect the amount the entity could obtain by disposing of the asset.

Value in use is determined by discounting to present value the estimated future cash flows expected to arise from the continuing use of an asset, net of taxes, and, if reasonably determinable, from its disposal at the end of its useful life. Discounting is applied by using a post-tax discount rate which reflects the present market value of the time value of money and specific risks.

The assessment is made for individual assets or the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets from its continuing use (cash-generating unit). An impairment loss is recognised when the recoverable amount is lower than the carrying amount. If the reasons for the impairment loss are no longer valid, the impairment loss (except in the case of goodwill) is reversed and the adjustment is taken to profit or loss as a reversal of impairment losses. A reversal of impairment losses is recognised to the extent of the lower of the recoverable amount and original carrying amount less depreciation/amortisation that would have been recognised had the impairment loss not been recognised.

Inventories of goods

Inventories of goods are measured at the lower of average purchase cost and net realisable value. Cost includes the directly related costs and estimated realisable value is determined using the replacement cost of the assets. Any write-downs are eliminated in subsequent years when the reasons therefor are no longer valid.

Contract work in progress and revenue from construction contracts

Contract work in progress consists of work performed net of progress billings issued to customers. When payment of the consideration is completed, the related turnover, including the advances, is recognised under "Revenue - goods and services" in the income statement with the related variation in inventories. The provision for contractual risks is directly offset against inventories and is set up to cover possible charges and losses on contracts performed either directly by the group or as part of a joint venture.

Contract work in progress is measured considering the consideration agreed with the customer and the stage of completion of the work.

Revenue related to contract work in progress is recognised using the stage of completion method.

The stage of completion is determined using the cost to cost method whereby the percentage of completion (the ratio between costs incurred and total estimated costs) is applied to the total estimated revenue.

Given the technical complexity, size and length of time involved in completing contracts, the additional considerations are measured before



an agreement is reached with the customer. Claims for additional considerations are considered when measuring contract work in progress when they can be quantified and they are reasonably certain to be made.

In the case of events that take place after the reporting date but before the financial statements are approved, which provide additional information about expected profits or losses on the contract, this additional information is considered when determining the contractual revenue or costs to be incurred to complete the contract and for the recognition of any profits or losses.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The contract costs, included in the cost to cost calculation, may be classified as:

- pre-operating costs, which include costs incurred during the start-up stage of the contract, before construction starts, such as the costs of design and specific studies carried out for the contract; organisation and production start-up costs and building site start-up costs. These pre-operating costs are included in the stage of completion calculation and in the cost to cost calculation once they have been incurred. During the initial stage of the contract, they are included in the carrying amount of work in progress, if recoverable, without recognising any profit margin when the profit or loss cannot be reliably determined;
- contract operating costs, which include those directly attributable to the contract (eg, materials, subcontracting, labour, amortisation and depreciation, expropriation costs, any directly attributable borrowing costs, etc.). They are recognised on an accruals basis and included in the calculation of the stage of completion;
- post-operating costs: this category includes site dismantlement costs generally incurred after the contract has been closed to remove the installations (or entire sites) and to return the machinery or plant to the company's premises or transfer them to another site. This category also includes losses on abandoned materials and the cost of transporting unused materials. They are included in the contract estimate and, therefore, if incurred during the contract term, they are comprised in the calculation of the progress billings. Therefore, no specific accruals are made to the income statement;
- costs for services to be rendered after completion of the contract: these costs mainly relate to services rendered after the contract has been completed. They may include assistance and supervision provided in the early stages of use of the plant or scheduled maintenance. If the contract does not include specific additional considerations for these services and the contract may be "closed" for accounting purposes (contracts are usually closed once work is completed and the customer has accepted the end result), the costs to be incurred to render these services when the contract is closed in the accounting records should be estimated and provided for in the specific items. These costs are included in the calculation to determine the contract revenue.

Real estate projects

Closing inventories of real estate projects are those real estate areas developed with a view to selling them. They are measured at the lower of cost and estimated realisable value. Costs incurred consist of the consideration paid for purchasing the areas and related charges, construction costs and borrowing costs related to the project up to and not exceeding its completion.



Financial assets and liabilities

Measurement and presentation of financial instruments are covered by IAS 39 and IAS 32, respectively. The company has introduced the disclosure required by IFRS 7 from 2007.

The financial instruments used by the company are classified as follows: financial assets or financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

Financial assets or financial liabilities at fair value through profit or loss

This category includes derivatives that do not meet hedge accounting requirements.

Fair value gains or losses on derivatives in this category are recognised as "Financing income (costs)" in profit or loss when they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are measured at amortised cost, as detailed further on, and any gains or losses arising therefrom are recognised as "Financing income (costs)" in profit or loss under the amortised cost method.

This category includes the following items:

- **Trade receivables and payables and other receivables and payables**

Trade and other receivables are recognised at amortised cost, net of impairment losses determined on the basis of their estimated recoverable amount calculated by analysing each position and the total non-collection risk.

If the collection date is postponed and exceeds normal collection times for the sector, these receivables are discounted.

All factored receivables that do not meet the requirements for derecognition under IAS 39 continue to be recognised in the company's financial statements even when they have been legally transferred. They are thus included as assets and a financial liability of the same amount is recognised.

Trade and other payables are recognised at amortised cost allocating interest to the income statement based on the effective interest rate, being the rate that exactly discounts estimated future cash payments through to the carrying amount of the financial asset.

- **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term, highly liquid investments with a term of less than three months. This item is shown net of bank borrowings at the reporting date in the statement of cash flows.

- **Loans and bonds**

Loans and bonds are initially recognised at cost, being the fair value of the consideration received less transaction costs.

After initial recognition, loans are measured at amortised cost, whereby repayments are determined using the effective interest method with a rate which matches, at initial recognition, the expected cash flows with the initial carrying amount.

Loan transaction costs are classified under liabilities decreasing the loan; amortised cost is calculated considering these costs and any discounts or premiums expected at settlement.

The effects arising from the recognition at amortised cost are taken to "Financing income (costs)".



Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the company has the positive intention and ability to hold to maturity. They are recognised at amortised cost, and interest accrued thereon is taken to profit or loss under "Financial income" using the effective interest method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are not classified in the other categories. They mainly relate to consortia and consortium companies of which the company holds less than 20%. In accordance with IAS 39, such investments are stated as non-current assets measured at cost, adjusted for impairment, since their fair value cannot be determined. Dividend income from such financial instruments is recognised in profit or loss under financial income when the company is given the right to such dividend.

Fair value of financial instruments

The fair value of financial instruments has been estimated as follows:

- The fair value of financial instruments traded on an active market is based on the market price at the reporting date. This method has been applied especially to listed financial instruments classified as "Available-for-sale financial assets" and financial instruments classified as "Held-to-maturity investments".
- The fair value of the derivatives classified as "Hedging derivatives" and "Financial assets and financial liabilities at fair value through profit or loss" has been measured based on the Discounted Cash Flow Model. With respect to interest rate swaps, discounted cash flows have been estimated using the implicit forward rate of the market Euro curve at 31 December 2010 and 2009, while the exchange rate market prices at the relevant reporting date have been used for currency forward transactions.
- The fair value of loans and receivables has been determined on the basis of the present value of their future cash flows discounted at a rate equal to the current interest rates applicable in the relevant markets and the average spread agreed by the company.

Derecognition of financial assets and liabilities

(a) Financial assets

A financial asset (or, where applicable, part of a financial asset or parts of a group of similar financial assets) is derecognised when:

- (i) the contractual rights to the cash flows from the financial asset expire;
- (ii) the company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in full and immediately;
- (iii) the company transfers the contractual rights to receive the cash flows of the asset and has transferred substantially all the risks and rewards of ownership of the financial asset and the related control.



When the company has transferred the contractual rights to receive the cash flows of the financial asset and has neither transferred nor retained substantially all the risks and rewards or has retained control, it continues to recognise the asset to the extent of its continuing involvement in the asset. Continuing involvement that takes the form of guaranteeing the transferred asset is measured at the lower of the initial carrying amount of the asset and the maximum amount of the consideration that the company could be required to pay.

(b) Financial liabilities

Financial liabilities are derecognised when the underlying obligation is discharged, cancelled or expires.

When an existing financial liability is exchanged with another by the same lender at substantially different terms, or the terms of an existing liability are substantially modified, this exchange or modification is treated as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amounts is recognised in profit or loss.

Impairment of financial assets

If there is any indication that a financial asset is impaired, the recoverable amount of the asset is estimated to determine the amount of the impairment loss.

Derivatives and hedging transactions

Impregilo S.p.A. has derivatives recognised at fair value when the related agreement is signed and for subsequent fair value changes. The treatment of the related fair value gains or losses changes depending on whether the conditions for hedge accounting are met, as described below.

The company has derivatives to hedge currency and financial risks. At the inception of the transaction, it documents the hedging relationship, its risk management and strategy objectives in entering into the transaction, the hedging instrument and hedged item or transaction and the nature of the hedged risk. Moreover, at the inception of the transaction and thereafter on an ongoing basis, the company documents whether or not the hedge meets the effectiveness requirements to offset its exposure to changes in the fair value of the hedged item or cash flows attributable to the hedged risk.

Based on the above-mentioned documentation, derivatives used for specific hedging purposes are classified and recognised as follows:

(a) Fair value hedges - If a derivative is designated as a hedge of exposure to changes in the fair value of an asset or liability due to a specific risk that may affect profit or loss, the gain or loss deriving from the subsequent measurement of the fair value of the hedging instrument is taken to profit or loss. The gain or loss on the hedged item, related to the hedged risk, changes the carrying amount of this item and is taken to profit or loss.

(b) Cash flow hedges - If a derivative is designated as a hedge of exposure to changes in cash flows of an asset or liability or a highly probable transaction and could affect profit or loss, the effective part of the gains or losses on the financial instrument is taken to equity. The cumulative gain or loss is derecognised from equity and taken to profit or loss in the same period in which the hedged transaction is recognised. The gain or loss related to a hedge or part of a hedge which has become ineffective is taken to profit or loss immediately.



If a hedging instrument or a hedging relationship is closed, but the hedged transaction has not yet taken place, the cumulative gains and losses, recognised in equity up to then, are reclassified to profit or loss when the transaction takes place. If it is unlikely the hedged transaction will take place, the unrealised gains and losses recognised in equity are immediately recognised in profit or loss.

The scope of the hedge is assessed in strategic terms. When they do not meet the requirements of IAS 39 for hedge accounting, the derivatives are classified as "Financial assets or financial liabilities at fair value through profit or loss".

Employee benefits

Post-employment benefits

Post-employment benefits are recognised at the actuarial value of the company's payable determined in line with ruling legislation and national and in-house labour agreements. The actuarial method, based on demographic, financial and turnover assumptions, is applied by independent actuaries. The related gains and losses are taken to profit or loss as costs or revenue.

The 2007 Finance Act and related implementing decrees introduced significant changes to legislation governing Italian post-employment benefits, effective as from 1 January 2007. These include the option given to employees, to be exercised before 30 June 2007, of where to allocate their future benefits. Specifically, employees can opt to allocate them to selected pension funds or maintain them with the company, in which case, the latter shall pay the entitlements to the treasury fund of the Italian Social Security Institution ("INPS").

Following these changes, the Italian post-employment benefits accruing after the date of the employees' decision and, in any case, after 30 June 2007, are considered part of a defined contribution plan and treated like all other social security contributions.

Income taxes

Current taxes are provided for using the tax rates and applying the tax laws ruling in Italy and other countries in which the company operates, including through its branches, based on the best estimate of the taxable profit for the year.

Beginning from 2004, the company has joined the national tax consolidation system, as the consolidating party, which is regulated by the conditions set out in agreements drawn up by the participating companies.

The group policies provide that tax losses transferred by the subsidiaries give rise to a benefit for them to the extent to which they could have been used had the national tax consolidation system not existed. Otherwise, the parent benefits, except for a partial payment to the companies transferring the losses, in proportion to the effective use in the national tax consolidation system. Moreover, the smaller taxes paid by Impregilo following the national tax consolidation system are prudently provided for when it is probable that the tax losses will be paid in the future to the subsidiaries that transferred them.

Deferred tax assets and liabilities are calculated on the basis of the temporary differences between the tax base of an asset or liability and their carrying amount. Deferred tax assets are recognised when the company holds their recovery to be probable.

The carrying amount of deferred tax assets is reviewed at each reporting date and, to the extent necessary, is decreased when it is no longer probable that sufficient taxable profits will be available in the future to use all or part of the related benefit.



Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the reporting date.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

In the case of transactions recognised directly in equity, the related deferred tax asset or liability also affects equity.

Provisions for risks and charges

In accordance with IAS 37, the company makes accruals to provisions for risks and charges when the following conditions exist:

- the company has a present obligation (legal or constructive) at the reporting date as a result of a past event where an outflow of resources embodying economic benefits will be required to settle the obligation;
- it is probable that the obligation (through an outflow of resources) will have to be settled;
- a reliable estimate can be made of the amount of the obligation.

When the time value is material and the obligation payment dates can be estimated reliably, the amount recognised as the provision equals the pre-tax future cash flows (ie, forecast outflows) discounted at a rate that reflects the present market value and risks specific to the liability.

The increase in the provision due to discounting is recognised as a financial expense.

When the expected cash flows are included in an estimate range with the same probability of occurrence, the median value is discounted to measure the liability.

Provision for restructuring costs is made when the company has approved a detailed formal plan that has been implemented and communicated to the third parties involved.

Translation criteria for foreign currency items

The translation criteria for foreign currency items adopted by the company are as follows:

- foreign currency monetary assets and liabilities, excluding property, plant and equipment, intangible assets and equity investments measured at cost, are measured at the closing spot rate with any exchange rate gains or losses taken to the income statement;
- property, plant and equipment, intangible assets and equity investments (non-monetary assets) are recognised at historical cost denominated in the foreign currency and translated using the historical exchange rate;
- revenue and costs related to foreign currency transactions are recognised in profit or loss at the exchange rate ruling on the date of the transaction;
- any material effects deriving from changes in exchange rates after the reporting date are disclosed in the notes.

The Euro is the functional currency of foreign branches, as it is the primary currency they use in their operations.



Non-current assets held for sale and discontinued operations

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

Assets held for sale are recognised as such when one of the following events takes place:

- signing of a binding sales agreement;
- approval and communication of a formal sales plan by directors.

In order to be correctly measured, the assets shall be:

- available for immediate sale in their present condition,
- subject only to terms that are usual and customary for sales of such assets, and
- the sale must be highly probable and expected to take place within twelve months.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

The results of discontinued operations are disclosed separately in the income statement. As required by IFRS 5.34 - Non-current assets held for sale and discontinued operations, the corresponding prior year figures are restated accordingly.

Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the company and the related amount can be reliably determined.

Revenue from the sale of goods is recognised when the company has shipped the goods and has transferred all the material risks and rewards of ownership to the buyer. Revenue from construction contracts is recognised as provided for in the related Standard, described below.

When the outcome of a construction contract can be estimated reliably, contract revenue is recognised by reference to the stage of completion of the contract activity at the reporting date based on the ratio of the costs incurred up to the reporting date to the total estimated contract costs, unless this is held to not represent the stage of completion of the contract.

Changes in the contract, claims and incentive payments are recognised to the extent that they are reasonably certain.

Revenue is recognised only to the extent of contract costs incurred that it is probable will be recovered. Contract costs are recognised as an expense in the year in which they are incurred.

Interest income

Interest income is recognised on an accruals basis, considering the principal and applicable effective interest rate, ie, the rate that discounts the estimated future inflows over the expected life of the financial asset to return it to its carrying amount.



Dividends

Dividends are recognised when the investors' right to receive payment arises in line with local ruling legislation.

Risks relating to customers and the countries in which Impregilo S.p.A. operates

The company is active in segments where most of the contracts are with state-owned customers. Therefore, its results are strictly related to the amount and term of investments in large-scale infrastructure works scheduled and awarded by governments or public bodies of the countries in which the company carries out its ongoing activities. Impregilo is also exposed to a series of country risks, such as changes in political or social conditions and developments in economic policies.

Significant accounting estimates

Preparation of financial statements and the related notes in accordance with the IFRS requires management to make judgements and estimates that affect the carrying amount of assets and liabilities and financial statements disclosures. The estimates are used to:

- determine amortisation and depreciation (see the "Property, plant and equipment", "Leased property, plant and equipment" and "Other intangible assets" paragraphs of the "Accounting policies" section);
- recognise employee benefits (see the "Employee benefits" paragraph of the "Accounting policies" section);
- recognise taxes (see the "Income taxes" paragraph of the "Accounting policies" section);
- recognise provisions for risks and charges (see the "Provisions for risks and charges" paragraph of the "Accounting policies" section);
- determine total contract costs and the related stage of completion (see the "Contract work in progress and revenue from construction contracts" paragraph of the "Accounting policies" section). A significant part of the company's activities is typically performed on the basis of contracts which provide that a specific consideration is agreed when the contract is awarded. This implies that the profits on these contracts may undergo change compared to the original estimates depending on the recoverability of greater expenses and/or costs the company may incur during performance of such contracts.

The actual results may differ from those estimated due to uncertainties underlying the assumptions and the conditions on which the estimates are based.

Fundamental assumptions about the future and other reasons for uncertainty when making the estimates at the reporting date that may lead to material adjustments to the carrying amount of the assets and liabilities are described in the specific section of the directors' report which gives an analysis of the risk areas of each segment.



STATEMENT OF FINANCIAL POSITION

Net invested capital

1 Net non-current assets

Net non-current assets are as follows:

(Euro/000)	Note	31 December 2010	31 December 2009	Variation
Property, plant and equipment	1.1	56,340	46,158	10,182
Intangible assets	1.2	33,686	46,719	(13,033)
Equity investments	1.3	598,112	369,609	228,503
Total		688,138	462,486	225,652

1.1 Property, plant and equipment

Property, plant and equipment amount to euro 56.3 million, up from the 31 December 2009 figure by euro 10.2 million. The historical cost and carrying amount are given in the following table:

(Euro/000)	31 December 2010			31 December 2009		
	Cost	Acc. depreciation	Carrying amount	Cost	Acc. depreciation	Carrying amount
Land	259	-	259	259	-	259
Buildings	3,370	(842)	2,528	3,370	(741)	2,629
Plant and machinery	66,346	(28,814)	37,532	52,659	(25,734)	26,925
Industrial and commercial equipment	6,528	(5,326)	1,202	7,618	(5,495)	2,123
Other assets	32,163	(18,402)	13,761	29,829	(16,992)	12,837
Assets under const. and payments on account	1,058	-	1,058	1,385	-	1,385
Total	109,724	(53,384)	56,340	95,120	(48,962)	46,158

Changes during the year are summarised below:

(Euro/000)	31 December 2009	Increases	Depreciation	Impairment losses	Disposals	31 December 2010
Land	259	-	-	-	-	259
Buildings	2,629	-	(101)	-	-	2,528
Plant and machinery	26,925	18,771	(6,128)	(456)	(1,580)	37,532
Industrial and commercial equipment	2,123	765	(1,433)	2	(255)	1,202
Other assets	12,837	6,028	(4,536)	69	(637)	13,761
Assets under const. and payments on account	1,385	(327)	-	-	-	1,058
Total	46,158	25,237	(12,198)	(385)	(2,472)	56,340

Prior year changes are given below for comparative purposes:

(Euro/000)	31 December 2008	Increases	Depreciation	Impairment losses	Disposals	31 December 2009
Land	259	-	-	-	-	259
Buildings	2,730	-	(101)	-	-	2,629
Plant and machinery	36,102	1,290	(6,340)	(330)	(3,797)	26,925
Industrial and commercial equipment	2,370	1,130	(1,359)	(4)	(14)	2,123
Other assets	16,229	1,797	(4,875)	(25)	(289)	12,837
Assets under const. and payments on account	-	1,385	-	-	-	1,385
Total	57,690	5,602	(12,675)	(359)	(4,100)	46,158

The most significant changes include:

- increases of roughly euro 25.2 million, mainly due to the contracts in the United Arab Emirates;
- depreciation for the year of euro 12.2 million, calculated as described in the section on "Accounting policies";
- disposals of euro 2.5 million, referring to the disposal of assets related to contracts being wound up, principally in Italy and Iceland.

1.2 Intangible assets

Intangible assets amount to euro 33.7 million, down from the 31 December 2009 figure by euro 13.0 million.

This item solely comprises contract acquisition costs and includes considerations paid to purchase the railway high speed/capacity business units in previous years. These assets have a finite life and are amortised in line with the stage of completion of the related contracts. A breakdown of and changes in this items are as follows:

(Euro/000)	31 December 2009	Amortisation	Disposals	31 December 2010
Cavtomi (Turin - Milan railway line)	245	(245)	-	-
Cociv (Milan - Genoa railway line)	46,474	-	(12,788)	33,686
Total	46,719	(245)	(12,788)	33,686

Disposals refer to the agreements entered into in 2010 with an Italian partner renegotiating the consortium relationships for the high speed/capacity Milan - Genoa railway line works. The agreements are subject to certain conditions precedent which have not yet been fully complied with.

Prior year changes are given below for comparative purposes:

(Euro/000)	31 December 2008	Amortisation	31 December 2009
Cavet (Florence - Bologna railway line)	216	(216)	-
Cavtomi (Turin - Milan railway line)	2,913	(2,668)	245
Cociv (Milan - Genoa railway line)	46,474	-	46,474
Total	49,603	(2,884)	46,719

Amortisation of the contract acquisition costs for the high capacity business units is calculated using the stage of completion method of the contracts based on the cost to cost method and considering the related purchase dates.

Amortisation of the acquisition costs for the Milan-Genoa railway line contract has not yet started as the related works have not commenced. Assets recognised at year end are deemed to be recoverable either through the ongoing arbitration proceeding for the customers' contractual non-compliance or re-commencement of the related works. Reference should be made to the second part of the directors' report for more information on Cociv consortium's specific position.

1.3 Equity investments

Equity investments increased by euro 228.5 million to euro 598.1 million, as shown in the following table.

(Euro/000)	31 December 2010	31 December 2009	Variation
Investments in subsidiaries, associates and interests jointly-controlled companies	566,016	345,599	220,417
Investments in associates and other non-consolidated companies	32,096	24,010	8,086
Total	598,112	369,609	228,503

"Subsidiaries" include interests in jointly-controlled companies/consortia/joint ventures. Changes during the year are summarised below:

(Euro/000)	2010	2009
Acquisitions	4,424	8,998
Disinvestments	(287)	(1,611)
Waivers of receivables and share capital increases	105,634	113,335
Reversals of impairment losses	130,899	-
Impairment losses	(11,957)	(105,870)
Other changes	(210)	(2,062)
Total	228,503	12,790

Acquisitions of new investments are mainly due to the share capital payment of euro 4.3 million for Yuma Concessionaria S.A. (Colombia), in which the group has a 40% interest and which will design, construct and manage the Ruta del Sol contract.

The waiver of receivables and share capital increases totalling euro 105.6 million mainly relates to FISIA Italimpianti (euro 59.0 million), Imprepar (euro 33.4 million) and Sgf Inc. (euro 3.0 million), as well as the share capital increase of the associate Società Autostrada Broni - Mortara S.p.A. (euro 9.0 million).

The liquidation status of Imprepar S.p.A. was revoked during the third quarter of 2010 given its progress made in disposing of its net assets and in order to exploit the positive experience gained in its specific segment which is a key part of a contract's life cycle. Its equity was concurrently reconstituted to a level deemed suitable to allow it to achieve its objectives. This did not affect the separate financial statements (as the related impairment tests had already been carried out).

The reversal of impairment losses of euro 130.9 million, is fully related to the controlling investment in the Dutch sub-holding company Impregilo International Infrastructures N.V., which heads the Concessions segment. From 2004 to 2006, the carrying amount of this investment had been progressively reduced for total impairment losses of euro 130.9 million, mainly in relation to the subsidiary's investments in certain Argentine projects and the USW Campania projects. The subsidiary subsequently changed its strategies, definitively abandoned the USW Campania projects and launched a series of actions aimed at recovering part of its assets in Argentina. Moreover, following Ecorodovias Infraestruturas e Logística S.A. flotation on the San Paolo (Brazil) stock exchange and the good performance of this investee, as well as the definitive sale of Impregilo International Infrastructures' entire investment in the Argentine operator Caminos de Las Sierras, Impregilo met the conditions provided for by IAS 36 for the reversal of the impairment losses on its investment in the Dutch sub-holding company. Consistently with that set out in the notes to the consolidated financial statements in relation to goodwill with an indefinite useful life, the main factors supporting this accounting treatment are the recoverable amounts of the main cash-generating units ("CGU") held by Impregilo International Infrastructures, and specifically:

- with reference to the investment in Ecorodovias, the fair value of the Brazilian group shown by its share performance on the San Paolo stock exchange (average prices for 2010 and the first two months of 2011);
- with reference to the investment in FISIA Babcock Environment, which, in turns, holds 50% of the "Shanghai Pucheng" CGU, its value in use calculated as required by IAS 36 for this type of activity and detailed in the notes to the consolidated financial statements, to which reference should be made for more details;
- with reference to the other net assets held by the subsidiary, the relevant carrying amount which corresponds to their recoverable amount.

The above procedure showed that the recoverable amount of the 100% investment in Impregilo International Infrastructures at 31 December 2010 supports the reversal of the impairment losses recognised thereon in previous years (euro 130.9 million in total). The reversal is recognised in the item "Net gains on investments" of the 2010 income statement.

The impairment test of the item "Equity investments" has been carried out on a case by case basis, considering the specific objectives pursued by each investee during the performance of their operating activities.

Based on such approach, the item can be analysed as follows:

(Euro/000)	31 December 2010	31 December 2009	Change
Investments in SPEs	206,608	196,799	9,809
Other investments	391,504	172,810	218,694
Total	598,112	369,609	228,503

Due to their consortium-based nature, their operating on a "recharges of cost" basis or the specific characteristics of the projects they manage under concession, SPEs do not show potential impairment losses as their results are usually directly reflected in the financial figures of the relevant projects, except for that described later on in relation to the Argentine SPE Coincar S.A..

The other investments relate to non-consortium based companies, whose sole business object is the performance of a single project. They did not show indications of impairment in 2010, except for the controlling investments in FISIA Italmimpianti S.p.A., SGF-INC S.p.A. and FIBE S.p.A..

The subsidiary FISIA Italmimpianti incurred a loss for the year again in 2010, which was however significantly smaller than in the previous year.

This was due to the persistent critical issues in the reference market and, above all, to the well-known situation of the USW Campania projects, in which the subsidiary acts as the main constructor of the Acerra waste-to-energy plant.

In 2009, the impairment test was based on the estimated value in use of the company, measured using its future cash flows as indicated in the 2010-2014 business plan prepared by the subsidiary.

This approach has been maintained in the current year, taking into account the updated forecasts shown in the 2011-2015 business plan approved by the subsidiary on 1 March 2011, which is based on the following:

- commencement of the activities to restructure working capital (especially in relation to the existing trade payables at the reporting date relating to the USW Campania projects) provided for in the business plan which, in compliance with relevant legislation, was certified by an independent expert in the second half of 2010 (the "Certified plan");
- covering of working capital balances in line with the Certified plan as updated on the basis of the actual results observed the first few months of 2011;
- update of the certified plan projections with respect to FISIA's market share in the desalination segment, through an analysis of the future trends of the market on which the subsidiary operates, by assessing tenders already called for the years covered by the Certified plan and estimating tenders that will be called based on business evaluations made by independent market research;
- analysis of past experience in order to forecast future changes in the company's market share over the years covered by the Certified plan.

When considering the specific environment in which FISIA Italmimpianti operates, including in relation to the residual activities that it carries out as part of the USW Campania projects, to estimate value in use, a higher risk profile than that of similar companies has been used.

The company made further evaluations to obtain more prudent forecasts of the subsidiary's financial trends. These comprised the modification, on a prudent basis, of the forecast future market share with the consequent deferral of acquisitions of new contracts within the period covered by the Certified plan. Considering the sinusoidal trend of turnover and related profitability projections in each year covered by the Certified plan, the approach was further adjusted for the calculation of the terminal value, assuming annual average volumes and related profits to be subjected to the perpetuity calculation of euro 450 million and 6%, respectively.



In addition:

- the terminal value has been calculated using perpetual income streams and a 2% growth rate for the years following those covered by the Certified plan (in line with relevant benchmarks);
- a 11.7% discount rate has been used;
- the discount rate has been calculated based on the following:
 - risk premium = 5%
 - Beta coefficient = 0.87
 - additional risk premium given the company's characteristics = 3%;
- discounting of forecast cash flows takes into account the company's independent tax effects, without forecasting the benefits it usually acquires as part of the national tax consolidation system;
- lastly, additional borrowings or significant investments to expand the company's operating skills have been excluded.

Moreover, the sensitivity analysis has considered the following:

- on the basis of the above-mentioned assumptions used in calculating the forecast cash flows used for discounting, a further sensitivity analysis of the basic variables of the plan has not been performed. Indeed, the assumptions about forecast cash flows already reflected a prudent scenario;
- on the other hand, value in use has been recalculated assuming a different discount rate than that shown above (-100 bps (cap) and + 25 bps (floor)). The contained reduction in absolute terms arising from an increase in the rate compared to the decrease considers that the "specific risk" factor included in the calculation of the same discount rate had already been brought up from 2% to 3% with respect to the benchmark levels (with an increase of 100 bps).

Based on the above, the value in use of FISIA Italmimpianti calculated using the base assumptions approximates euro 146 million. Moreover, the values arising from the above-mentioned sensitivity analysis are euro 140.4 million (floor scenario) and euro 167.3 (cap scenario, substantially in line with the benchmark). Considering that the carrying amount of the investment in FISIA Italmimpianti is euro 149.9 million, Impregilo held it reasonable not to impair it.

For comparative purposes, Impregilo carried out a market multiples analysis. This procedure, which is commonly applied for similar valuation purposes, has not been used for the purposes of the calculation of the "fair value less costs to sell", as not all the relevant requirements of IAS 36 were met. However, it is a valid comparative tool given the subsidiary's type of activity and market practice for the valuation of similar companies.

The subsidiary SGF-INC S.p.A. incurred an operating loss and loss for the year in 2010. Given its particular activities (short-term contracts managed, reliance on the parent for the acquisition of contracts, etc.), the calculation of its value in use by discounting forecast cash flows has not been deemed appropriate. Rather, as in the last two years, Impregilo held it more adequate to recognise in its profit or loss (i) the losses for which coverage has been approved by its sole shareholder (where actually done) and (ii) the loss for the year exceeding any



coverage, if it is held to be an indication of impairment losses at the reporting date. The subsidiary's order backlog, unlike the previous year, was negatively affected by a slowdown in production caused by external factors that is reasonably expected to be recovered in the coming years. However, the reasonable certainty required by Impregilo to maintain the carrying amount of its investment does not currently exist. Based on the three-year business plan, prepared on the basis of the budget for the following year drawn up by the subsidiary's board of directors and estimates about existing contracts, the subsidiary is expected to break even.

Therefore, the carrying amount of this investment at 31 December 2010 has been impaired to roughly euro 2.7 million by recognising an impairment loss of euro 6,978 thousand.

Due to its specific nature (former waste disposal operator for the Province of Naples), FIBE S.p.A. cannot prepare a business plan for the purposes of the calculation of value in use. Therefore, Impregilo considered its loss for the year as an impairment loss. The reporting-date carrying amount of the investment has been therefore reduced to the subsidiary's equity (euro 3.3 million), through the recognition of an impairment loss of approximately euro 210 thousand.

Lastly, the investment in the Argentine Coincar SPE S.A. has been impaired following the associate's long-lasting disputes with a number of local bodies, including the grantor, in relation to the recovery of part of its assets. Considering that the group is gradually exiting the Argentine market, Impregilo held it adequate to fully impair the carrying amount of its investment, recognising an impairment loss of euro 4.2 million.

Accordingly, total impairment losses recognised during 2010 total euro 12.0 million.

Reference should be made to the annex "Equity investments" for the list of investments in subsidiaries, associates and other companies.

2. Provisions for risks and charges

These provisions amount to euro 91.7 million at year end. Changes of the year are as follows:

(Euro/000)	31 December 2009	Accruals	Utilisations	Reversals	Other changes	31 December 2010
Provision for risks on investments	20,750	-	(3,014)	-	-	17,736
Other provisions	73,241	4,211	(4,364)	859	-	73,946
Total	93,991	4,211	(7,378)	859	-	91,682

Prior year changes are given below for comparative purposes:

(Euro/000)	31 December 2008	Accruals	Utilisations	Reversals	Other changes	31 December 2009
Provision for risks on investments	22,812	-	-	-	(2,062)	20,750
Other provisions	86,103	193	(5,220)	(7,836)	-	73,240
Total	108,915	193	(5,220)	(7,836)	(2,062)	93,990

A breakdown of the provision for risks on investments is as follows:

(Euro/000)	31 December 2010	31 December 2009	Variation
Subsidiaries	17,736	17,736	-
Associates and other companies	-	3,014	(3,014)
Total	17,736	20,750	(3,014)

The provision for risks on investments in associates, entirely related to the Argentine Puentes del Litoral, was fully released in 2010 as certain critical issues relating to its bankruptcy proceeding were resolved during the year.

The other provisions of euro 73.9 million are substantially in line with the previous year. Changes of the year comprise:

- (i) accruals of euro 4.2 million mainly covering potential liabilities relating to a number of existing disputes in Argentina;
- (ii) utilisations of euro 4.4 million due to the partial coverage of the contract completion loss of the T.A.T. contract (Switzerland) (euro 1.5 million) and the settlement of a number of disputes involving the Arabian branch in the Building and Services segment (euro 2.5 million).

Other provisions include the following:

(Euro/000)	31 December 2010	31 December 2009	Variation
Contract completion losses	6,687	7,250	(563)
Ongoing litigation	6,795	2,820	3,975
Building and Services segment litigation	1,537	3,981	(2,444)
Tax and social security litigation	90	90	-
Personnel litigation	678	940	(262)
USW Campania projects litigation	50,000	50,000	-
Other	8,159	8,159	-
Total	73,946	73,240	706

The provision for contract completion losses mainly include the estimated outstanding future charges to complete the Tunnel Alp Transit (T.A.T.) contract in Switzerland.

The provision for ongoing litigation mainly refers to foreign contracts completed in previous years. Changes in litigation are due to an arbitration proceeding pending in Argentina (expected charges of euro 4.0 million).

Provisions related to the Building and Service segment litigation relate to provisions for risks and charges previously accrued by Impregilo Edilizia e Servizi, merged into Impregilo S.p.A. in previous years. The utilisations for the year principally relate to a number of disputes nearing settlement mainly for the Arabian branch.

The provision for the USW Campania projects was made in 2007 in relation to the ongoing criminal case and has been maintained in 2010 due to the complexity and structure of the legislative and judicial situation. Reference should be made to the section on "Non-current assets classified as held for sale and discontinued operations" of the directors' report for additional information.

"Other" mainly comprises amounts accrued in 2009 for certain foreign contracts completed in previous years for which disputes are ongoing with the customers. Relationships with these customers are difficult and, therefore, the company is unable to estimate exactly when the related receivables will be collected.

During 2008, the company commenced a dispute with the tax authorities about an assessment challenging the tax treatment of impairment losses and losses on the sale of certain investments held by it in 2003. The most significant issue relates to the company's sale of its entire investment in the Chilean operator Costanera Norte S.A. to Impregilo International Infrastructures N.V. in 2003.

The dispute is currently before the Supreme Court following the tax authorities' appeal notified on 5 November 2010. The second level court ruling was filed on 11 September 2009 reversing the first level ruling and fully cancelling the assessment about the key issue raised by the tax authorities about redetermination of the sales price for the investment in Sociedad Costanera Norte.

Lastly, with reference to the proceedings pending before the Florence Court against C.A.V.E.T. (reference should be made to the section on "Construction – Risk areas – Proceedings with the Florence Court - C.A.V.E.T." in the directors' report), the consortium's legal advisors believe that its correct conduct can be clearly demonstrated. They are confident that the first level sentence will be substantially changed, including with respect to the sentenced charges made by this hearing. Accordingly, the company did not make any provision therefor.

3. Post-employment benefits and employee benefits

At 31 December 2010, the company's liability due to all its employees determined using the criteria set out in IAS 19 is euro 15.6 million.

The balance mainly consists of the company's post-employment benefits.

At 31 December 2009 and 2010, the liability for post-employment benefits is the outstanding payable at the reform effective date, net of benefits paid up to the reporting dates. The liability is considered part of a defined benefit plan under IAS 19 and has therefore been subjected to actuarial valuation. The valuation, performed with the assistance of an independent expert, was based on the following rates:

- turnover rate: 8%;
- discount rate: 4.2%;
- advance payment rate: 2%;
- inflation rate: 2%.

Changes in the provision are as follows:

	31 December 2009	Accrual	Payments	Contributions paid to INPS treasury and other funds	Net exchange rate losses	Other changes	31 December 2010
(Euro/000)							
Post-employment benefits and employee benefits	23,859	7,517	(6,799)	(2,832)	(6,384)	202	15,563

Changes in the previous year are as follows:

(Euro/000)	31 December 2008	Accrual	Payments	Contributions paid to INPS treasury and other funds	Other changes	31 December 2009
Post-employment benefits and employee benefits	18,234	14,591	(6,539)	(2,458)	31	23,859

The net decrease in post-employment benefits in 2010 is due to both payments made in the year to the INPS (Italian social security institution) treasury and similar funds and the reduction following depreciation of the Venezuelan Bolivar for the part of the benefits of the employees in that area.

4. Other non-current assets and non-current intragroup receivables

The items amount to euro 145.1 million (31 December 2009: euro 297.4 million) as follows:

(Euro/000)	31 December 2010	31 December 2009	Variation
Non-current intragroup receivables	144,326	297,114	(152,788)
Other non-current assets	771	316	455
Total	145,097	297,430	(152,333)

Non-current intragroup receivables decreased by euro 152.8 million to euro 144.3 million and mainly relate to subsidiaries and associates. They include the loan due from FIBE S.p.A. of euro 136.2 million, unchanged from the previous year end. Impregilo granted this loan to its subsidiary to enable it to repay its bank loans. The loan agreement between Impregilo S.p.A. and FIBE S.p.A., entered into in 2006, provides that the loan shall be repaid at least 24 months after the agreement date. Given the subsidiary's financial position and the commitments taken on by Impregilo to support it, the loan has not borne interest since the end of 2006.

The euro 152.8 million decrease is mainly due to the extinguishment of the loan due from Imprepar. This followed the revocation of the subsidiary's liquidation status, approved by the shareholders in the extraordinary meeting of 24 September 2010, which entailed the removal of the subordination clause from Impregilo's receivables, which waived its claims in order to increase the subsidiary's equity to a suitable level to pursue the new business objects.

Moreover, Impregilo factored without recourse the remaining part of the loan to Impregilo International Infrastructures N.V. for a consideration equal to the nominal amount of the factored loan. The consideration has been almost fully paid at the reporting date.

- Reference should be made to the Annex "Intragroup transactions" for a breakdown of such receivable shown as a gross balance and net of the related payables.

Other non-current assets amount to euro 0.8 million and refer to guarantee deposits.

5. Net tax assets

Net tax assets total euro 29.5 million at 31 December 2010, down on 31 December 2009, as follows:

(Euro/000)	Note	31 December 2010	31 December 2009	Variation
Deferred tax assets	5.1	36,034	44,550	(8,516)
Current tax assets	5.2	43,057	81,428	(38,371)
Other current tax assets	5.3	40,855	63,374	(22,519)
Liabilities for the national tax consolidation sistem	5.4	(80,060)	(77,168)	(2,892)
Current tax liabilities	5.5	(6,743)	(10,896)	4,153
Other current tax liabilities	5.6	(3,618)	(24,195)	20,577
Total		29,525	77,093	(47,568)

5.1 Deferred tax assets

Net deferred tax assets amount to euro 36,0 million at year end, down euro 8.5 million on 31 December 2009. Details on the related changes are given in note 14.

Deferred tax assets at the reporting date include euro 0.3 million, which has been recognised directly in equity as the tax effects of derivatives included in the Hedging reserve.

5.2 Current tax assets

Current tax assets amount to euro 43.1 million at 31 December 2010 as follows:

(Euro/000)	31 December 2010	31 December 2009	Variation
Direct taxes	33,793	71,973	(38,180)
IRAP	217	1	216
Foreign direct taxes	9,047	9,454	(407)
Total	43,057	81,428	(38,371)

The decrease is due to the company's collection of direct tax receivables of euro 36.7 million (principal and interest), part of which had been previously factored to a leading factoring company. They related to 1992, 1996, 1997 and 1998.

"Direct taxes" include euro 26.3 million which has been claimed for reimbursement.

The remaining amounts relate to tax advances paid during the year and excess taxes which have not been claimed back.



5.3 Other current tax assets

Other current tax assets amount to euro 40.9 million as follows:

(Euro/000)	31 December 2010	31 December 2009	Variation
VAT	31,943	55,176	(23,233)
Other indirect taxes	666	7,714	(7,048)
Foreign indirect taxes	8,015	158	7,857
Other domestic direct taxes	101	124	(23)
Tax credits and withholdings	130	202	(72)
Total	40,855	63,374	(22,519)

The decrease in VAT is due to the payments of the year which are matched with similar items under liabilities.

Other foreign indirect taxes include withholdings of euro 6.9 million paid by the Icelandic branch on the remuneration paid to foreign temporary workers involved in the building site. A dispute with the local authorities is pending for the repayment of these withholdings, with respect to which reference should be made to the section on "Construction - Risk areas - Tax litigation - Iceland" of the directors' report.

5.4 Liabilities for the national tax consolidation system

Liabilities for the national tax consolidation system of euro 80.1 million at the reporting date relate to the company's potential payable to group companies participating in the system with respect to their losses transferred and not yet recognised in accordance with the ruling tax contract (see the paragraph on "Income taxes" in the "Accounting policies" section).

5.5 Current tax liabilities

Current tax liabilities amount to euro 6.7 million at 31 December 2010 as follows:

(Euro/000)	31 December 2010	31 December 2009	Variation
IRES	1,390	5,468	(4,078)
IRAP	-	1,707	(1,707)
Foreign taxes	5,353	3,721	1,632
Total	6,743	10,896	(4,153)

5.6 Other current tax liabilities

Other current tax liabilities of euro 3.6 million decreased by euro 20.6 million over 31 December 2009. They may be analysed as follows:

(Euro/000)	31 December 2010	31 December 2009	Variation
VAT	1,019	21,967	(20,948)
Foreign indirect taxes	75	4	71
Withholdings applied in Italy	2,025	1,901	124
Withholdings applied abroad	418	290	128
Other	81	33	48
Total	3,618	24,195	(20,577)

The decrease in VAT is due to the payments of the year which are matched with similar items under assets.

6. Working capital

The working capital at 31 December 2010 amounts to euro 580.7 million (31 December 2009: euro 574.3 million) and is made up as follows:

(Euro/000)	Note	31 December 2010	31 December 2009	Variation
Inventories	6.1	37,195	38,558	(1,363)
Contract work in progress	6.2	369,013	344,194	24,819
Advances on contract work in progress	6.3	(91,892)	(132,057)	40,165
Trade receivables	6.4	200,775	301,754	(100,979)
Trade payables	6.5	(100,991)	(79,178)	(21,813)
Intragroup receivables (payables)	6.4-6.5	178,074	130,334	47,740
Other current assets	6.6	36,721	37,130	(409)
Other current liabilities	6.7	(48,236)	(66,388)	18,152
Total		580,659	574,347	6,312

In order to more clearly present the company's financial position, intragroup receivables and payables are shown, as in the past, at the net balances due to/from each counterparty. A breakdown of these positions is given in the annex "Intragroup transactions".

6.1 Inventories

This item is analysed in the following table:

(Euro/000)	31 December 2010			31 December 2009			Variation
	Gross carrying amount	Allowance	Carrying amount	Gross carrying amount	Allowance	Carrying amount	
Real estate projects	20,070	(7,772)	12,298	20,061	(7,772)	12,289	9
Finished products and goods	2,248	-	2,248	1,341	-	1,341	907
Raw materials, consumables and supplies	22,649	-	22,649	25,131	(203)	24,928	(2,279)
Total	44,967	(7,772)	37,195	46,533	(7,975)	38,558	(1,363)

6.1.1 Real estate projects

Real estate projects amount to euro 12.3 million, unchanged from the previous year. They mainly relate to the Malpensa Business Park project in Gallarate of euro 11.5 million (net of the related allowance of euro 7.8 million) to build a factory outlet. This project has been delayed since the relevant municipality has not yet implemented the measures necessary to start the works.

6.1.2 Finished products and goods and Raw materials, consumables and supplies

Finished products of euro 2.2 million (31 December 2009: euro 1.3 million) mainly comprise materials for resale, principally for the Venezuelan contracts.

Raw materials, consumables and supplies of euro 22.6 million (31 December 2009: euro 24.9 million) mainly relate to items used at the Venezuelan building sites.

6.2 Contract work in progress

Contract work in progress amounts to euro 369.0 million at the reporting date, up on the previous year-end figure of euro 344.2 million. The following table shows contract work in progress calculated using the stage of completion method net of losses realised or estimated at the reporting date and progress billings:

(Euro/000)	31 December 2010	31 December 2009	Variation
Contract work in progress	6,285,022	2,530,043	3,754,979
Advances received (on approved work)	(5,860,054)	(2,135,402)	(3,724,652)
Provision for contractual risks	(55,955)	(50,447)	(5,508)
Total	369,013	344,194	24,819

The key contracts making up contract work in progress at year end and the related works performed during the year are summarised below:

(Euro/000)	Contract work in progress			2010 production
	31 December 2010	31 December 2009	Variation	
High speed/capacity	33,136	55,403	(22,267)	2,444
Venezuela	192,081	166,836	25,245	156,391
United Arab Emirates	1,849	-	1,849	23,118
Salerno - Reggio Calabria	88,867	88,824	43	93,795
Pedelombarda	7,325	7,157	168	9,908
Highway 36	5,309	-	5,309	41,339
Milan outer east by-pass	474	110	364	1,532
Messina bridge	16,283	15,119	1,164	2,055
Spriana landslide	15,386	1,502	13,884	14,667
Other	8,303	9,243	(940)	16,534
Total	369,013	344,194	24,819	361,783

The increase is due to progress on the contracts carried out by the Venezuelan branch and the Italian Highway 36 and Spriana landslide contracts, net of the decrease in the high speed/capacity contracts. It mainly refers to the contract performance in terms of production and approvals thereof.

6.3 Advances on contract work in progress

The item "Advances on contract work in progress" included in "Current liabilities", amounts to euro 91.9 million, down euro 40.2 million on the figure at 31 December 2009. It comprises:

(Euro/000)	31 December 2010	31 December 2009	Variation
Contract work in progress	(5,999,441)	(9,206,455)	3,207,014
Advances received (on approved work)	6,057,941	9,302,037	(3,244,096)
Contractual advances	33,392	36,475	(3,083)
Total	91,892	132,057	(40,165)

Contract work in progress recognised under liabilities (negative WIP) is the negative net balance, for each contract, of work performed to date, the provision for contractual risks and progress billings.

Advances received include the amounts recognised by customers as per the related contract and recovered over the contract term.

The following table shows the contribution by contract:

(Euro/000)	31 December 2010			31 December 2009			2010 production
	Negative WIP	Advances	Total	Negative WIP	Advances	Total	
High capacity	37,093	-	37,093	71,548	-	71,548	118,399
Iceland	-	-	-	6,216	-	6,216	-
Venezuela	-	23,791	23,791	2,316	28,234	30,550	5,156
Consorzio Torre	3,564	-	3,564	6,923	-	6,923	46,551
Other	17,843	9,601	27,444	8,579	8,241	16,820	35,401
Total	58,500	33,392	91,892	95,582	36,475	132,057	205,507

"Other" mainly refers to the Italian contracts for the widening of the A4 motorway between Quarto d'Altino and San Donà di Piave.

6.4 Receivables

At 31 December 2010, receivables show a net decrease of euro 109.6 million at euro 644.0 million. They may be broken down as follows:

(Euro/000)	31 December 2010	31 December 2009	Variation
Trade receivables	212,248	333,215	(120,967)
Allowance for impairment	(11,473)	(31,461)	19,988
Total net trade receivables	200,775	301,754	(100,979)
Current intragroup receivables	467,046	506,965	(39,919)
Allowance for impairment	(23,838)	(55,148)	31,310
Total net intragroup receivables	443,208	451,817	(8,609)
Total	643,983	753,571	(109,588)

6.4.1 Trade receivables

The balance of euro 200.8 million, net of the allowance for impairment (euro 11.5 million), shows a net decrease of euro 101.0 million, mainly due to the Venezuelan contracts (euro 100.0 million).

The decrease is mostly attributable to the Bolivar's depreciation at the start of 2010, as described in the directors' report (the effect of this was roughly euro 90.0 million), whereas invoicing and collection trends did not change significantly compared to the previous year.

Changes in the allowance for impairment are shown in the following table:

(Euro/000)	31 December 2009	Utilisations	Reversals	31 December 2010
Trade receivables	31,440	(11,957)	(8,031)	11,452
Default interest	21	-	-	21
Total	31,461	(11,957)	(8,031)	11,473

Following the positive resolution of the critical issues affecting the Venezuelan contracts in 2009, the related allowance for impairment set up previously was fully released.

Prior year changes are given below for comparative purposes:

(Euro/000)	31 December 2008	Accruals	Reversals	31 December 2009
Trade receivables	10,933	20,683	(176)	31,440
Default interest	22	-	(1)	21
Total	10,955	20,683	(177)	31,461

6.4.2 Current intragroup receivables

This item amounts to euro 443.2 million compared to euro 451.8 million at the end of 2009. It mainly comprises trade receivables, receivables for services and of a financial nature.

A breakdown of intragroup receivables is as follows:

(Euro/000)	31 December 2010	31 December 2009	Variation
Subsidiaries and jointly-controlled companies	291,031	251,456	39,575
Associates	18,566	67,203	(48,637)
Other	157,449	188,306	(30,857)
Allowance for impairment	(23,838)	(55,148)	31,310
Total	443,208	451,817	(8,609)

The allowance for impairment mainly relates to the subsidiary Impresit Bakolori, whereas the decrease over the previous year end is due to the associate Puentes del Litoral since, as described earlier, certain critical issues relating to its bankruptcy proceeding were resolved during the year and Impregilo's receivable was restructured accordingly.

Changes in the allowance for impairment are shown in the following table:

(Euro/000)	31 December 2009	Utilisations	Reversals	Other changes	31 December 2010
Subsidiaries and associates	55,148	(16,076)	(16,274)	1,040	23,838
Total	55,148	(16,076)	(16,274)	1,040	23,838

2009 changes in the allowance for impairment were as follows:

(Euro/000)	31 December 2008	Accruals	Reversals	Other changes	31 December 2009
Subsidiaries and associates	52,739	24	(87)	2,472	55,148
Total	52,739	24	(87)	2,472	55,148

The following table shows the companies from which the main net receivables are due at the reporting date:

(Euro/000)	31 December 2010	31 December 2009	Variation
Impregilo International Infrastructures N.V.	154,796	185,054	(30,258)
Consorzio Cavet	40,787	76,358	(35,571)
SGF - INC S.p.A.	10,606	18,539	(7,933)
Fisia Italimpianti	71,069	-	71,069
PdM	9,867	16,220	(6,353)
Consorzio OIV TOCOMA	51,038	23,457	27,581
Grupo Unidos por el Canal	3,514	14,876	(11,362)
Consorzio Contuy Medio	7,878	29,294	(21,416)
Constructora Impregilo y Asociados	-	13,864	(13,864)
Other	93,653	74,155	19,498
Total	443,208	451,817	(8,609)

Reference should be made to the annex "Intragroup transactions" to these notes for details of this balance and the related payables.

6.5 Payables

At 31 December 2010, payables show a decrease of euro 34.5 million at euro 366.1 million. They may be broken down as follows:

(Euro/000)	31 December 2010	31 December 2009	Variation
Trade payables	100,991	79,178	21,813
Current intragroup payables	265,134	321,483	(56,349)
Total	366,125	400,661	(34,536)

6.5.1 Trade payables

Trade payables amount to euro 101.0 million at the reporting date, with an increase of euro 21.8 million on 31 December 2009.

6.5.2 Current intragroup payables

This item amounts to euro 265.1 million, down euro 56.3 million, as follows:

(Euro/000)	31 December 2010	31 December 2009	Variation
Subsidiaries and jointly-controlled companies	108,868	114,146	(5,278)
Associates	76,746	90,751	(14,005)
Other	79,520	116,586	(37,066)
Total	265,134	321,483	(56,349)

Gross intragroup payables and related nettable amounts against receivables due from the same companies are shown in the following table. Reference should be made to the annex "Intragroup transactions" to these notes for further details on such amounts.

(Euro/000)	31 December 2010			31 December 2009		
	Gross payables	Nettable amounts	Net payables	Gross payables	Nettable amounts	Net payables
Subsidiaries and jointly-controlled companies	147,447	(38,579)	108,868	183,128	(68,982)	114,146
Associates	122,797	(46,051)	76,746	99,029	(8,278)	90,751
Other	292,429	(212,909)	79,520	536,135	(419,549)	116,586
Total	562,673	(297,539)	265,134	818,292	(496,809)	321,483

The key creditors of the above net payables are summarised below:

(Euro/000)	31 December 2010	31 December 2009	Variation
Consorzio Cociv	38,957	68,251	(29,294)
Eurolink S.c.p.a.	41,721	54,809	(13,088)
Salerno Reggio Calabria S.c.p.a.	65,949	52,625	13,324
Reggio Calabria - Scilla S.c.p.a.	18,849	22,096	(3,247)
Consorzio Scilla	6,854	5,835	1,019
Pedelombarda	34,405	35,533	(1,128)
Consorzio Torre	11,703	21,957	(10,254)
FIBE S.p.A.	8,483	13,335	(4,852)
Iricav Due	5,582	5,679	(97)
S.A. Healy Company	5,183	4,637	546
Other	27,448	36,726	(9,278)
Total	265,134	321,483	(56,349)

6.6 Other current assets

Other current assets of euro 36.7 million are substantially in line with the previous year end and may be analysed as follows:

(Euro/000)	31 December 2010	31 December 2009	Variation
Loans	4,201	7,215	(3,014)
Advances to suppliers	16,804	13,146	3,658
Other receivables	4,246	3,801	445
Prepayments and accrued income	11,470	12,968	(1,498)
Total	36,721	37,130	(409)

Loans amount to euro 4.2 million and are due from a number of foreign co-venturers.

Advances to suppliers rose by euro 3.7 million to euro 16.8 million. The increase is mainly due to the Venezuelan and United Arab Emirates contracts.

Other receivables of euro 4.2 million are substantially unchanged from the previous year end.

Prepayments and accrued income decreased by euro 1.5 million to euro 11.5 million as follows:

(Euro/000)	31 December 2010	31 December 2009	Variation
Prepayments:			
- Insurance	6,196	9,404	(3,208)
- Commissions on sureties	1,847	1,007	840
- Leases	-	395	(395)
- Costs recognised in line with the stage of completion of contracts	2,256	1,969	287
- Other	1,171	193	978
Total prepayments	11,470	12,968	(1,498)
Total	11,470	12,968	(1,498)

The decrease in prepayments mainly relates to insurance premiums for certain contracts that are paid in advance.

6.7 Other current liabilities

Other current liabilities of euro 48.2 million (euro 66.4 million) comprise:

(Euro/000)	31 December 2010	31 December 2009	Variation
Social security institutions	4,956	5,616	(660)
Employees	9,487	9,867	(380)
Other payables	25,625	44,097	(18,472)
Accrued expenses and deferred income	8,168	6,808	1,360
Total	48,236	66,388	(18,152)

They include:

- payables due to employees relating to accrued unpaid remuneration;
- other payables of euro 25.6 million (euro 44.1 million) mainly relating to outstanding amounts due to third parties in relation to the high speed/capacity railway segments. The decrease over the previous year end is due to payments made during the year;

- accrued expenses and deferred income of euro 8.2 million, which refer to the following items:

(Euro/000)	31 December 2010	31 December 2009	Variation
Accrued expenses:			
- Leases	29	-	29
- Commissions on sureties	543	303	240
- Insurance	3,066	-	3,066
- Other	3,626	6,408	(2,782)
Total accrued expenses	7,264	6,711	553
Deferred income:			
- Interest income	-	-	-
- Other deferred income	904	97	807
Total deferred income	904	97	807
Total	8,168	6,808	1,360

Other accrued expenses are mainly matched to the related portion of costs not yet paid for contract work in progress.

7. Equity

Equity amounts to euro 947.9 million at 31 December 2010 compared to euro 789.7 million at the end of 2009. Changes of the year in the different equity items are summarised in the schedule attached to the separate financial statements.

(Euro/000)	31 dicembre 2010	31 dicembre 2009	Variation
Share capital	718,364	718,364	-
Share premium reserve	1,222	1,222	-
Other reserves:			
- Legal reserve	10,820	10,003	817
- Hedging reserve	(928)	(1,672)	744
Total other reserves	9,892	8,331	1,561
Retained earnings	60,538	45,431	15,107
Profit for the year	157,876	16,344	141,532
Total	947,892	789,692	158,200

In their meeting held on 29 April 2010, the company's shareholders resolved to allocate the profit for 2009 as follows:

- euro 817,200.90 equal to 5% of the profit for the year, to the legal reserve;
- euro 420,027.66 as a dividend to the holders of savings shares, equal to euro 0.26 per share, as per article 33.b) of the by-laws;
- euro 15,106,789.44 to be carried forward.

Disclosures about the individual items are set out below.

Share capital

The company's share capital of euro 718.4 million is unchanged with respect to 31 December 2009.

As a result, the company's share capital amounts to euro 718,364,456.72 at the reporting date, split into 404,073,428 shares, including 402,457,937 ordinary shares and 1,615,491 savings shares.

Savings shares issued pursuant to the law do not carry voting rights, have preference dividend and capital repayment rights and can be bearer shares, subject to the provisions of article 2354.2 of the Italian Civil Code. Upon the shareholder's requests and at their own expense, they can be converted into registered shares and vice versa. Savings shares held by directors, statutory auditors and CEOs are registered. Except when the company's by-laws or relevant legislation provide for otherwise, savings shares give the holders the same rights as those of ordinary shares.

Holders of savings shares do not have the right to attend the company's shareholders' meetings or to request that they are called. The special savings shareholders' meeting is regulated by law. When reserves are distributed, the savings shares have the same rights as ordinary shares.

Upon dissolution of the company, savings shares bear preference rights to capital repayment, up to euro 5.2 per share. When shares are grouped or fractioned (as well as when capital transactions are carried out and as necessary in order to protect the savings shareholders' rights in the case the shares have nominal value), the above fixed amount shall be adjusted accordingly.

The profit for the year as per the separate financial statements is allocated as follows:

- a) 5% to the legal reserve, up to the legally-required amount;
- b) to savings shares, to the extent of 5% of euro 5.2 per share (ie, euro 0.26 per share). If a dividend lower than 5% of euro 5.2 per share (ie, euro 0.26 per share) is paid one year, the difference is taken as an increase in the preferred dividend of the following two years;
- c) the residual amount, to all shareholders in such a way as to allocate to savings shares a total dividend which is 2% of euro 5.2 per share (ie, euro 0.104 per share) greater than that distributed to ordinary shares, except when the shareholders decide to allocate an amount to the extraordinary reserves or for other uses.



Details on the possible use of equity items and uses in prior years are summarised below:

(Euro/000)				
Nature/description	Amount	Possible use (A, B, C)	Available portion	Summary of use in the three previous years
				To cover losses Other
Share capital	718.364			
Equity-related reserves:				
Share premium reserve	1,222	A, B, C	1,222	13,310
Other reserves:				
Legal reserve	10,820	B	10,820	17,870
Stock option reserve				5,013
Unavailable hedging reserve	(928)	B		
Negative goodwill				5,068
Share capital increase related charges				
Total other reserves	9,892		10,820	27,951
Retained earnings	60,538	A, B, C	60,538	
Total			72,580	41,261
Non-distributable portion			12,042	
Residual distributable portion			60,538	

A: share capital increase B: to cover losses C: dividends

The share premium reserve cannot be distributed until the legal reserve reaches 20% of the share capital.

Amounts used to cover losses were earmarked by the shareholders' resolution of 7 May 2008.

Share premium reserve

The share premium reserve did not change during the year.

Other reserves

This item is broken down as follows:

(Euro/000)	31 December 2010	31 December 2009	Variation
Legal reserve	10,820	10,003	817
Hedging reserve	(928)	(1,672)	744
Total	9,892	8,331	1,561

- Legal reserve

This reserve underwent the following changes:

(Euro/000)	
31 December 2009	10,003
Allocation of profit	817
31 December 2010	10,820

Prior year changes are given below:

(Euro/000)	
31 December 2008	5,851
Allocation of profit	4,152
31 December 2009	10,003

- Hedging reserve

The company has agreed interest rate swaps to hedge existing loans. These derivative instruments meet the requirements of IAS 39 for designation as cash flow hedge financial instruments. Under Legislative decree no. 38 of 28 February 2005, this reserve is not available. Changes in the reserve that includes their fair value gains or losses are as follows:

(Euro/000)	
31 December 2009	(1,672)
Reclassification of fair value gains/losses on settled transactions to profit or loss	1,860
Ineffective portion	-
Fair value gains/losses	(834)
Tax effect	(282)
Total changes	744
31 December 2010	(928)

Changes in the reserve in 2009 are set out below:

(Euro/000)	
31 December 2008	(1,583)
Reclassification of fair value gains/losses on settled transactions to profit or loss	1,347
Ineffective portion	13
Fair value gains/losses	(2,084)
Tax effect	635
Total changes	(89)
31 December 2009	(1,672)

The assessment about the conditions for maintaining this reserve is given in the notes to the specific items which generated them.

8. Net financial indebtedness

Net financial indebtedness decreased by euro 115.5 million to euro 388.3 million, mainly as a result of the drop in cash and cash equivalents of euro 105.0 million and in the gross bank loans and borrowings of euro 189.5 million.

The following table shows the company's net financial indebtedness and changes therein:

(Euro/000)	Note	31 December 2010	31 December 2009	Variation
Other current financial assets	8.1	9	75	(66)
Cash and cash equivalents	8.2	49,878	154,915	(105,037)
Total cash and cash equivalents and other financial assets		49,887	154,990	(105,103)
Non-current bank loans		(224,756)	(294,338)	69,582
Total non-current indebtedness		(224,756)	(294,338)	69,582
Current portion of bank loans and current account facilities	8.3	(211,918)	(331,835)	119,917
Total current indebtedness		(211,918)	(331,835)	119,917
Derivatives (with positive fair values)	8.4	304	1	303
Derivatives (with negative fair values)	8.4	(1,799)	(3,260)	1,461
Factoring payables	8.6	-	(29,370)	29,370
Total other items in net financial indebtedness		(1,495)	(32,629)	31,134
Net financial indebtedness		(388,282)	(503,812)	115,530

There are no loans due from/to related parties at year end.

The debt/equity ratio at year end is 0.41 compared to 0.64 at the end of the previous year. This ratio is calculated by dividing the net financial indebtedness of euro 388.3 million at 31 December 2010 (31 December 2009: euro 503.8 million) by equity of euro 947.9 million at 31 December 2010 (31 December 2009: euro 789.7 million).

8.1 Other current financial assets

Changes in this item, which includes loans granted to third parties, were as follows during the year:

(Euro/000)	31 December 2010	31 December 2009	Variation
Total other current financial assets	9	75	(66)

The fair value of the above loans is in line with their carrying amount.

8.2 Cash and cash equivalents

At 31 December 2010, cash and cash equivalents fell to euro 49.9 million, down by euro 105.0 million on 31 December 2009.

(Euro/000)	31 December 2010	31 December 2009	Change
Cash and cash equivalents	49,878	154,915	(105,037)



The statement of cash flows shows the reason for this decrease and changes in current account facilities (note 8.3).

A breakdown of this item by geographical segment is as follows:

(Euro/000)	
Italy	3,542
Abroad	46,336
Total	49,878

8.3 Bank loans

Bank loans decreased by euro 189.5 million over 31 December 2009 to euro 436.7 million at year end, as summarised below:

(Euro/000)	31 December 2010	31 December 2009	Variation
Non-current	224,756	294,338	(69,582)
Current	211,918	331,835	(119,917)
Total	436,674	626,173	(189,499)

The company's financial indebtedness is broken down by loan type in the following table:

(Euro/000)	31 December 2010			31 December 2009		
	Non-current	Current	Total	Non-current	Current	Total
Bank corporate loans	224,756	88,778	313,534	294,338	149,381	443,719
Bank project financing		7,182	7,182			
Current account facilities		115,958	115,958		182,454	182,454
Total	224,756	211,918	436,674	294,338	331,835	626,173

Bank loans

Bank loans include:

(Euro/000)	Company	Country	31 December 2010			31 December 2009		
			Total loan	Current portion	Non-current portion	Total loan	Current portion	Non-current portion
Banca Intesa	Impregilo	Italy	-	-	-	68,289	41,669	26,620
Popolare dell'Emilia	Impregilo	Italy	30,035	123	29,912	30,025	30,025	-
OPI/West LB	Impregilo	Italy	53,490	29,321	24,169	81,843	28,801	53,042
Royal Bank of Scotland	Impregilo	Italy	15,001	15,001	-	15,015	15,015	-
Intesa - San Paolo	Impregilo	Italy	99,624	80	99,544	99,754	44	99,710
Banca Carige	Impregilo	Italy	36,414	14,253	22,161	49,765	13,772	35,993
Unicredit	Impregilo	Italy	78,970	30,000	48,970	99,028	20,055	78,973
Total corporate loans			313,534	88,778	224,756	443,719	149,381	294,338
Europe Arab Bank	United Arab Emirates branch	United Arab Emirates	7,182	7,182	-	-	-	-
Total project financing			7,182	7,182	-	-	-	-

The main conditions of the loans in place at 31 December 2010 are as follows:

	Company	Interest rate	Expiry date	Note
Popolare dell'Emilia	Impregilo	Euribor	2012	(1)
OPI/West LB	Impregilo	Euribor	2012	
Royal Bank of Scotland	Impregilo	Euribor	2010	
Intesa - San Paolo	Impregilo	Euribor	2012	(1)
Banca Carige	Impregilo	Euribor	2013	
Unicredit	Impregilo	Euribor	2012	(1)

The interest rates shown in the table have floating spreads depending on the loan term and conditions. The decision to apply the Euribor (1, 2, 3 or 6 months) has been contractually provided for to the benefit of Impregilo.

Note

(1) The loans have covenants that provide for, inter alia, the debtor's commitment to comply with certain financial and equity ratios. At the date of preparation of this report, no indications of non-compliance with such covenants were noted.

The ratios are:

- debt/gross operating profit, as defined in the section on the alternative performance ratios of the directors' report;
- gross operating profit/financial expense;
- debt/equity.

The company entered into interest rate hedges for the OPI/West LB loan. These derivatives are described in note 8.4.

The non-current portion of the above loans will be repaid at their contractual maturity, based on the following time bands:

	Company	Country	Total non-current portion	Due after 13 months but within 24 months	Due after 25 months but within 60 months	Due after 60 months
(Euro/000)						
Popolare dell'Emilia	Impregilo	Italy	29,912	29,912		
OPI/West LB	Impregilo	Italy	24,169	24,169		
Intesa - San Paolo	Impregilo	Italy	99,544	99,544		
Banca Carige	Impregilo	Italy	22,161	14,674	7,487	
Unicredit	Impregilo	Italy	48,970	48,970		
Total			224,756	217,269	7,487	

The fair value of the non-current loans, measured as set out in the "Accounting policy" section, is euro 329.0 million.

Current account facilities

Current account facilities total euro 116.0 million. This item mainly relates to the Venezuelan branch and, in addition to representing an important source of funding for its contracts, is a hedge against local currency exchange rate fluctuations.

8.4 Derivatives

Derivatives with a positive and negative fair value amount to euro 0.3 million and euro 1.8 million, respectively, at year end. Derivatives with a positive fair value rose by euro 0.3 million on 31 December 2009 whereas those with a negative fair value fell by euro 1.5 million. These items include the agreements hedging currency and interest rate risks.

(Euro/000)	31 December 2010		31 December 2009	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Interest rate swaps - Cash flow hedges		1,293	-	2,319
Currency swaps - FVTPL	304	506	1	941
Total	304	1,799	1	3,260

The following tables set out the characteristics of the derivatives existing at 31 December 2010, showing the related fair value at the reporting date:

INTEREST RATE SWAP - Cash flow hedge

Negative fair value

Company	Agreement date	Expiry date	Currency	Notional amount	Fair value (euro)
Impregilo S.p.A.	31-01-2006	31-12-2011	EUR	24,874,500	(646,490)
Impregilo S.p.A.	31-01-2006	31-12-2011	EUR	24,874,500	(646,490)
Total					(1,292,980)

This category includes derivatives that have been entered into to hedge the company against interest rate risks and that meet hedge accounting requirements under IFRS. To check compliance with these requirements, the effectiveness of the hedges has been verified and confirmed and, therefore, the hedging reserve (see note 7) has been recognised in equity.

EXCHANGE RATE DERIVATIVES - FVTPL

Positive fair value

Company	Agreement date	Expiry date	Currency	Notional amount	Fair value (euro)
Impregilo S.p.A.	24/09/10	24/01/11	USD	7,688,000	29,650
Impregilo S.p.A.	13/09/10	14/03/11	USD	6,000,000	235,574
Impregilo S.p.A.	30/07/10	31/05/11	USD	6,850,000	15,240
Impregilo S.p.A.	30/11/10	08/06/11	USD	1,053,263	4,820
Impregilo S.p.A.	17/09/10	17/06/11	USD	8,000,000	15,936
Impregilo S.p.A.	30/11/10	07/12/11	USD	1,053,263	2,645
Total					303,866

EXCHANGE RATE DERIVATIVES - FVTPL

Negative fair value

Company	Agreement date	Expiry date	Currency	Notional amount	Fair value (euro)
Impregilo S.p.A.	02/06/10	04/04/11	USD	3,660,000	(54,107)
Impregilo S.p.A.	15/06/10	15/04/11	USD	2,772,000	(94,073)
Impregilo S.p.A.	22/06/10	22/02/11	USD	6,320,000	(153,883)
Impregilo S.p.A.	15/07/10	15/04/11	USD	6,000,000	(203,620)
Total					(505,683)

This category includes derivatives that have been entered into to hedge the company against currency risks but that do not meet (or no longer meet and the situation has not yet been resolved) hedge accounting requirements for cash flows hedges.

8.5 Factoring payables

In 2007, the company factored tax receivables with recourse totalling euro 53.0 million, relating to both direct and indirect taxes.

At 31 December 2009, the outstanding balance was euro 29.4 million which was fully collected in 2010.

9. Guarantees and commitments

The key guarantees given by the company are set out below:

- Contractual sureties: these total euro 3,347.9 million and are given to customers as performance bonds, to guarantee advances, withholdings and involvement in tenders for all ongoing contracts. In turn, the company has guarantees given by its subcontractors that partially cover the contractually sureties given.
- Sureties for credit: they amount to euro 542.9 million and relate to subsidiaries (euro 387.7 million), associates (euro 57.2 million) and other group companies (euro 27.4 million). The residual amount relates to sureties granted on behalf of Impregilo S.p.A..
- Sureties granted to Sace for export credit of euro 4.3 million.
- Other personal guarantees of euro 192.0 million consisting of guarantees related to customs and tax obligations.
- Collateral related to:
 - a) liens on shares of the consortium companies Salerno Reggio Calabria S.c.p.a. and Reggio Calabria-Scilla S.c.p.a. given to guarantee a loan (euro 43.3 million);
 - b) lien on shares of the consortium company Passante di Mestre S.c.p.a. given to guarantee a loan (euro 21.0 million).

10. Financial instruments and risk management

Classes of financial instruments

The company's financial instruments are broken down by class in the following table, which also shows their fair value:

31 December 2010	Note	Loans and receivables	Financial assets at fair value through profit or loss	Hedging derivatives	Held-to-maturity investments	Available-for-sale financial assets	Total	Fair Value
(Euro/000)								
Financial assets								
Non-current intragroup receivables	4	144,326					144,326	144,326
Trade receivables	6.4	200,775					200,775	200,775
Current intragroup receivables	6.4	443,208					443,208	443,208
Other current financial assets	8.1				9		9	9
Derivatives	8.4			304			304	304
Cash and cash equivalents	8.2	49,878					49,878	49,878
Total	9	838,187	-	304	9	-	838,500	838,500

31 December 2010	Note	Other liabilities to amortized cost	Financial liabilities at fair value through profit or loss	Hedging derivatives	Total	Fair Value
(Euro/000)						
Financial liabilities						
Bank and other loans	8.3	436,674			436,674	452,178
Derivatives	8.4		506	1,293	1,799	1,799
Trade payables	6.5	100,991			100,991	100,991
Current intragroup payables	6.5	265,134			265,134	265,134
Total		802,799	506	1,293	804,598	820,102

31 December 2009	Note	Loans and receivables	Financial assets at fair value through profit or loss	Hedging derivatives	Held-to-maturity investments	Available-for-sale financial assets	Total	Fair Value
(Euro/000)								
Financial assets								
Non-current intragroup receivables	4	297,114					297,114	297,114
Trade receivables	6.4	301,754					301,754	301,754
Current intragroup receivables	6.4	451,817					451,817	451,817
Other current financial assets	8.1				74		74	74
Derivatives	8.4		1				1	1
Cash and cash equivalents	8.2	154,915					154,915	154,915
Total		1,205,600	1	-	74	-	1,205,675	1,205,675

31 December 2009	Note	Other liabilities to amortized cost	Financial liabilities at fair value through profit or loss	Hedging derivatives	Total	Fair Value
(Euro/000)						
Financial liabilities						
Bank and other loans	8.3	626,173			626,173	611,069
Factoring payables	8.5	29,370			29,370	29,370
Derivatives	8.4		941	2,319	3,260	3,260
Trade payables	6.5	79,178			79,178	79,178
Current intragroup payables	6.5	321,483			321,483	321,483
Total		1,056,204	941	2,319	1,059,464	1,044,360

The note column gives the section in which the relevant item is described.

Reference should be made to the section on the accounting policies for information on the fair value measurement of these items. Specifically, the fair value of the above items is based on the present value of forecast future cash flows.

Risk management

Impregilo is exposed to financial risks, including the following:

- **market risk** deriving from the company's exposure to interest rate fluctuations and exchange rate fluctuations;
- **credit risk** deriving from the company's exposure to potential losses arising from customers' non-compliance with their obligations;
- **liquidity risk** deriving from the risk that the financial resources necessary to meet obligations may not be available at the agreed terms and deadlines.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk and interest rate risk.

Currency risk

Impregilo's international presence entails its exposure to the risk of fluctuations in exchange rates of the Euro and the currencies of the various countries in which it operates. Currency risk at 31 December 2010 mainly related to the following currencies:

- Dollar (United States)
- Bolivar (Venezuela)

The company's currency risk management strategy is essentially based on the following policies:

- agreement of contractual considerations for works and projects in countries with weak currencies using a primarily multi-currency format, in which only a portion of the consideration is expressed in local currency;
- use of portions of the contractual considerations in local currency mainly to cover project expenses to be incurred in that currency;
- analysis of exposure in US dollars on a cumulative and prospective basis with consistent deadlines and setting up forward transactions in the same currency to hedge the company's net exposure at those deadlines.

Adoption of the above-mentioned policies has contained the company's exposure to currency risk, which only relates to the US dollar and the Bolivar.

The Venezuelan government depreciated the Bolivar against the US dollar by 50% in early January 2010. The related effects, which were immaterial, were recognised in profit or loss in 2010.

Given the regulated regime controlling the Bolivar and the company's strategy in place to hedge currency risk on currencies other than the US dollar or other strong currencies, whereby they are hedged directly in the contract, it did not perform a sensitivity analysis of the Venezuelan currency.

Had the Euro appreciated or depreciated by 5% against the US dollar at year end, the profit for the year would have been respectively lower or greater by euro 1.4 million, assuming that all other variables remained constant, mainly due to exchange rate losses (gains) arising from the adjustment of net assets in US dollar. Equity at 31 December 2010 would have been greater or lower by euro 1.0 million. A similar change at the end of the previous year would have led to a euro 1.0 million decrease (increase in the case of depreciation) in the profit for the year, mainly due to exchange rate losses (gains) arising from the adjustment of net assets in US dollar, and a euro 0.7 million decrease (increase) in equity.

Interest rate risk

Impregilo has adopted a combined strategy of streamlining group operations by disposing of non-strategic assets, containing debt and hedging interest rate risks on a portion of the non-current structured loans through interest rate swaps (IRSs).



The financial risks arising from market interest rate fluctuations to which the company is potentially exposed and which are monitored by the relevant company personnel relate to non-current loans bearing variable rates. Such risk is mitigated by interest accrued on short-term investments of liquidity available at the Italian-based consortia and consortium companies and foreign subsidiaries, which are used to support the company's operations.

Had interest rates increased (or decreased) by an average 75 basis points at year end, the pre-tax profit for the year would have been respectively lower or greater by euro 3.6 million and equity by euro 2.6 million, assuming that all other variables remained constant and without considering cash and cash equivalents. A similar change at the end of the previous year would have led to a euro 3.9 million decrease (or increase) in the pre-tax profit for the year and a euro 2.8 million decrease (or increase) in equity, assuming that all other variables remained constant.

Credit risk

Credit risk is that deriving from the company's exposure to potential losses arising from the customers' (which are mostly governments or state bodies) non-compliance with their obligations.

Management of this risk is complex, starting as early as the assessment of offers, through a careful analysis of the characteristics of the countries in which the group's activities should be carried out and the customers, which are usually state or similar bodies, requesting an offer.

Therefore, this risk can be essentially assimilated to the country risk. An analysis of this risk based on the age of the outstanding amounts is not very meaningful, since the receivables, mostly due from state bodies, should be assessed together with the related working capital items, especially those reflecting the net exposure to customers (positive and negative work in progress, advances and payments on account) in relation to contract work in progress as a whole.

A breakdown of working capital by country, as shown in the section on geographical segment reporting, is set out below:

Working capital by country	31 December 2010	31 December 2009
Italy	289,872	(137,167)
Other EU countries	148,819	196,443
Other European (non-EU) countries	(2,589)	(5,479)
Central and South America	150,455	521,924
Other and eliminations	(5,898)	(1,374)
Total	580,659	574,347

Note 6 details the items included in working capital.



Impregilo's exposure to customers, broken down by contract location, is analysed below:

(Euro/000)

Exposure to customers by country	Receivables	Positive WIP	Negative WIP and advances	Total	Impairment losses
31 December 2010					
Italy	7,090	176,342	(59,640)	123,792	3,860
Other EU countries	6	-	-	6	-
Other European (non-EU) countries	-	-	-	-	-
Central and South America	188,610	190,822	(23,791)	355,641	-
Other and eliminations	5,069	1,849	(8,461)	(1,543)	-
Total	200,775	369,013	(91,892)	477,896	3,860
31 December 2009					
Italy	11,615	177,357	(92,897)	96,076	707
Other EU countries	-	-	-	-	-
Other European (non-EU) countries	-	-	-	-	-
Central and South America	288,561	166,837	(30,549)	424,848	20,000
Other and eliminations	1,578	-	(8,610)	(7,032)	-
Total	301,754	344,194	(132,056)	513,891	20,707

Liquidity risk

Liquidity risk derives from the risk that the financial resources necessary to meet obligations may not be available to the company at the agreed terms and deadlines.

The company's strategy aims at ensuring that each ongoing contract is financially independent. This strategy is strictly monitored centrally.

A breakdown of financial liabilities by composition and due date (based on undiscounted future cash flows) is set out below:

(Euro/000)

31 December 2010	31-12-2011	31-12-2012	31-12-2014	After	Total
Current account facilities	115,958	-	-	-	115,958
Bank loans	99,517	215,720	18,076	-	333,313
Other loans	-	-	-	-	-
Finance lease payables	-	-	-	-	-
Derivatives	1,799	-	-	-	1,799
Gross financial liabilities	217,274	215,720	18,076	-	451,070
Trade payables	100,991	-	-	-	100,991
Total	318,265	215,720	18,076	-	552,061

Future interest has been estimated based on the market interest rates at the date of preparation of these separate financial statements, summarised in the notes.

The prior year figures are given below for comparative purposes:

(Euro/000)

31 December 2009	31-12-2010	31-12-2011	31-12-2014	After	Total
Current account facilities	182,454	-	-	-	182,454
Bank loans	153,145	103,633	202,971	-	459,749
Factoring payables	29,370	-	-	-	29,370
Finance lease payables	-	-	-	-	-
Derivatives	941	2,319	-	-	3,260
Gross financial liabilities	365,910	105,952	202,971	-	674,833
Trade payables	79,178	-	-	-	79,178
Total	445,088	105,952	202,971	-	754,011

Liquidity risk management is mainly based on containing debt and maintaining a balanced financial position.

Loans (principal) and trade payables, net of advances, falling due before 31 March 2011 are compared with the cash and cash equivalents that can be used to meet such obligations in the table below.

(Euro/000)

<i>Total current financial commitments</i>	<i>296,104</i>
Of which: due before 31 March 2011	170,618
Cash and cash equivalents	49,878
Difference	120,740

The difference shown above is the "worse case scenario" occurring should all short-term credit lines without due dates be requested for repayment by lenders.

In this respect:

- at the date of preparation of these financial statements, the company has received no requests for early termination or immediate repayment of the above credit lines, nor are such requests expected in the next few months;
- current loans due from certain subsidiaries, consortia and joint ventures are adequately supported by their cash and cash equivalents, which have no particular restrictions and are readily collectible.

Fair value measurement hierarchy

IFRS 7 requires that the fair value of financial instruments recognised in the statement of financial position be classified using a fair value hierarchy that reflects the significance of the inputs used to determine fair value. There are three different levels:

- Level 1 - Fair values measured using quoted prices in active markets;



- Level 2 - Fair values measured using valuation techniques for which inputs significant to the fair value measurement are based on observable market data;
- Level 3 - Fair values measured using valuation techniques for which inputs significant to the fair value measurement are based on unobservable market data.

Financial instruments recognised by the company at fair value are classified at the following levels:

(Euro/000)	Note	Level 1	Level 2	Level 3
Derivatives with positive fair values	8.4		304	
Derivatives with negative fair values	8.4		(1,799)	
Total		-	(1,495)	-

There were no movements from Level 1 to Level 2 during the year or vice versa.

Income statement

11. Revenue

Revenue for 2010 amounts to euro 1,058.9 million, down euro 555.7 million on the previous year:

(Euro/000)	2010	2009	Variation	Var. %
Operating revenue	1,028,197	1,555,337	(527,140)	(33.9%)
Other revenue and income	30,674	59,185	(28,511)	(48.2%)
Total	1,058,871	1,614,522	(555,651)	(34.4%)

The 34% decrease in revenue is mainly due to the substantial completion of certain Italian contracts, including the high speed/capacity (euro 334.5 million), Consorzio Torre (euro 68.0 million) and Mestre connector (euro 34.9 million) contracts, in addition to the euro 134.2 million fall in revenue of the Venezuelan branch, due to the slowdown in production caused by delays in payments by the customer. These decreases were only partly compensated by the progress of the South African contracts (euro 44.2 million).

Revenue may be broken down as follows:

(Euro/000)	2010	2009	Variation	Var. %
Work invoiced to customers	579,423	1,177,767	(598,344)	(50.8%)
Allocation of revenue from group companies	407,029	337,667	69,362	20.5%
Services	41,031	36,668	4,363	11.9%
Other revenue	714	3,235	(2,521)	(77.9%)
Total	1,028,197	1,555,337	(527,140)	(33.9%)

Work invoiced to customers includes contractual revenue, deriving from production carried out during the year, measured using the stage of completion method. The contribution of the main contracts is disclosed in the section on "work in progress".

Allocation of revenue from group companies, up by euro 69.4 million on the previous year, relates to the portion of revenue earned by joint ventures pertaining to Impregilo. This item relates to the Tunnel Alp Transit (T.A.T.) contract (euro 43.7 million), Costrutora Mazar (euro 12.6 million), Consorzio OIV Tocoma (euro 208.2 million), other Venezuelan consortia (euro 4.5 million), the Greek consortium for the construction of the underground railway in Thessalonica (euro 18.4 million) and that for the underground railway in Athens (euro 5.6 million), the South African contracts (euro 70.9 million) and other minor contracts (euro 43.1 million).

Services mainly relate to sponsorship fees and other services provided to group companies.

A breakdown of other revenue and income is given in the following table:

(Euro/000)	2010	2009	Variation	Var. %
Cost recoveries	22,332	38,520	(16,188)	(42.0%)
Rent and leases	570	708	(138)	(19.5%)
Gains on the sale of property, plant and equipment	1,621	3,492	(1,871)	(53.6%)
Prior year income	5,963	10,875	(4,912)	(45.2%)
Other	188	5,590	(5,402)	(96.6%)
Total	30,674	59,185	(28,511)	(48.2%)

Cost recoveries relate to the portion of costs (insurance, technical and administrative services and sponsorship fees) incurred by the company on behalf of other group companies.

12. Costs

12.1 Raw materials and consumables

The cost of raw materials and consumables incurred in 2010 decreased by euro 21.6 million to euro 29.8 million compared to the corresponding figure of the previous year:

(Euro/000)	2010	% of revenue	2009	% of revenue	Variation
Purchases of raw materials and consumables	27,581	2.6%	61,427	3.8%	(33,846)
Change in raw materials and consumables	2,243	0.2%	(10,003)	(0.6%)	12,246
Total	29,824	2.8%	51,424	3.2%	(21,600)

12.2 Subcontracts

Costs of subcontracts decreased to euro 72.8 million, down euro 14.4 million on the same period of the previous year. The decrease is mainly due to the Venezuelan contracts, down by euro 22.3 million, and the Arabian and United Arab Emirates contracts, up by euro 2.1 million and euro 5.8 million, respectively.

12.3 Other operating expenses

Other operating expenses totalled euro 776.1 million in 2010, down euro 401.7 million on 2009.

This item is made up as follows:

(Euro/000)	2010	% of revenue	2009	% of revenue	Variation
Consultancy and technical services	36,688	3.5%	36,323	2.2%	365
Fees to directors, statutory auditors and independent auditors	3,797	0.4%	3,665	0.2%	132
Maintenance	1,303	0.1%	1,926	0.1%	(623)
Transportation and freight	8,553	0.8%	16,887	1.0%	(8,334)
Insurance	7,578	0.7%	9,822	0.6%	(2,244)
Recharges and allocation of costs from consortia and joint ventures	678,293	64.1%	1,056,959	65.5%	(378,666)
Rent and leases	9,099	0.9%	12,167	0.8%	(3,068)
Other operating expenses	25,353	2.4%	35,981	2.2%	(10,628)
Prior year expense	4,601	0.4%	3,319	0.2%	1,282
Losses on the disposal of assets	811	0.1%	763	0.0%	48
Total	776,076	73.3%	1,177,812	73.0%	(401,736)

The reduction in this item is mainly due to the decrease in recharges of costs from consortia and joint ventures, specifically the combined effect of the following:

- smaller costs recharged by consortia whose contracts are nearing completion, such as the high speed/capacity consortia (euro 280.9 million), Passante di Mestre (euro 28.9 million), Mazar (euro 26.8 million), the Greek contracts for the construction of the Thessalonica and Athens underground railways (euro 15.6 million) and Consorzio Torre (euro 80.0 million);
- larger costs incurred for the South African contracts (euro 37.8 million) and Eurolink (euro 25.6 million).

Consultancy and technical services mainly consist of costs for the design and construction work carried out by the SPEs. These costs are broken down in the following table:

(Euro/000)	2010	% of revenue	2009	% of revenue	Variation
Design and engineering services	19,372	1.8%	24,810	1.5%	(5,438)
Testing	358	0.0%	-	0.0%	358
Construction	9,134	0.9%	3,780	0.2%	5,354
Legal, administrative and other services	7,824	0.7%	7,733	0.5%	91
Total	36,688	3.5%	36,323	2.2%	365

2010 directors' and statutory auditors' fees, as approved by the shareholders and board of directors, totalled euro 4,296 thousand and euro 301 thousand, respectively.

Key managers received total remuneration of euro 3,193 thousand.

The following table shows the fees paid to the directors, statutory auditors and key managers during 2010:

Name	Position	Term of office	Fees for office	Fees for duties as per art. 2389.3c of the Italian Civil Code	Non-monetary benefits (i)	Other fees	Fees for positions held in subsidiaries	Total
(Euro)								
Ponzellini Massimo	Chairman	(*)	35,000	1,366,000	5,515			1,406,515
Castellucci Giovanni	Deputy chairman	(*)	51,000	50,000	5,515			106,515
Talarico Antonio	Deputy chairman	(*)	55,500	50,000	5,515			111,015
Rubegni Alberto	CEO	(*)	59,000	884,700	14,960 (ii)	1,173,643 (***)		2,132,303
Buora Carlo	Director	(*)	31,000		5,515			36,515
Cavanenghi Alfredo	Director	(*)	51,000		5,515			56,515
Cerchiai Fabio	Director	(**)	11,158		2,387			13,545
Cominelli Claudio	Director	(*)	35,000		5,515			40,515
Fallica Nicola	Director	(*)	39,500		5,515		1,874	46,889
Gavio Beniamino	Director	(*)	58,000		5,515			63,515
Gavio Marcello	Director	(*)	58,000		5,515			63,515
Guenzi Giancarlo	Director	26.7.2010	14,842		3,128			17,970
Maresca Maurizio	Director	(*)	45,500		5,515			51,015
Novarese Andrea	Director	(*)	53,500		5,515			59,015
Piaggio Giuseppe	Director	(*)	52,000		5,515			57,515
Sacchi Alberto	Director	(*)	28,000		5,515			33,515
Levi Giuseppe	Chairman of board of stat. aud.	(*)	129,000					129,000
Oldoini Giorgio	Statutory auditor	(*)	86,000					86,000
Trotter Alessandro	Statutory auditor	(*)	86,000					86,000
Directors			678,000	2,350,700	92,170	1,173,643	1,874	4,296,387
Statutory auditors			301,000	-	-	-	-	301,000
TOTAL			979,000	2,350,700	92,170	1,173,643	1,874	4,597,387
Key managers								3,193,131

(*) In office until approval of the financial statements at 31 December 2010 as per shareholders' resolution of 7 May 2008.

(**) In office from 26 July 2010 replacing director Giancarlo Guenzi

(***) Employee salary approved by the board of directors

(i) Insurance for directors

(ii) Includes use of company cars and supplementary health insurance



Fees to the independent auditors, PricewaterhouseCoopers S.p.A., and other companies of its network for 2010 are detailed as follows:

(Euro/000)

Type of service		Fees
Audit	Impregilo S.p.A.	779
Audit	Subsidiaries	913
Total audit		1,692
Tax assistance	Impregilo S.p.A.	15
Tax assistance	Subsidiaries	52
Total tax assistance		67
Other services	Impregilo S.p.A.	26
Other services	Subsidiaries	138
Total other services		164
Total		1,923

12.4 Personnel expenses

Personnel expenses for 2010 amount to euro 102.3 million, down by euro 25.1 million on 2009. The item is made up as follows:

(Euro/000)	2010	% of revenue	2009	% of revenue	Variation
Wages and salaries	63,784	6,0%	76,659	4,7%	(12,875)
Social security and pension contributions	14,761	1,4%	16,687	1,0%	(1,926)
Post-employment benefits	7,517	0,7%	14,591	0,9%	(7,074)
Other personnel expenses	16,219	1,5%	19,486	1,2%	(3,267)
Total	102,281	9,7%	127,423	7,9%	(25,142)

Other personnel expenses mainly relate to repayments of travel expenses.

The decrease in personnel expenses is mainly due to the reduction in personnel numbers, mostly as a result of the closure of the Icelandic branch.

The following table shows the workforce at year end and the related average number:

n. head	31 December 2010			31 December 2009			average
	Headquarters	Branches	Total	Headquarters	Branches	Total	
Managers	67	21	88	66	23	89	133
White collars	221	514	735	223	625	848	1,159
Blue collars	3	579	582	3	1,295	1,298	1,231
Total	291	1,114	1,405	292	1,943	2,235	2,523

12.5 Amortisation, depreciation, provisions and impairment losses

This item of euro 11.5 million shows an decrease on the previous year figure of euro 29.6 million. It may be analysed as follows.

(Euro/000)	2010	% of revenue	2009	% of revenue	Variation
Accrual to the allowance for impairment	3,860	0.4%	20,707	1.3%	(16,847)
Accruals to the provision for risks	4,211	0.4%	193	0.0%	4,018
Impairment losses/reversals of impairment losses	(27,640)	(2.6%)	359	0.0%	(27,999)
Utilisations	(4,364)	(0.4%)	(5,220)	(0.3%)	856
Total provisions and impairment losses	(23,933)	(2.3%)	16,039	1.0%	(39,972)
Amortisation	246	0.0%	924	0.1%	(678)
Depreciation	12,198	1.2%	12,675	0.8%	(477)
Total amortisation and depreciation	12,444	1.2%	13,599	0.8%	(1,155)
Total	(11,489)	(1.1%)	29,638	1.8%	(41,127)

The accrual to the allowance for impairment was mainly made for impaired receivables from a number of foreign customers. Accruals to the provision for risks mainly relate to expected charges to be incurred in connection with arbitration procedures in Argentina.

The impairment losses (reversals of impairment losses) show a positive balance of euro 27.6 million, as certain receivables from foreign customers and non-consolidated companies are no longer at risk (as described earlier) and, therefore, the related allowance for impairment recognised in previous years has been reversed.

Utilisations mainly relate to the contract completion losses of the Swiss consortium Transalp Tunnel and to contracts of the former Building segment.

13. Financing income (costs) and gains (losses) on investments

Financing income (costs) and gains (losses) on investments came to a positive euro 91.7 million compared to a negative euro 95.6 million for 2009, as follows:

(Euro/000)	2010	2009	Variation
Financial income	18,922	75,914	(56,992)
Financial expense	(40,047)	(55,014)	14,967
Net exchange rate losses	(11,084)	(12,482)	1,398
Net gains (losses) on investments	123,924	(103,986)	227,910
Total	91,715	(95,568)	187,283



13.1 Financial income

Financial income totalled euro 18.9 million (euro 75.9 million in 2009) and is made up as follows:

(Euro/000)	2010	2009	Variation
Bank interest income	560	1,314	(754)
Gains on the sale of securities	5,300	55,616	(50,316)
Interest income on intragroup transactions	12,205	15,891	(3,686)
Interest income on other items of net invested capital:			
- <i>Interest on tax assets</i>	672	1,250	(578)
- <i>Default interest</i>	-	1,516	(1,516)
- <i>Other interest income</i>	115	314	(199)
Total interest income on other items of net invested capital	787	3,080	(2,293)
Financial discounts and allowances	70	13	57
Total	18,922	75,914	(56,992)

The decrease over the corresponding figure of the previous year is due to the following:

- smaller gains on the sales of securities of euro 50.3 million compared to 2009. As described in the 2009 Annual Report, these gains were achieved by taking advantage of currency mismatches of money markets in relation to certain South American currencies, whose official exchange rates with some strong currencies, including the US dollar, are fixed artificially;
- smaller interest income of euro 3.7 million on intragroup transactions with the following companies:

(Euro/000)	2010	2009	Variation
Impregilo International Infrastructure N.V.	6,602	5,949	653
Consorzio C.A.V.TO.MI.	1,549	5,473	(3,924)
Consorzio C.A.V.E.T.	1,452	1,888	(436)
FISIA Italimpianti	1,080	1,067	13
SGF Inc.	607	654	(47)
Eurolink	7	196	(189)
Eriday	168	119	49
Joint Venture Impregilo S.p.A. - SGF INC	-	108	(108)
Consorzio Aglipo	90	86	4
CFT 2000	4	74	(70)
Consorzio Torre	43	50	(7)
Consorzio Acueducto Oriental	2	34	(32)
Consorzio Contuy Average rate	6	11	(5)
Puentes del Litoral	363	-	363
Other	232	182	50
Total	12,205	15,891	(3,686)

13.2 Financial expense

2010 financial expense decreased by euro 15.0 million to euro 40.0 million as follows:

(Euro/000)	2010	2009	Variation
Bank interest expense	(35,755)	(49,975)	14,220
Interest on other loans	(428)	(559)	131
Interest expense on intragroup transactions	(1,560)	(1,984)	424
Interest expense on other items of net invested capital			
- <i>Interest on tax liabilities</i>	(645)	(182)	(463)
- <i>Default interest</i>	-	(254)	254
- <i>Other interest expense</i>	15	-	15
Total interest expense on other items of net invested capital	(630)	(436)	(194)
Impairment losses on loans, net of utilisation of allowance	396	(209)	605
Bank charges and commissions	(1,404)	(1,848)	444
Losses on the sale of securities	(582)	-	(582)
Commissions on sureties	(83)	-	(83)
Financial discounts and allowances	(1)	(3)	2
Total	(40,047)	(55,014)	14,967

The decrease is mainly due to the following:

- smaller net financial expense of euro 14,2 million due to lower indebtedness levels compared to 2009, especially the short-term indebtedness in foreign currencies other than the US dollar, which has interest rates that are considerably higher than those of the stronger economies;
- smaller interest expense of euro 0.4 million on intragroup transactions with the following companies:

(Euro/000)	2010	2009	Variation
Consorzio C.A.V.T.O.MI.	(1,021)	(1,236)	215
Consorzio C.A.V.E.T.	(403)	(493)	90
Imprepar	(15)	(45)	30
FISIA Italmimpianti	-	(1)	1
Other	(121)	(209)	88
Total	(1,560)	(1,984)	424

13.3 Exchange rate gains (losses)

The net exchange loss of euro 11.1 million shows an improvement of euro 1.4 million over the previous year as follows:

(Euro/000)	2010	2009	Variation
Realised net exchange rate losses	(10,376)	(6,628)	(3,748)
Unrealised net exchange rate gains (losses)	2,363	(5,351)	7,714
Net exchange rate hedging losses	(3,071)	(503)	(2,568)
Total	(11,084)	(12,482)	1,398

13.4 Gains (losses) on equity investments

2010 net gains on equity investments came to euro 123.9 million compared to a net loss of euro 104.0 million in the previous year and are made up as follows:

(Euro/000)	2010	2009	Variation
Impairment losses on equity investments	(8,944)	(105,870)	96,926
Reversals of impairment losses on equity investments	130,899	-	130,899
Dividends	1,965	111	1,854
Net gains on the disposal of equity investments	-	1,773	(1,773)
Other gains	4	-	4
Total	123,924	(103,986)	227,910

2010 net gains on investments (euro 123.9 million, compared to net losses of euro 104 million in 2009) mainly include the reversals of impairment losses on the investment in Impregilo International Infrastructures described in note 1.3. The impairment losses principally relate to the investment in SGF-INC S.p.A., described in note 1.3. The 2009 net losses were mostly due to the impairment loss on the investment in FISIA Italmobiliare of euro 97.7 million.

A breakdown of "Impairment losses on investments" is as follows:

(Euro/000)	2010	2009	Variation
FISIA Italmobiliare	-	(97,660)	97,660
FIBE	(210)	(5,394)	5,184
SGF Inc.	(6,978)	(2,000)	(4,978)
Other consortia	(616)	(787)	171
Coincar	(4,153)	-	(4,153)
Puentes	3,013	-	3,013
Other	-	(29)	29
Total	(8,944)	(105,870)	96,926

Reference should be made to note 2 for information on Puentes del Litoral.

14. Income tax

The company's income tax expense for the year is euro 23.2 million as follows:

(Euro/000)	2010	2009	Variation
Current taxes	13,515	40,863	(27,348)
Net deferred tax (income) expense	8,233	(21,237)	29,470
Prior year taxes	(645)	3,914	(4,559)
Total income taxes	21,103	23,540	(2,437)
IRAP	2,144	5,609	(3,465)
Total	23,247	29,149	(5,902)

An analysis and reconciliation of the theoretical income tax rate, calculated under Italian tax legislation, and the effective tax rate are set out below:

	INCOME TAX EXPENSE	
	Euro/m	%
Profit before tax	181.1	
Theoretical tax expense	49.8	27.5%
Effect of permanent differences	(40.8)	(22.5%)
Foreign taxes currently exceeding recoverable amount	8.4	4.6%
Other (expense arising from the national tax consolidation agreement)	4.3	2.4%
Prior year taxes	(0.6)	(0.3%)
Total	21.1	11.7%

The effective tax expense is lower than theoretical tax expense and is affected by:

- permanent differences, mainly due to utilisations of taxed allowances and net reversals of impairment losses on subsidiaries and jointly-controlled companies;
- taxes paid abroad which do not currently meet the requirements for immediate recovery;
- expenses arising from the national IRES tax consolidation agreement with other group companies, recognised net of other sundry items;
- the adjustment for prior year taxes.

An analysis and reconciliation of the theoretical IRAP tax rate and the effective tax rate are set out below:

	IRAP	
	Euro/m	%
Operating profit	89.4	
Personnel expenses	102.3	
Net operating profit	191,7	
Theoretical tax expense	7.5	3.9%
Tax effect of foreign production	(3.0)	1.5%
Tax effect of permanent differences	(2.4)	(1.2%)
Total	2.1	1.1%

The net deferred tax expense contributes negatively to the company's profit for euro 8.2 million, specifically for the following items:

(Euro/m)	
Deferred tax expense for the year	0.5
Reversal of deferred tax liabilities recognised in previous years	(1.2)
Deferred tax income for the year	(13.2)
Reversal of deferred tax assets recognised in previous years	22.1
Total	8.2



Changes in net deferred tax assets and liabilities and the related impact on profit or loss are set out below:

(Euro/000)	31 December 2009	Accruals	Utilisations	Reclassifications	31 December 2010
Deferred tax assets:					
Amortisation and depreciation exceeding tax rates	1,033	963	-	-	1,996
Provisions for risks and impairment losses	48,768	7,223	(21,060)	-	34,931
2005 share capital increase related charges	1,059	-	(1,059)	-	-
Tax losses	-	4,825	-	-	4,825
Other	634	150	-	(432)	352
Total	51,494	13,161	(22,119)	(432)	42,104
Offsetting	(6,945)	-	-	875	(6,070)
(a) Net deferred tax assets	44,549	13,161	(22,119)	443	36,034
Deferred tax liabilities:					
Unrecognised fiscally-driven amortisation and depreciation	(4,231)	-	-	-	(4,231)
Other	(2,714)	(485)	1,210	150	(1,839)
Total	(6,945)	(485)	1,210	150	(6,070)
Offsetting	6,945	-	-	(875)	6,070
(b) Net deferred tax liabilities	-	(485)	1,210	(725)	-
(a)+(b) Net deferred tax expense		12,676	(20,909)		(8,233)

Changes in 2009 were as follows:

(Euro/000)	31 December 2008	Accruals	Utilisations	Reclassifications	31 December 2009
Deferred tax assets:					
Amortisation and depreciation exceeding tax rates	2,440	-	(1,407)	-	1,033
Provisions for risks and impairment losses	28,088	25,328	(4,313)	(335)	48,768
2005 share capital increase related charges	3,144	-	(2,085)	-	1,059
Other	11	-	(11)	634	634
Total	33,683	25,328	(7,816)	299	51,494
Offsetting	(11,006)	-	-	4,060	(6,946)
(a) Net deferred tax assets	22,677	25,328	(7,816)	4,359	44,548
Deferred tax liabilities:					
Unrecognised fiscally-driven amortisation and depreciation	(4,231)	-	-	-	(4,231)
Other	(6,775)	(969)	4,694	335	(2,715)
Total	(11,006)	(969)	4,694	335	(6,946)
Offsetting	11,006	-	-	(4,060)	6,946
(b) Net deferred tax liabilities	-	(969)	4,694	-	-
(a)+(b) Net deferred tax income		24,359	(3,122)		21,237

15. Related party transactions

The Consob regulation covering related party transactions (the "Regulation") was approved with resolution no. 17221 of 12 March 2010 and subsequently amended with resolution no. 17389 of 23 June 2010.

The Regulation requires, inter alia, adoption of a number of new procedures and corporate governance rules by those companies regulated by Consob, which are described in more detail in the relevant section of the first part of this Annual Report (Report on corporate governance and shareholding structure). It is applicable from 1 January 2011, except in certain cases.

Given the importance of the issues covered by the Regulation related to financial disclosures and its reference to the IFRS, the company deemed it appropriate that this information refers to the parties to which the specific procedure approved by the board of directors on 30 November 2010 is applicable, in whole or in part. This procedure is available on the internet site www.impregilo.it, in the "Corporate governance - Corporate documents - Other documents" section.

15.1. Related party transactions (direct and indirect)

Impregilo did not carry out any transactions with indirectly related parties during the year.

Transactions with directly related parties were of an ordinary nature and were carried out with:

- directors, statutory auditors and key management personnel, in line with the contracts regulating their positions within the group. These transactions are summarised in note 12.3;
- direct and indirect subsidiaries (ordinary transactions);
- associates (ordinary transactions).

Impregilo's transactions with its subsidiaries and associates mainly related to:

- trading transactions, namely purchases and procurement of services necessary to carry out work on contracts, contracting and subcontracting;
- services (technical, organisational, legal and administrative), carried out at centralised level;
- financial transactions, namely loans and joint current accounts as part of cash pooling transactions and guarantees given on behalf of group companies.

Transactions are carried out with associates in the interests of Impregilo, aimed at building on existing synergies in the group in terms of production and sales integration, efficient use of existing skills, streamlining of centralised structures and financial resources. These transactions are regulated by specific contracts and carried out on an arm's length basis.



15.2. Transactions with parties to which Impregilo has extended certain instructions of the procedure approved on 30 November 2010, even if not specifically required by law
The more important transactions with the parties, to which Impregilo has extended certain instructions of the procedure approved on 30 November 2010, even if not specifically required by law, carried out in 2010 are summarised below:

(Euro/000)	31 December 2010			
	Payables	Other current liabilities	Costs	Cash flows for the year
Immobiliare Milano Ass. S.r.l.	96		385	(418)
Impresa Grassetto		17,667		
S.A.T.A.P. S.p.A.	1,021		40	(833)
SAI Investimenti SGR S.p.A.	563		1,846	(2,231)
Total	1,680	17,667	2,271	(3,482)

The company transferred its registered office and head office from Sesto San Giovanni to Milan in the second half of 2009. It has leased premises in the Milan Business Park. Transactions with Immobiliare Milano Assicurazioni S.r.l. and SAI Investimenti SGR S.p.A. relate to lease agreements for such premises. They are parties to which Impregilo has extended certain instructions of the procedure (see above) on a voluntary basis.

The other transactions shown in the table above mostly relate to the high speed/capacity railway contracts.

The above transactions are governed by specific agreements and carried out on an arm's length basis. Their effects on the statement of financial position and income statement are shown together with the related contract. Their impact on the company's financial position and results of operations has not been material.

As required by Consob communication no. DEM/6064293, the effects of the above most significant related party transactions are disclosed in the statement of financial position, income statement and statement of cash flows.

16. Significant non-recurring events and transactions

No significant non-recurring events or transactions took place in 2010.

17. Balances or transactions arising from atypical and/or unusual transactions

During the year, Impregilo did not carry out any atypical and/or unusual transactions, as defined in the above Consob communication no. DEM/6064293⁽¹⁾.

1) Atypical and/or unusual transactions are those that, due to their significance and relevance, the counterparty, the object of the transaction, exchange pricing and timing, may cast doubts as to the accuracy and completeness of disclosures, conflicts of interest, protection of the company's assets and non-controlling interests.

18. Events after the reporting date

Reference should be made to the section on "Non-current assets classified as held for sale and discontinued operations - USW Campania projects" in the first part of the directors' report for details on the events that have taken place since 31 December 2010 with respect to the USW Campania projects.

As mentioned earlier in this report, the far-reaching political crisis that developed in Libya in February 2011 has degenerated into a situation of violent conflict and possible solutions are still unclear. Impregilo is active in this country through its controlling investment in a local company and is closely monitoring the situation. The activities in which the Libyan subsidiary was engaged up until the conflict developed were important public works of interest to the country and for which the limited investments made have been fully covered by the contractually provided for advances. Accordingly, at the date of this report, the company does not deem recovery of these amounts to be critical. However, the effective return to, and development of, production in the near term is very uncertain. This uncertainty has been reflected in the forward-looking assessments that, therefore, do not consider the local unit's potential as a contributor to revenue in 2011.

No other significant events have taken place since 31 December 2010.

On behalf of the board of directors

Chairman

Massimo Ponzellini

(Signed on the original)





SEPARATE FINANCIAL STATEMENTS OF IMPREGILO S.p.A. INTRAGROUP TRANSACTIONS



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SEPARATE FINANCIAL STATEMENTS OF IMPREGILO S.p.A. INTRAGROUP TRANSACTIONS - 31 DECEMBER 2010

RECEIVABLES					
(Euro)	trade	financial	other	total receivables	trade
Other					
CONCESSIONS					
Pedemontana Veneta S.p.A.	71,369			71,369	
Tangenziale Esterna di Milano S.p.A.	12,750			12,750	
Total	84,119			84,119	
CONSTRUCTION					
Consorcio Acueducto Oriental			4,010,000	4,010,000	
Joint Venture Aktor Ate - Impregilo S.p.A.	33,872			33,872	
Consorzio Camaiole Impianti					(4,738)
Consorzio Caserma Donati	1,899,689			1,899,689	(909,547)
Consorzio Alta V. Bo/Fi - C.A.V.E.T.	19,878,691	28,861,719		48,740,410	(7,950,270)
Consorzio Alta V. Torino/Milano - C.A.V.TO.MI.	54,167,321			54,167,321	(7,877,542)
Consorzio CCTE	1,414	139,756		141,170	(27,354)
J.Cartellone C.C. S.A.-Igl S.p.A - (Casisa UTE)	214,579	2,198,087	508,272	2,920,937	
CMC-MAVUNDLA-IGL JV	669,968	93	7,364,995	8,035,055	(46,635)
Consorzio Cociv	60,045,910			60,045,910	(99,003,082)
Joint Venture Impregilo S.p.A. - S.G.F. INC S.p.A.	1,631,064	5,339,548		6,970,612	(4,840)
Joint Venture Impregilo S.p.A. - Empedos S.A. - Ak	470,153	86,870		557,023	
Consorzio Impregilo - Ingco		2,658,692		2,658,692	
Consorzio Impregilo Cosapi			3	3	
Consorzio Grupo Contuy-Proyectos y Ob. De F.		1,299,818		1,299,818	(224,878)
Consorzio Contuy Medio Grupo A		2,698,081		2,698,081	(117,669)
Consorzio Contuy Medio		1,346,107	2,885,443	4,231,550	(1,088)
Consorzio CORAV		2,690,127		2,690,127	(169,949)
Consorzio Pedelombarda 2					
Consorzio CPS Pedemontana	443,100			443,100	(217,369)
Consorzio Central Hidroelectrica Daule Peripa Division Obras Civiles			4,155,995	4,155,995	
E.R. Impregilo/Dumez y Asociados para Yaciretê	2,540,745	5,308,574		7,849,319	(173,031)
Grupo Empresas Italianas - GEI		2,550,722		2,550,722	
Ghazi-Barotha Contractors J.V.	17,961	4,329,253		4,347,215	
G.T.B. S.c.r.l.		241,700		241,700	(534,730)
Consorzio Italian Engineering & Contractors for Al Faw - IECAF	342			342	(1,758)
Executive J.V. Impregilo S.p.A. Terna S.A.		5,951		5,951	
Consorzio Impregilo Yarull	46,644			46,644	
Consorzio Iricav Due	17,890			17,890	(5,599,557)
Line 3 Metro Stations	23,856	615,000	115,511	754,367	
Matsoku Civil Contractor (MMC) J.V.					
Constructora Mazar Impregilo-Herdoiza Crespo	154,758		6,023,532	6,178,290	(6,166)
Consorzio Miteco	184,104			184,104	(636,405)
Metropolitana di Napoli S.p.A.	85,245			85,245	(62,539)

PAYBLES			NET				
financial	other	Total payables	RECEIVABLES	PAYABLES	revenue from sponsorship fees	financial income	financial expense
			71,369	-			
			12,750	-			
			84,119				
(136,188)		(136,188)	3,873,812	-		1,627	
			33,872	-	10,562		
		(4,738)	-	(4,738)			
(26,175)		(935,722)	963,967	-			58
	(2,386)	(7,952,656)	40,787,755	-	990,158	1,452,305	403,441
(57,436,610)	(130,890)	(65,445,042)	-	(11,277,721)		1,549,041	1,021,020
		(27,354)	113,816	-			
	(1,938,082)	(1,938,082)	982,855	-		7,619	
		(46,635)	7,988,420	-			
		(99,003,082)	-	(38,957,171)			
	(3,520,334)	(3,525,175)	3,445,437	-			
			557,023	-			
	(2,362,000)	(2,362,000)	296,692	-		90,318	
			3	-			
		(224,878)	1,074,939	-			
(8,070)		(125,740)	2,572,342	-	106,052	5,859	3
		(1,088)	4,230,462	-			
		(169,949)	2,520,178	-			
(4,000)		(4,000)	-	(4,000)			
		(217,369)	225,731	-			
(4,725,906)		(4,725,906)	-	(569,911)			
	(3,573,549)	(3,746,581)	4,102,738	-		168,395	
			2,550,722	-			
	(660,754)	(660,754)	3,686,461	-			
		(534,730)	-	(293,030)			
(9,997)		(11,754)	-	(11,412)			
			5,951	-			
			46,644	-			
		(5,599,557)	-	(5,581,667)			1,033
			754,367	-			
(1,433)		(1,433)	-	(1,433)			
		(6,166)	6,172,124	-	154,547		
		(636,405)	-	(452,301)			
		(62,539)	22,706	-			

RECEIVABLES					
(Euro)	trade	financial	other	total receivables	trade
(continued) CONSTRUCTION					
M.N. 6 S.c.r.l.	715,217			715,217	(228,656)
Consorzio NOG.MA					
Consorzio Cigla-Sade	149,912	1,150,886		1,300,798	
Nathpa Jhakri J.V.	213,894		3,384,461	3,598,355	(1,837)
Consorzio OIV-TOCOMA	326,933	51,102,017		51,428,949	(389,965)
Impregilo - Salini for Owen Falls H.O.					(2,335)
Consorzio Planalto			2,154,170	2,154,170	
Riviera S.c.r.l.	2,446	600,364		602,811	(1,310,581)
Consorzio San Cristoforo					(35,609)
Sarmento S.c.r.l.	4,200	383,018		387,218	
Consorzio Scilla	(1,357,920)			(1,357,920)	(5,496,995)
Consorzio Serra do Mar			2,299,858	2,299,858	
S.I.MA. GEST 3 S.c.r.l.					(162,358)
SO.C.E.T. Societa' Costruttori Edili Toscani					(106,287)
Consorzio TAT-Tunnel Alp Transit Ticino	45,115	9,441		54,556	
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A		759,626	2,832,624	3,592,250	
Thessaloniki Metro	252,165			252,165	
Thessaloniki Metro CW	1,438,715		1,134,107	2,572,822	(5,176)
Consorzio Torre	30,011,761	269		30,012,030	(41,714,757)
Consorzio TRA.DE.CI.V.	2,297,003			2,297,003	(335,883)
Consorzio Tre Esse	2,003			2,003	(223,249)
Vegas Tunnel Constructors	189,586			189,586	
Consorzio Venice Link	2,098,354			2,098,354	(132,673)
Consorzio VIT Caroni Tocoma		5,151,161	10,307	5,161,468	(1,119)
Consorzio VIT Tocoma		2,979,704	8,371	2,988,075	(6,785)
Consorzio V.S.T. Tocoma		221,678	19,621	241,298	(6,251)
Yellow River Contractors J.V.	126,430		746,128	872,559	
Yellow River Contractor H.O.			146,405	146,405	
Total	179,043,120	122,728,262	37,799,803	339,571,184	(173,729,664)
TOTAL Other	179,127,239	122,728,262	37,799,803	339,655,303	(173,729,664)
Associates					
CONCESSIONS					
01060 - Consorzio Agua Azul S.A.	21,781			21,781	
01070 - Aguas del Gran Buenos Aires S.A.	9,952			9,952	(102,082)
28435 - Puentes del Litoral S.A.		1,576,505		1,576,505	
34747 - Sistranyac S.A.		132		132	
Total	31,733	1,576,637		1,608,370	(102,082)

PAYABLES		NET					
financial	other	Total payables	RECEIVABLES	PAYABLES	revenue from sponsorship fees	financial income	financial expense
(566,923)		(795,579)	-	(80,362)			12,980
(63,000)		(63,000)	-	(63,000)			
			1,300,798	-		38,526	
		(1,837)	3,596,518	-			
		(389,965)	51,038,984	-			
		(2,335)	-	(2,335)			
(1,876,497)		(1,876,497)	277,673	-			
		(1,310,581)	-	(707,770)		10,939	
		(35,609)	-	(35,609)		2	
			387,218	-		12,819	
		(5,496,995)	-	(6,854,915)			
(2,086,699)		(2,086,699)	213,158	-			
		(162,358)	-	(162,358)			
		(106,287)	-	(106,287)			
	(46,199)	(46,199)	8,357	-		211	
			3,592,250	-			
(2,270,637)		(2,270,637)	-	(2,018,472)			
		(5,176)	2,567,646	-			
		(41,714,757)	-	(11,702,727)		42,948	
		(335,883)	1,961,120	-			
		(223,249)	-	(221,246)			
(600,555)		(600,555)	-	(410,970)			
		(132,673)	1,965,680	-			
(3,999,960)		(4,001,079)	1,160,388	-			
(1,761,050)		(1,767,835)	1,220,240	-			
		(6,251)	235,048	-			
(188,455)		(188,455)	684,103	-			
			146,405	-			
(67,129,953)	(20,866,398)	(261,726,015)	157,364,605	(79,519,436)	1,261,319	3,380,609	1,438,535
(67,129,953)	(20,866,398)	(261,726,015)	157,448,723	(79,519,436)	1,261,319	3,380,609	1,438,535
			21,781	-			
		(102,082)	-	(92,129)			
(10,491)		(10,491)	1,566,014	-		363,376	
			132	-			
(10,491)		(112,573)	1,587,927	(92,129)		363,376	



RECEIVABLES					
(Euro)	trade	financial	other	total receivables	trade
CONSTRUCTION					
Diga Ancipa S.c.r.l.	4,132			4,132	
Anagnina 2000 S.c.r.l.	10,851	990		11,841	96,123
Ancipa S.c.r.l.	4,132			4,132	
Aurelia 98 S.c.r.l.					(16,121)
CE.S.I.F. S.c.p.a.					(2,450)
Impregilo Arabia Ltd	297,875	1,402,177		1,700,052	(178,518)
Eurolink S.c.p.a.	27,258,494			27,258,494	(18,354,803)
Imprese Riunite Genova Seconda S.c.r.l.					772,216
Grupo Unidos por El Canal	5,158,533			5,158,533	
Impresit Bakolori Plc					
La Quado S.c.a.r.l.	1,433,749			1,433,749	(1,779,780)
Metrogenova S.c.r.l.	44,236			44,236	383,813
Passante di Mestre S.c.p.a.	22,845,387			22,845,387	(12,978,125)
Pedelombarda S.c.p.a.	3,706,077	269		3,706,346	(9,910,898)
Pietrarossa S.c.r.l.	4,132			4,132	
Quattro Venti S.c.r.l.	159,503			159,503	(47,620)
San Giorgio Caltagirone S.c.r.l.	2,582			2,582	
Sciafani S.c.r.l.	2,582			2,582	
VE.CO. S.c.r.l.					(138,527)
Monte Vesuvio S.c.r.l.	3,600	17,713		21,313	
Total	60,935,866	1,421,149		62,357,014	(42,154,692)
TOTAL Associates	60,967,598	2,997,786		63,965,384	(42,256,774)
Subsidiaries and jointly-controlled entities					
ENGINEERING & PLANT CONSTRUCTION					
Fisia Babcock Environment GmbH	601,671			601,671	
Gestione Napoli S.p.A.	636			636	
Fisia Itimpianti S.p.A.	2,255,505	68,819,582		71,075,087	(5,200)
Fisia Babcock Engineering Co Ltd	45,000	653,053		698,053	(615,707)
Fisia Kuwait branch	1,532			1,532	
Total	2,904,344	69,472,635		72,376,979	(620,907)
CONCESSIONS					
Impregilo New Cross Ltd	864,057			864,057	(92,799)
Fibe S.p.A.	3,646,476			3,646,476	(1,829,316)
IGLYS S.A.					(79,318)
Impregilo International Infrastructures N.V.	28,375	154,774,851		154,803,226	(6,774)
Mercovia S.A.	5,000			5,000	
Ecorodovias Infraestrutura e Logistica S.A.	750			750	
Total	4,544,658	154,774,851		159,319,509	(2,008,206)

PAYABLES		NET					
financial	other	Total payables	RECEIVABLES	PAYABLES	revenue from sponsorship fees	financial income	financial expense
			4,132	-			
(3,614)		92,509	104,350	-			
			4,132	-			
		(16,121)	-	(16,121)			
		(2,450)	-	(2,450)			
		(178,518)	1,521,533	-			
(50,625,000)		(68,979,803)	-	(41,721,309)	426,450	7,107	
		772,216	772,216	-			
(1,644,458)		(1,644,458)	3,514,075	-			41,421
(24,598)		(24,598)	-	(24,598)			
		(1,779,780)	-	(346,031)			
	(32,453)	351,360	395,595	-	82,960		
		(12,978,125)	9,867,261	-	243,972		
(28,200,000)		(38,110,898)	-	(34,404,552)			
			4,132	-			
		(47,620)	111,883	-			
			2,582	-			
			2,582	-			
		(138,527)	-	(138,527)			
			21,313	-			
(80,497,670)	(32,453)	(122,684,816)	16,325,787	(76,653,589)	753,382	7,107	41,421
(80,497,670)	(42,944)	(122,797,388)	17,913,714	(76,745,718)	753,382	370,483	41,421
			601,671	-			
			636	-			
		(5,200)	71,069,887	-		1,080,316	
		(615,707)	82,346	-			
			1,532	-			
		(620,907)	71,756,071			1,080,316	
		(92,799)	771,259	-			
(10,299,831)		(12,129,146)	-	(8,482,670)			
(3,440)		(82,757)	-	(82,757)			
		(6,774)	154,796,451	-		6,601,607	
			5,000	-			
			750	-			
(10,303,270)		(12,311,476)	155,573,460	(8,565,428)		6,601,607	



RECEIVABLES					
(Euro)	trade	financial	other	total receivables	trade
CONSTRUCTION					
Alia S.c.r.l.	1,808	205,526		207,333	
Empresa Constructora Angostura Ltda	1,676,380			1,676,380	
Aquilgest S.c.r.l.		164,684		164,684	
Aquilpark S.c.r.l.		455,684		455,684	
Campione S.c.r.l.		672,678		672,678	
Impresa Castelli S.r.l.					
Costruzioni Ferroviarie Torinesi Duemila S.c.r.l.	1,800	121,161		122,961	
INCAVE S.r.l.					
I.L.IM. - Iniziative Lombarde Immobiliari S.r.l.					(157,603)
CO. MAR. S.c.r.l.		29,481		29,481	
Impregilo Lidco General Contracting Co	290,168	270,034		560,202	(69,814)
Congressi 91 S.c.r.l.					
Empresa Constructora Costanera Norte Ltda	39,989	2,319,759		2,359,748	(534,483)
CIS Divisione Prefabbricati Vibrocesa Scac - C.V.S. S.r.l.		852,273		852,273	
Eurotechno S.r.l.		21,290		21,290	
Consorzio Cogefar-Impresit Cariboni per la Frana di Spriana S.c.r.l.	8,332	2,771		11,103	(26,328)
S.A. Healy Company	71,516	96,708		168,224	
Grupo ICT SAS	375,997			375,997	
Grupo ICT II	3,197,577			3,197,577	
Imprefeal S.p.A.		211,014		211,014	
INC - Algerie S.a.r.l.					(143,716)
Imprepar - Impregilo Partecipazioni S.p.A.	1,029	1,595,468		1,596,497	
Collegamento Ferroviario Genova-Milano	9,600	23,918		33,518	
Lavori Lingotto S.c.r.l.	39,839	488,751		528,591	838,402
Librino S.c.r.l.	1,808			1,808	
CSC Impresa Costruzioni S.A.	241,294			241,294	(4,879)
Montenero S.c.r.l.		323,526		323,526	
Construtora Impregilo y Asociados S.A. - CIGLA S.A.		14,064,710		14,064,710	
Bocoge S.p.A. - Costruzioni Generali					
Nuovo Dolonne S.c.r.l.					(411,738)
PGH Ltd	12,548	3,461,423		3,473,971	
San Martino Prefabbricati S.p.A.	29,918			29,918	
Rivigo J.V. (Nigeria) Ltd	617			617	
S. Anna Palermo S.c.r.l.	5,786			5,786	64,585
S. Leonardo Due S.c.r.l.		473		473	
Salerno-Reggio Calabria S.c.p.a.	23,274,911	166		23,275,078	(89,224,055)
Reggio Calabria Scilla S.c.p.a.	2,516,295	761,123		3,277,418	(22,126,118)
S. Leonardo S.c.r.l.	6,197			6,197	
Sviluppo Applicazioni Industriali - SAPIN S.r.l.					

PAYABLES			NET				
financial	other	Total payables	RECEIVABLES	PAYABLES	revenue from sponsorship fees	financial income	financial expense
			207,333	-		6,877	
			1,676,380	-	189,039		
			164,684	-		5,510	
			455,684	-		15,252	
			672,678	-			
(40,241)		(40,241)	-	(40,241)			148
			122,961	-		3,728	
(423,624)		(423,624)	-	(423,624)			625
(3,129,365)		(3,286,968)	-	(3,286,968)			
			29,481	-		983	
		(69,814)	490,388	-			
(6,646)		(6,646)	-	(6,646)			10
	(2,202,418)	(2,736,901)	-	(377,153)			
			852,273	-		28,529	
			21,290	-		709	
		(26,328)	-	(15,225)		88	
(5,351,595)		(5,351,595)	-	(5,183,371)			57,068
			375,997	-			
			3,197,577	-			
			211,014	-			
		(143,716)	-	(143,716)			
			1,596,497	-			14,812
			33,518	-			
		838,402	1,366,993	-			
			1,808	-			
(1,890,274)		(1,895,153)	-	(1,653,859)	959,860		2,933
			323,526	-		10,828	
			14,064,710	-			
(2,549,755)		(2,549,755)	-	(2,549,755)			30,491
(63,108)		(474,847)	-	(474,847)			98
			3,473,971	-		28,272	
(21,907)		(21,907)	8,012	-			34
			617	-			
		64,585	70,370	-			
			473	-		12	
		(89,224,055)	-	(65,948,978)			
		(22,126,118)	-	(18,848,700)		64,714	
(9,393)		(9,393)	-	(3,196)			15
(8,755)		(8,755)	-	(8,755)			14



RECEIVABLES					
(Euro)	trade	financial	other	total receivables	trade
(continued) CONSTRUCTION					
S.G.F. - I.N.C. S.p.A.	8,811	13,014,834		13,023,646	(4,163,991)
SGF INC filiale Emirati Arabi	122,627			122,627	(732,782)
S.G.F. I.N.C. S.p.A. - filiale Venezuela	1,379,231		1,763,222	3,142,453	(1,396,655)
Società Industriale Prefabbricazione Edilizia del Mediterraneo - SIPEM S.p.A.		400,532		400,532	
Suramericana de Obras Publicas C.A					(593)
Trincerone Ferroviario S.c.r.l.		2,841		2,841	
Val Viola S.c.r.l.		86,988		86,988	
Vittoria S.c.r.l.	1,808			1,808	
Total	33,315,885	39,647,816	1,763,222	74,726,924	(118,089,768)
TOTAL Subsidiaries and jointly-controlled entities	40,764,887	263,895,302	1,763,222	306,423,411	(120,718,881)
TOTAL CURRENT	280,859,724	389,621,349	39,563,025	710,044,098	(336,705,320)
Other					
CONSTRUCTION					
Thessaloniki Metro CW		255,000		255,000	
TOTAL Other		255,000		255,000	
Associates					
CONCESSIONS					
Puentes del Litoral S.A.		7,823,790		7,823,790	
TOTAL Associates		7,823,790		7,823,790	
Subsidiaries and jointly-controlled entities					
CONCESSIONS					
Fibe S.p.A.		136,246,918		136,246,918	
TOTAL Subsidiaries and jointly-controlled entities		136,246,918		136,246,918	
TOTAL NON-CURRENT	-	144,325,708	-	144,325,708	-
TOTAL	280,859,724	533,947,057	39,563,025	854,369,806	(336,705,320)



PAYABLES			NET				
financial	other	Total payables	RECEIVABLES	PAYABLES	revenue from sponsorship fees	financial income	financial expense
		(4,163,991)	8,859,654	-		606,724	
		(732,782)	-	(610,155)			
		(1,396,655)	1,745,799	-			
			400,532	-			
(727,174)		(727,767)	-	(727,767)			(26,289)
			2,841	-		92	
			86,988	-			
			1,808	-			
(14,221,836)	(2,202,418)	(134,514,022)	40,515,855	(100,302,954)	1,148,899	772,318	79,959
(24,525,106)	(2,202,418)	(147,446,405)	267,845,387	(108,868,381)	1,148,899	8,454,241	79,959
(172,152,730)	(23,111,760)	(531,969,809)	443,207,824	(265,133,535)	3,163,600	12,205,333	1,559,915
			255,000	-			
			255,000				
			7,823,790	-			
			7,823,790				
			136,246,918	-			
			136,246,918				
-	-	-	144,325,708	-	-	-	-
(172,152,730)	(23,111,760)	(531,969,809)	587,533,532	(265,133,535)	3,163,600	12,205,333	1,559,915





SEPARATE FINANCIAL STATEMENTS OF IMPREGILO S.p.A. – EQUITY INVESTMENTS



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SEPARATE FINANCIAL STATEMENTS OF IMPREGILO S.p.A. EQUITY INVESTMENTS WITH POSITIVE CARRYING AMOUNTS

(Euros)

Name	% held directly	% of investment	registered office	carrying amount of investment 01.01.2010 (euro)	increase	no.
SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES - CONSOLIDATED						
Construction segment						
Bocoge S.p.A. - Costruzioni Generali	100	100	Milan	2,466,851		
Campione S.c.r.l. (in liq.)	99.9	99.9	Milan			
Consorcio Acueducto Oriental	67	67	Santo Domingo			
Consorcio Contuy Medio Grupo A C.I. S.p.A. Ghella Sogene C.A., Otaola C.A.	36.4	36.4	Charallave	1,027		
Consorcio Impregilo - Ingco	70	70	Santo Domingo			
Consorcio Impregilo OHL		70	Bogotá			
Consorcio Impregilo Yarull	70	70	Santo Domingo			
Consorzio Alta Velocità Torino/Milano - C.A.V.TO.MI.	74.69	74.69	Milan	3,324,822	410,592	0
Consorzio Autosilo Vico Morcote		70	Lugano			
Consorzio C.A.V.E.T. - Consorzio Alta Velocità Emilia/Toscana	75.98	75.98	Pianoro	3,798,072	322,333	0
Consorzio Camaiole Impianti (in liq.)	55	55	Cavriago	14,203		
Consorzio Caserma Donati	84.2	84.2	Milan	240,000		
Consorzio CCTE (in liq.)	60	100	Milan	24,790		
Consorzio Cociv	54	54	Genoa	481,949	6,103	0
Consorzio Cogefar-Impresit Cariboni per la Frana di Spriana S.c.r.l. (in liq.)	100	100	Milan	46,481		
Consorzio Miteco	44.16	44.16	Castelnovo (RE)		4,416	F
Consorzio Scilla (in liq.)	51	51	Palmi	508		
Consorzio Torre	94.6	94.6	Milan	4,730,000		
Consorzio tra le Società Cogefar/Bordin/Coppetti/Icep - CORAV	96.97	96.97	Milan	51,563		
Consorzio Venice Link (in liq.)	61	61	Venice	610		
Constructora Mazar Impregilo-Herdoiza Crespo	70	70				
Constructora Impregilo y Asociados S.A.-CIGLA S.A.	100	100	San Paolo			
CSC Impresa Costruzioni S.A.	100	100	Lugano	3,208,553		
Effepi - Finanza e Progetti S.r.l. (in liq.)		100	Milan			
Empresa Constructora Angostura L.t.d.a.	65	65	Santiago		46,100	A
Empresa Constructora Costanera Norte Ltda	77.78	77.78	Santiago	14,634		
Eurolink S.c.p.a.	45	45	Rome	67,500,000		
Ghazi-Barotha Contractors J.V.	57.8	57.8	Lugano			
Grupo ICT II S.A.s.	60	60	Bogotá		222,123	B/F
Grupo ICT S.A.s.	60	60	Bogotá		62,144	F
Grupo Unidos Por El Canal S.A.	48	48	Panama		323,996	F
I.L.I.M. - Iniziative Lombarde Immobiliari S.r.l. (in liq.)	100	100	Milan	3,834,610		

Most recent official financial statements in Euros using closing rate at 31.12.2010 and as a direct percentage								
decrease	no.	carrying amount of investment 31.12.2010 (euro)	Currency	nominal amount subscribed/ paid-up share capital in reporting currency 31.12.2010	nominal amount subscribed/ paid-up % of investment in Euro	carrying amount of equity	profit (loss)	reporting date
		2,466,851	Euro	1,702,720	1,702,720	2,351,842	603,308	uff.12/09
			Euro	11,000	10,989	(1,039,562)	(30,939)	uff.12/09
						2,141,937	1,973,462	uff.12/08
		1,027				7,564,677	5,901,799	uff.12/07
						(1,823,119)	110,675	uff.12/08
						-----	-----	-----
						-	-	uff.12/08
130,519	N	3,604,895	Euro	5,000,000	3,734,500	3,603,981	(130,519)	uff.12/10
						-----	-----	-----
166,442	N	3,953,963	Euro	5,422,797	4,120,241	3,953,806	(166,435)	uff.12/10
		14,203	Euro	25,500	14,025	14,203		uff.12/10
		240,000	Euro	300,000	252,600	252,600		uff.12/10
		24,790	Euro	41,315	41,315	24,789		uff.12/10
221,387	N/L	266,665	Euro	516,457	278,887	266,665	(12,222)	uff.12/10
		46,481	Euro	45,900	45,900	46,481		uff.12/09
		4,416	Euro	10,000	4,416	4,416		uff.12/09
		508	Euro	1,000	510	510		uff.12/10
		4,730,000	Euro	5,000,000	4,730,000	4,730,000		uff.12/10
		51,563	Euro	51,129	49,580	49,580		uff.12/10
		610	Euro	1,000	610	610		uff.12/10
			USD			11,314,531	(3,006,808)	uff.12/09
			BRL	7,641,014	3,445,468	(19,263,962)	(2,844,335)	uff.12/08
		3,208,553	CHF	2,000,000	1,599,488	23,147,155	4,708	uff.12/09
			Euro	78,000	78,000	-----	-----	-----
		46,100	CLP	50,000,000	51,977			
		14,634	CLP	10,000,000	12,439	(2,266,142)	194,039	uff.12/08
		67,500,000	Euro	150,000,000	67,500,000	67,500,000		uff.12/09
			PKR	100,000	505	(335,999)	(670,627)	uff. 12/08
		222,123	COP	1,000,000,000	233,338			
		62,144	COP	300,000,000	70,001			
		323,996	USD	1,000,000	359,228			
		3,834,610	Euro	3,100,000	3,100,000	3,891,277	(117,064)	uff.12/09



(Euros)

Name	% held directly	% of investment	registered office	carrying amount of investment 01.01.2010 (euro)	increase	no.
(continued) Construction						
Impregilo Colombia SAS	100	100	Bogotá		338,787	B
Impregilo Lidco Libya General Contracting Company	60	60	Tripoli	1,748,170	36,830	D
INC - Algerie S.A.r.l.		99.97	Touggourt			
Joint Venture Impregilo S.p.A. - S.G.F. INC. S.p.A.	99	100	Drakotrypa			
La Quado S.c.a.r.l.	35	35	Milan		3,500	A
Lavori Lingotto S.c.r.l. (in liq.)	100	100	Turin			
Nathpa Jhakri J.V.	60	60	Nuova Delhi			
Nuovo Dolonne S.c.r.l. (in liq.)	100	100	Milan	50,000		
Passante di Mestre S.c.p.a.	42	42	Venice	21,000,000		
Pedelombarda S.c.p.a.	47	47	Milan	37,600,000		
PGH Ltd	100	100	Port Harcourt			
Reggio Calabria - Scilla S.c.p.a.	51	51	Rome	17,850,000		
Rivigo J.V. (Nigeria) Ltd		70	Port Harcourt			
S.A. Healy Company	100	100	Lombard	8,451,000		
S.G., - I.N.C. S.p.A.	100	100	Milan	6,639,084	3,000,000	0
Salerno-Reggio Calabria S.c.p.a.	51	51	Rome	25,500,000		
Società Ind, Prefab, Edilizia del Mediterraneo - S.I.P.E.M. S.p.A. (in liq.)	100	100	Assoro			
Suramericana de Obras Publicas C.A.- Suopca C.A.	99	100	Caracas	3,365,395		
Val Viola S.c.r.l. (in liq.)	60	60	Milan	6,143		
Vegas Tunnel Constructores	40	100	Las Vegas			
Engineering & Plant Construction segment						
Fisia Babcock Environment Gmbh		100	Gummersbach			
Fisia Babcock Engineering CO, Ltd		100	Shangai			
Fisia Italimpianti S.p.A.	100	100	Genoa	90,977,877	59,000,000	0
Gestione Napoli S.p.A. (in liq.)	24	99	Genoa	24,000	17,001	0
Shangai Pucheng Thermal Power Energy Co, L.t.d.		50	Shangai			
Steinmuller International Gmbh		100	Gummersbach			
FIBE segment						
Fibe S.p.A.	99.989	99.998	Naples	3,547,897		

Most recent official financial statements in Euros using closing rate at 31.12.2010 and as a direct percentage								
decrease	no.	carrying amount of investment 31.12.2010 (euro)	Currency	nominal amount subscribed/ paid-up share capital in reporting currency 31.12.2010	nominal amount subscribed/ paid-up % of investment in Euro	carrying amount of equity	profit (loss)	reporting date
		338,787	CLP	850,000,000	1,359,402			uff.12/10
		1,785,000	LYD	1,500,000	536,974	1,921	(295,232)	uff.12/09
			DZD	151,172,000	1,522,515	-----	-----	-----
			Euro				3,018,404	uff.12/09
		3,500	Euro	10,000	3,500			
			Euro	25,000	25,000	(1,305,946)	(5,872)	uff.12/09
			USD	1,000,000	449,035			
		50,000	Euro	50,000	50,000	50,000		uff.12/09
		21,000,000	Euro	50,000,000	21,000,000	21,000,000		uff.12/09
		37,600,000	Euro	80,000,000	37,600,000	37,600,000		uff.12/09
			NGN	52,000,000	255,599	(1,053,632)	46,520	uff.12/08
		17,850,000	Euro	35,000,000	17,850,000	17,850,000		uff.12/09
			NGN	25,000,000	86,019	-----	-----	-----
		8,451,000	USD	11,320,863	8,472,432	16,936,064	1,128,846	uff.12/09
6,978,511	N	2,660,573	Euro	3,859,680	3,859,680	4,278,930	(2,034,104)	uff.12/09
		25,500,000	Euro	50,000,000	25,500,000	25,500,000		uff.12/09
			Euro	438,546	438,546	(89,366)		uff.12/09
		3,365,395	VEB	2,874,118,000	500,850,051	8,390,393	(74,479)	uff.12/09
		6,143	Euro	10,200	6,120	14,734		uff.12/10
			USD			(600,554)	1,413,833	uff.12/10
			Euro	15,000,000	15,000,000	-----	-----	-----
			Euro	140,000	140,000	-----	-----	-----
		149,977,877	Euro	10,000,000	10,000,000	34,201,622	(140,127,130)	uff.12/09
		41,001	Euro	100,000	99,000	6,999	(13,604)	uff.12/09
			CNY	200,000,000	11,335,298	-----	-----	-----
			Euro	25,000	25,000	-----	-----	-----
210,287	N	3,337,610	Euro	3,500,000	3,499,930	6,850,745	(3,648,100)	uff.12/09



(Euros)

Name	% held directly	% of investment	registered office	carrying amount of investment 01.01.2010 (euro)	increase	no.
Concessions segment						
Anish Empreend e Participacoes Ltda		29.21	San Paolo			
Armazens Gerais Columbia S.A.		23.39	Barueri			
Bodner S.A.		23.39	Montevideo			
Concessionaria Das Rodovias Ayrton Senna e Carvalho Ponto SA-Ecopistas		29.24	San Paolo			
Concessionaria Ecovia Caminho do Mar S.A.		29.24	Curitiba			
Concessionaria Ecovias dos Imigrantes S.A.		29.24	San Bernardo			
Ecopatio Logistica Cubatao L.t.d.a.		23.39	San Paolo			
Ecoporto Holding L.t.d.a.		29.21	San Paolo			
Ecorodovias Concessoes e Servicos S.A.		29.24	San Paolo			
Ecorodovias Infraestrutura e Logistica S.A.		29.24	San Paolo			
Eil 01 Participacoes Ltda		29.21	San Paolo			
Eadi sul Terminal de Cargas Ltda		20.53	Curitiba			
Elg 01 Participacoes L.t.d.a.		23.37	San Paolo			
Elog S.A.		23.39	San Paolo			
Empr,Concessionaria de Rodovias do Sul S.A. - Ecosul		26.32	Pelotas			
IGLYS S.A.		100	Buenos Aires			
Impregilo International Infrastructures N.V.	100	100	Amsterdam	39,100,758	130,899,242	M
Impregilo New Cross Ltd		100	Abingdon			
Impregilo Parking Glasgow Ltd		100	Abingdon			
Mercovia S.A.		60	Buenos Aires			
Paquetê Participacoes Ltda		29.21	San Paolo			
Rodovia Das Cataratas S.A. - Ecocataratas		29.24	Cittè de Cascavel			
Servicos e Tecnologia de Pagamentos S.A.		4.46	San Paolo			
Imprepar segment						
Imprepar-Impregilo Partecipazioni S.p.A. (°°°)	100	100	Milan		33,430,952	-
Total subsidiaries, associates and jointly controlled entities - consolidated				345,598,997	228,124,119	

Most recent official financial statements in Euros using closing rate at 31.12.2010 and as a direct percentage								
decrease	no.	carrying amount of investment 31.12.2010 (euro)	Currency	nominal amount subscribed/ paid-up share capital in reporting currency 31.12.2010	nominal amount subscribed/ paid-up % of investment in Euro	carrying amount of equity	profit (loss)	reporting date
			BRL	11,587,500	1,526,225	-----	-----	-----
			BRL	26,371,059	2,781,346	-----	-----	-----
			PU	1,200,000	10,553	-----	-----	-----
			BRL	85,946,000	11,331,835	-----	-----	-----
			BRL	15,600,000	2,056,834	-----	-----	-----
			BRL	302,547,396	39,890,363	-----	-----	-----
			BRL	69,826,666	7,364,593	-----	-----	-----
			BRL	1,000	132	-----	-----	-----
			BRL	477,792,042	62,996,074	-----	-----	-----
			BRL	1,340,699,080	176,768,910	-----	-----	-----
			BRL	1,000	132	-----	-----	-----
			BRL	4,602,208	426,042	-----	-----	-----
			BRL	1,000	105	-----	-----	-----
			BRL	284,854,009	30,043,447	-----	-----	-----
			BRL	17,755,000	2,107,190	-----	-----	-----
			ARS	17,000,000	3,201,543	-----	-----	-----
		170,000,000	Euro	100,000,000	100,000,000	158,699	23,543	uff.12/09
			GBP	2	2	-----	-----	-----
			GBP	1,000	1,162	-----	-----	-----
			ARS	10,000,000	1,129,956	-----	-----	-----
			BRL	11,000,000	1,448,843	-----	-----	-----
			BRL	41,849,000	5,517,720	-----	-----	-----
			BRL	16,358,461	328,984	-----	-----	-----
		33,430,952	Euro	3,100,000	3,100,000	(175,048,753)	3,521,808	uff.12/09
7,707,146		566,015,970						



(Euros)

Name	% held directly	% of investment	registered office	carrying amount of investment 01.01.2010 (euro)	increase	no.

SUBSIDIARIES**Construction segment**

Auditorium Roma S.c.r.l. (in liq.)	60	60	Lecco	54,000		
Collegamento Ferroviario Genova-Milano S.p.A.	60.4	60.4	Genoa	87,769	11,099	0
Grupo ICT S.A.s.	60	60	Bogotá	62,144		
Grupo ICT II S.A.s.	60	60	Bogotá	203,821		
Isibari S.c.r.l.		55	Bari			
S. Anna Palermo S.c.r.l. (in liq.)	71.6	71.6	Palermo	18,592		
Unicatanzaro S.c.r.l. (in liq.)		56	Germaneto			

ASSOCIATES**Construction segment**

Anagnina 2000 S.c.r.l.	50	50	Milan	5,165		
A.T.I. Monte Bianco S.c.r.l. (in liq.)		33.33	Rome			
Aurelia 98 S.c.r.l. (in liq.)	40	40	Milan	4,000	35,609	0
B.O.B.A.C. S.c.a.r.l. (in liq.)		50	Pozzuoli			
CE.S.I.F. S.c.p.a. (in liq.)	24.18	24.18	Naples	63,460		
Empresa Constructora Lo Salades L.t.d.a.	35	35	Santiago			
Grupo Unidos Por El Canal S.A.	48	48	Panama	323,996		
Impregilo Arabia L.t.d.	50	50	Jeddah	4,164,064		
Metrogenova S.c.r.l.	35.63	35.63	Genoa	8,257		
Quattro Venti S.c.r.l. (in liq.)	40	40	Rome	20,658		
SO.CO.TAU. S.c.r.l. (in liq.)		20.27	Guidonia			
Società Autostrada Broni-Mortara S.p.A.	40	40	Milan	1,000,000	9,000,000	D
VE.CO. S.c.r.l.	25	25	Venice	2,582		
Versilia S.c.r.l. (in liq.)	34	34	Carpi	3,512		
Versilia Servizi S.c.a.r.l. (in liq.)	34	34	Carpi	6,800		

Engineering & Plant Construction segment

Nautilus S.c.p.a. (in liq.)		34.41	Rome			
Villagest S.c.r.l. (in liq.)		50	Cagliari			

Most recent official financial statements in Euros using closing rate at 31.12.2010 and as a direct percentage								
decrease	no.	carrying amount of investment 31.12.2010 (euro)	Currency	nominal amount subscribed/ paid-up share capital in reporting currency 31.12.2010	nominal amount subscribed/ paid-up % of investment in Euro	carrying amount of equity	profit (loss)	reporting date
54,000	I							
11,099	N	87,769	Euro	120,000	72,480	61,380	(11,099)	uff.12/09
62,144	F							
203,821	F							
			Euro	15,300	8,415	-----	-----	-----
		18,592	Euro	40,800	29,213	29,583		uff.12/09
			Euro	15,300	8,568	-----	-----	-----
		5,165	Euro	10,329	5,165	5,165		uff.12/09
			Euro	10,329	3,443	-----	-----	-----
39,609	I/N		Euro	10,000	4,000	(12,121)	(16,121)	uff.12/10
			Euro	10,200	5,100	-----	-----	-----
		63,460	Euro	250,000	60,450	62,690		uff.12/09
			CLP	10,000,000	5,598			
323,996	F							
		4,164,064	SAR	40,000,000	3,991,538			
		8,257	Euro	25,500	9,086	9,201		uff.12/09
		20,658	Euro	51,000	20,400	20,658		uff.12/10
			Euro	10,200	2,068	-----	-----	-----
		10,000,000	Euro	2,500,000	1,000,000			
		2,582	Euro	10,200	2,550	2,582		uff.12/99
3,512	I							
6,800	I							
			Euro	479,880	165,127	-----	-----	-----
			Euro	13,944	6,972	-----	-----	-----



(Euros)

Name	% held directly	% of investment	registered office	carrying amount of investment 01.01.2010 (euro)	increase	no.

Concessions segment

Aguas del Gran Buenos Aires S.A. (in liq.)	16.5	42.59	La Plata			
Aguas del Oeste S.A.		33.33	Buenos Aires			
Coincar S.A.	26.25	35	Buenos Aires	4,153,032		
Consorcio Agua Azul S.A.		25.5	Lima			
Enecor S.A.		30	Buenos Aires			
Impregilo Wolverhampton Ltd		20	Abingdon			
Ochre Solutions Holdings Ltd		40	Abingdon			
Puentes del Litoral S.A.	22	26	Buenos Aires			
Sistranyac S.A.		20.1	Buenos Aires			
Yacylec S.A.		18.67	Buenos Aires			

OTHER**Construction segment**

Aegek-Impregilo-Aslom J.V.	45.8	45.8	Atene			
Aoet Arbeitsgemeinschaft Oenzberg Tunnel Arge		10	Herzogenbuchsee			
Arbeitsgemeinschaft Aschertunnel		15				
Arbeitsgemeinschaft Tunnel Umfahrung Saas (ATUS)		32	Herzogenbuchsee			
Arge Haupttunnel Eyholz		36	Thun			
Arge Stollen Chatzuhus		40	Thun			
Arge Uetlibergtunnel		15	Zurigo			
Autostrada Estense S.c.p.a. (in liq.)	18	18	Carpi	180,000		
Calpark S.p.A.		1.89	Rende			
CCB Consorzio Centro Balneare		40	Lugano			
CGMR Gestione Materiale Roveredo		40	Poschiavo			
CGR Consorzio Galliera Roveredo		37.5	Lugano			
Churchill Construction Consortium		30				
CMC - Consorzio Monte Ceneri lotto 851		40	Lugano			
CMC - Mavundla - Impregilo J.V.	39.2	39.2				
Consorcio Central Hidroelectrica Daule Peripa Division Obras Civiles	85	90	Guayaquil			
Consorcio Cigla-Sade		50	Sonora			
Consorcio Contuy Medio	29.04	29.04	Caracas			
Consorcio Grupo Contuy-Proyectos y Obras de Ferrocarriles	33.33	33.33	Caracas			
Consorcio Imigrantes		50	S. Bernardo do C,			
Consorcio Impregilo Cosapi (in liq.)	55	55	Lima			
Consorcio Normetro	13.18	13.18	Porto			
Consorcio OIV-TOCOMA	20	20	Caracas			
Consorcio Planalto	25	50	San Paolo			

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(Euros)

Name	% held directly	% of investment	registered office	carrying amount of investment 01.01.2010 (euro)	increase	no.

(continued) Construction

Consorzio Serra do Mar	25	50	Cubatao			
Consorzio V.I.T. - Tocoma	35	35	Caracas			
Consorzio V.I.T. Caroni - Tocoma	35	35	Caracas			
Consorzio V.S.T.		35	Caracas			
Consorzio V.S.T. Tocoma	30	30	Caracas			
Consorzio Stazione Mendrisio		25	Lugano			
Consorzio Casale Nei		3.45	Rome			
Consorzio CEMS		33.4	Lodrino			
Consorzio CGCC		50	Lugano			
Consorzio CON.SI	2.27	2.27	Pordenone	516		
Consorzio CPS Pedemontana Veneta Costruttori Progettisti e Servizi	35	35	Verona	35,000		
Consorzio Edile Palazzo Mantegazza		45	Lugano			
Consorzio Felce		25	Lodrino			
Consorzio FLP		30	Bioggio			
Consorzio FLP II		33.33	Lugano			
Consorzio Galleria Scaglioni CGS		50	Lugano			
Consorzio Generale Pozzuoli - COGEPO (in liq.)	3.61	3.61	Pozzuoli	465		
Consorzio Iricav Due	13.64	13.64	Rome	61,975	8,364	D
Consorzio Italian Engineering & Contractors for Al Faw - IECAF	33.1	33.1	Milan		3,310	A
Consorzio MARC - Monitoraggio Ambientale Regione Campania (in liq.)		10	Naples			
Consorzio Miteco	44.16	44.16	Castelnuovo (RE)	4,416		
Consorzio Nazionale Imballaggi - CO.NA.I.	1	1	Milan	5		
Consorzio NOG.MA	14	14	Venice	84,000		
Consorzio Pedelombarda 2	40	40	Milan		4,000	A
Consorzio portale Vezia (CPV Lotto 854)		60	Vezia			
Consorzio RCPS Nuova Romea (in liq.)	30.6	30.6	Milan	612		
Consorzio San Cristoforo (in liq.)	48	48	Milan	24,790	16,121	0
Consorzio SI.VI.CI.CA.		25	Lugano			
Consorzio TAT-Tunnel Alp Transit Ticino, Arge	17.5	25	Aarau			
Consorzio TRA.DE.CI.V.	8.06	8.06	Naples	12,534		
Consorzio Trevi - S.G.F. INC per Napoli		45	Naples			
CRA Consorzio Realizzazione Arca		40	Lugano			
CSLN Consorzio		28	Lugano			
E.R. Impregilo/Dumez y Asociados para Yaciretê - ERIDAY	18.75	20.75	Buenos Aires			
EDIL.CRO S.c.r.l.		16.65	Lamezia			
Emittenti Titoli S.p.A.	0.24	0.24	Milan	10,832		
Executive J.V. Impregilo S.p.A. Terna S.A. - Iris S.A. (in liq.)	33.33	33.33	Atene			

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(Euros)

Name	% held directly	% of investment	registered office	carrying amount of investment 01.01.2010 (euro)	increase	no.
(continued) Construction						
G.T.B. S.c.r.l.	0.01	0.01	Naples	12,329		
Groupement Hydrocastoro		49.5	Touggourt			
Grupo Empresas Italianas - GEI	33.33	33.33	Caracas			
Healy-Yonkers-Atlas-Gest J.V.		45	Harrogate			
I_Faber S.p.A.	8	8	Milan	583,317		
Immobiliare Golf Club Castel D'Aviano S.r.l.	0.44	0.44	Aviano	62,910		
Impregilo - Rizzani de Eccher J.V.	67	67	Lugano			
Impregilo Alfred Mcalpine Curchill Hospital J.V.		50				
Impregilo Healy Joint Venture	15	100	Oregon			
Istituto Promozionale per l'Edilizia S.p.A. - Ispredil S.p.A.		0.42	Rome			
J.Cartellone C.C. S.A.-Igl S.p.A.-Iglys S.A.-Codi S.A.-						
EC Delta S.A.-Caruso S.A.- (Casisa UTE)	29.1	39.1	Malagueno	2,516		
Joint Venture Aegek-Impregilo-Ansaldo-Seli-Ansaldobreda	26.71	26.71	Moroussi			
Joint Venture Aktor Ate - Impregilo S.p.A. (Constantinos)	40	40	Atene			
Joint Venture Aktor S.A. - Impregilo S.p.A.	0.01	0.01	Atene			
Joint Venture Impregilo S.p.A. - Empedos S.A. - Aktor A.T.E.	66	66	Atene			
Joint Venture Terna - Impregilo	45	45	Atene			
Line 3 Metro Stations	50	50	Atene			
M.N. 6 S.c.r.l.	1	1	Naples	510		
Markland S.r.l. (in liq.)	1,9	1,9	Milan	1,270		
Metropolitana di Napoli S.p.A.	5.18	5.18	Naples	313,652		
Mohale Dam Contractors (MDC) J.V.	50	50				
Mohale Tunnel Contractors (MTC) J.V.	35	35				
Normetro - Agrupamento Do Metropolitano Do Porto, ACE	13.18	13.18	Porto			
Rimini Fiera S.p.A.	2.09	2.09	Rimini	3,437,555		
Riviera S.c.r.l.	10.54	10.54	Naples	5,271		
S.I.MA. GEST 3 S.c.r.l.	0.01	0.01	Zola Predosa	5		
Sarmento S.c.r.l.		0.01	Milan			
Skiarea Valchiavenna S.p.A.	1.27	1.27	Campodolcino	99,740		
Società di gestione SSIC-TI		5	Bellinzona			
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A.-Iglys S.A. UTE	26.25	35	Buenos Aires	3,945		
Thessaloniki Metro CW J.V.	42.5	42.5	Atene			
Transmetro - Construção de Metropolitano A,C,E,	5	5	Porto			
Wurno Construction Materials - WUCOMAT Ltd		5.07	Sokoto			
Yellow River Contractors J.V.	36.5	36.5	Pechino			
Yuma Concessionaria S.A.	40	40	Bogotá		4,348,551	A

						Most recent official financial statements in Euros using closing rate at 31.12.2010 and as a direct percentage		
decrease	no.	carrying amount of investment 31.12.2010 (euro)	Currency	nominal amount subscribed/ paid-up share capital in reporting currency 31.12.2010	nominal amount subscribed/ paid-up % of investment in Euro	carrying amount of equity	profit (loss)	reporting date
12,324	H	5	Euro	51,000	5			
			DZD	2,000,000	9,974			
			VEB	10,000,000	580,816			
		583,317	Euro	5,652,174	452,174			
		62,910	Euro	3,891,720	17,124			
			Euro	111,045	466			
		2,516	ARS	10,000	736			
		510	Euro	51,000	510			
		1,270	Euro	66,810	1,269			
		313,652	Euro	3,655,397	189,350			
			PTE	100,000	13,180			
243,883	N	3,193,672	Euro	42,294,067	883,946			
		5,271	Euro	50,000	5,270			
		5	Euro	50,000	5			
			Euro	10,200	1			
		99,740	Euro	8,118,181	103,101			
			CHF	1,000,000	39,987			
		3,945						
			NGN	3,300,000	822			
		4,348,551	COP	26,000,100,000	4,044,536			

(Euros)

Name	% held directly	% of investment	registered office	carrying amount of investment 01.01.2010 (euro)	increase	no.
Engineering & Plant Construction segment						
Consorzio Agenzia del Mare (in liq.)		25	Rome			
Consorzio Agrital Ricerche (in liq.)		20	Maccarese			
Consorzio Aree Industriali Potentine (in liq.)		2	Baraggiano S,			
Consorzio Macopsissa Ambiente (in liq.)		45.12	Cagliari			
Consorzio Ramsar Molentargius		5.05	Rome			
Consorzio Unitam (in liq.)		3.57	Naples			
Concessions segment						
Acqua Campania S.p.A.		0,1	Naples			
Autopistas del Sol S.A.		19.82	Buenos Aires			
Ecopatio Bracor Imigrantes Emp, Inmobiliarios S.A.		11.7	San Paolo			
Empr. Constr. Delta S.A., José Cartellone Constr. Civ. S.A., Iglys S.A. U.T.E.		5	Cordoba			
Pedemontana Veneta S.p.A.	19	19	Verona	1,140,000		
Tangenziale Esterna S.p.A.	15.5	15.5	Milan	7,750,000		
Total subsidiaries, associates and other - non-consolidated				24,010,017	13,427,054	
Total equity investments with positive carrying amounts				369,609,014	241,551,173	



Most recent official financial statements in Euros using closing rate at 31.12.2010 and as a direct percentage								
decrease	no.	carrying amount of investment 31.12.2010 (euro)	Currency	nominal amount subscribed/ paid-up share capital in reporting currency 31.12.2010	nominal amount subscribed/ paid-up % of investment in Euro	carrying amount of equity	profit (loss)	reporting date
			Euro	154,937	38,734			
			Euro	138,405	27,681			
			Euro	408,000	8,160			
			Euro	30,987	13,981			
			Euro	51,646	2,608			
			Euro	185,640	6,627			
			Euro	4,950,000	4,950			
			ARS	175,396,394	6,546,885			
			BRL	15,873,440	837,441			
		1,140,000	Euro	6,000,000	1,140,000			
		7,750,000	Euro	50,000,000	7,750,000			
5,340,624		32,096,447						
13,047,770		598,112,417						



EQUITY INVESTMENTS WITH NEGATIVE CARRYING AMOUNTS

(Euros)

Name	% held directly	% of investment	registered office	carrying amount of investment 01.01.2010 (euro)	increase	no.
SUBSIDIARIES						
Lavori Lingotto S.c.r.l. (in liq.)	100	100		(1,280,793)		
Campione S.c.r.l. (in liq.)	99.9	99.9		(931,066)		
Construtora Impregilo y Asociados S.A. -CIGLA S.A.	100	100		(13,744,931)		
PGH Ltd	100	100		(1,779,389)		
Total subsidiaries				(17,736,179)		
ASSOCIATES						
Puentes del Litoral S.A.	22	26		(3,013,684)		
Total associates				(3,013,684)		
Total equity investments with negative carrying amounts				(20,749,863)		



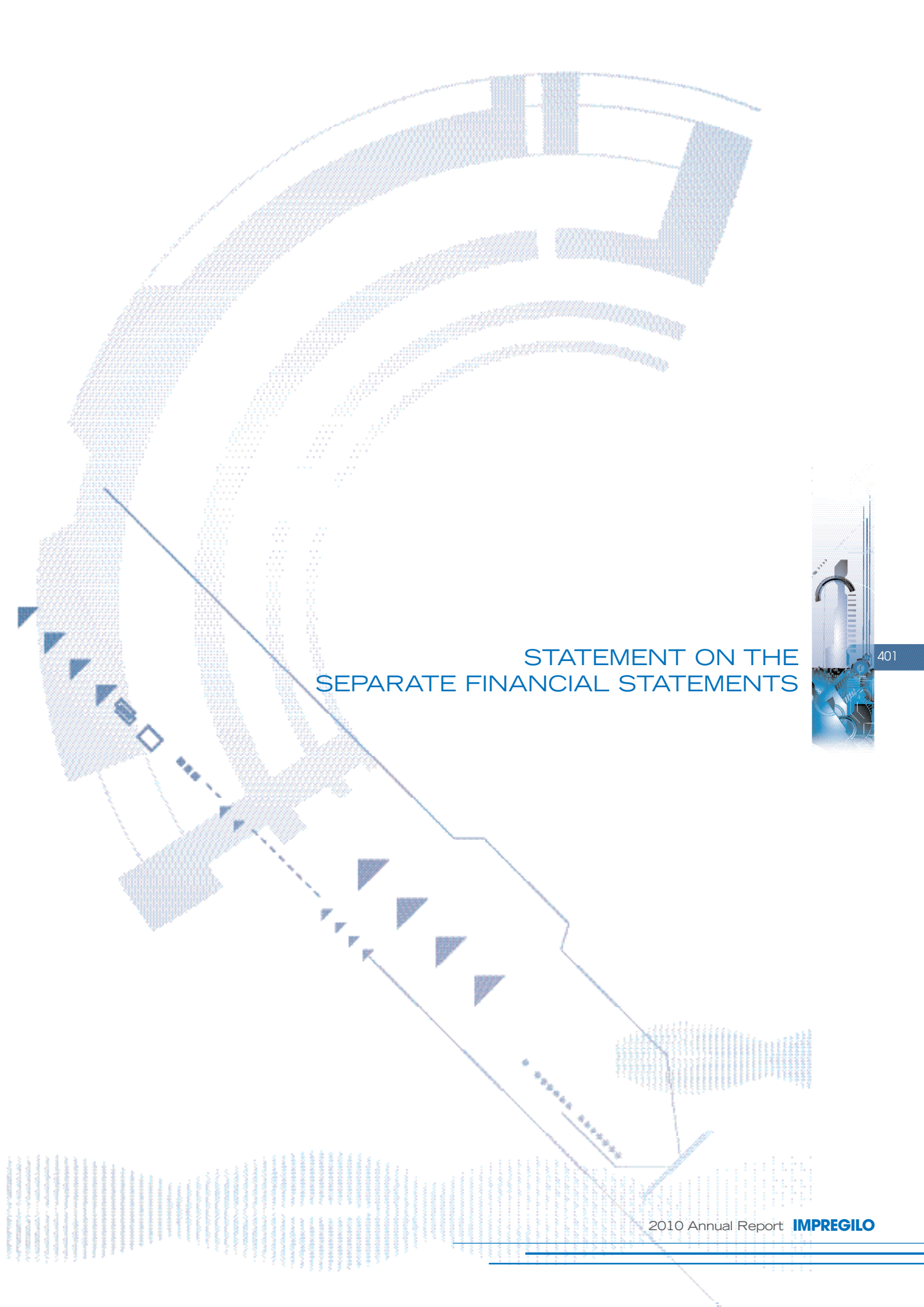
Most recent official financial statements in Euros using closing rate at 31.12.2010 and as a direct percentage								
decrease	no.	carrying amount of investment 31.12.2010 (euro)	Currency	nominal amount subscribed/ paid-up share capital in reporting currency 31.12.2010	nominal amount subscribed/ paid-up % of investment in Euro	carrying amount of equity	profit (loss)	reporting date
		(1,280,793)	Euro	25,000	25,000			
		(931,066)	Euro	11,000	10,989			
		(13,744,931)	BRL	7,641,014	3,445,468			
		(1,779,389)	NGN	52,000,000	255,599			
		(17,736,179)						
3,013,684	P		ARS	43,650,000				
3,013,684								
3,013,684		(17,736,179)						



Summary of changes in equity investments

Summary of changes in equity investments (Euro)		equity investments positive carrying amounts	equity investments negative carrying amounts
Set-up and subscriptions	A	4,405,461	
Acquisitions or follow-on investments	B	357,089	
Reclassifications	C	-	
Share capital increases	D	9,045,194	
Capital injections	E		
Reclassifications following change in consolidation scope	F	594,377	594,377
Intragroup disposals	G		
Disposals to third parties	H		12,324
Liquidations	I		274,179
Reclassifications following changes in investment % or other	L		209,165
Reversals of impairment losses	M	130,899,242	
Impairment losses	N		11,957,725
Reconstitution of share capital to cover losses	O	96,249,810	
Revaluations	P		3,013,684
Mergers	Q		
Eliminations following mergers	R		
Reclassifications of investments with negative carrying amounts	S		
Total		241,551,173	16,061,454

(°°°) a list of Imprepar's subsidiaries and associates is not attached as they are mostly inactive, held for sale or in liquidation.



STATEMENT ON THE SEPARATE FINANCIAL STATEMENTS

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Statement on the separate financial statements pursuant to article 81-ter of Consob resolution no. 11971 of 14 May 1999 and subsequent amendments and integrations

1 Alberto Rubegni, as chief executive officer, and Rosario Fiumara, as manager in charge of financial reporting, of Impregilo S.p.A. state, considering the provisions of article 154-bis.3/4 of Legislative decree no. 58 of 24 February 1998:

- the adequacy of the administrative and accounting procedures given the company's characteristics; and
- their effective application

during 2010 to prepare the separate financial statements

2 No significant issues arose.

3 Moreover, they state that:

3.1 the separate financial statements:

- a) have been prepared in accordance with the International Financial Reporting Standards endorsed by the European Union pursuant to EC Regulation 1606/2002 of the European Parliament and Council of 19 July 2002 and the measures implementing article 9 of Legislative decree no. 38/2005;
- b) are consistent with the accounting records and entries;
- c) are suitable to give a true and fair view of the financial position at 31 December 2010, the results of operations and cash flows for the year then ended of the Issuer.

3.2 The directors' report includes a reliable analysis of the financial performance and results, as well as the financial position of the Issuer and the consolidated companies, together with information about the key risks and uncertainties to which they are exposed.

Milan, 16 March 2011

Chief Executive Officer

Alberto Rubegni

(Signed on the original)

Manager in charge of financial reporting

Rosario Fiumara

(Signed on the original)





INDIPENDENT AUDITOR'S OPINIONS AND REPORT OF STATUTORY AUDITORS



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AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N. 39 OF 27 JANUARY 2010

To the shareholders of
Impregilo SpA

1 We have audited the consolidated financial statements of Impregilo SpA and its subsidiaries ("Impregilo Group") as of 31 December 2010 which comprise the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated equity, consolidated statement of cash flows and related notes. The directors of Impregilo SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

The consolidated financial statements present, for comparative purposes, the prior year consolidated financial figures and the consolidated statement of financial position as at 1 January 2009. As disclosed in the notes, directors restated some comparative figures included in the prior year consolidated financial statements and consolidated statement of financial position as at 1 January 2009, which derives from the consolidated financial statements as at 31 December 2008, in respect to the figures previously presented and on which we issued our reports on 10 April 2010 and 10 April 2009 respectively. The methods used to restate the comparative figures and the disclosures presented in the notes have been examined by us for the purpose of the present report.

3 In our opinion, the consolidated financial statements of Impregilo Group as of 31 December 2010 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of Impregilo Group for the period then ended.

PricewaterhouseCoopers SpA

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- 4 We draw your attention to the following circumstances described in more details in the Directors' report and in the notes to the consolidated financial statements as of 31 December 2010:
- (i) "USW Campania Projects"
- Directors have disclosed the significant developments of the issues connected to the activity related to the realization and management of the Urban Solid Waste disposal plants in Campania (USW projects) operated by Fibe SpA and Fibe Campania SpA (merged in Fibe SpA).
Details are reported in chapter "Non-current assets classified as held for sale and discontinued operations" of the Directors' report – Part II.
- (ii) "Consorzio C.A.V.E.T."
- Directors have disclosed the situation of the penal proceedings with the Court of Florence and related to Consorzio C.A.V.E.T.,
Details are reported in paragraph "Construction – Risk Areas" of the chapter "Performance by business segment" of the Directors' report – Part II.
- (iii) "Libyan situation"
- Directors have disclosed the situation of the Group's activities in Libya.
Details are reported in the note 22 "Events after the reporting period" to the consolidated financial statements and in the paragraph "Construction – Risk Areas" of the chapter "Performance by business segment" of the Directors' report – Part II.
- 5 The directors of Impregilo SpA are responsible for the preparation of the Directors' report in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Directors' report and of the specific section on corporate governance and ownership structure, solely with reference to the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob. In our opinion, the Directors' report and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the specific section of the aforementioned report are consistent with the consolidated financial statements of Impregilo Group as of 31 December 2010.

Milan, 5 April 2011

PricewaterhouseCoopers SpA

Signed by
Giorgio Greco
(Partner)

**This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.
We have not examined the translation of the consolidated financial statements referred to in this report.**



AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N. 39 OF 27 JANUARY 2010

To the shareholders of
Impregilo SpA

- 1 We have audited the financial statements of Impregilo SpA as of 31 December 2010 which comprise the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes. The directors of Impregilo SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards and criteria recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 10 April 2010.

- 3 In our opinion, the financial statements of Impregilo SpA as of 31 December 2010 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of Impregilo SpA for the period then ended.
- 4 We draw your attention to the following circumstances described in more details in the Directors' report and in the notes to the financial statements as of 31 December 2010:

(I) "USW Campania Projects"

Directors have disclosed the significant developments of the issues connected to the activity related to the realization and management of the Urban Solid Waste disposal plants in Campania (USW projects) operated by Fibre SpA and Fibre Campania SpA (merged in Fibre SpA).

Details are reported in chapter "Non-current assets classified as held for sale and discontinued operations" of the Directors' report – Part II.

PricewaterhouseCoopers SpA

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(ii) "Consorzio C.A.V.E.T."

Directors have disclosed the situation of the penal proceedings with the Court of Florence and related to Consorzio C.A.V.E.T..

Details are reported in paragraph "Construction – Risk Areas" of the chapter "Performance by business segment" of the Directors' report– Part II.

- 5 The directors of Impregilo SpA are responsible for the preparation of the Directors' report in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Directors' report and of the specific section on corporate governance and ownership structure, solely with reference to the information referred to in paragraph 1, letters c), d), l), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob. In our opinion, the Directors' report and the information referred to in paragraph 1, letters c), d), l), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the specific section of the aforementioned report are consistent with the financial statements of Impregilo SpA as of 31 December 2010.

Milan, 5 April 2011

PricewaterhouseCoopers SpA

Signed by
Giorgio Greco
(Partner)

**This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.
We have not examined the translation of the financial statements referred to in this report.**



(Translation from the Italian original which remains the definitive version)

IMPREGILO S.p.A.

Registered office in Milan – Via dei Missaglia 97

Share capital euro 718,364,456.72

Tax code and Milan Company Registration no. 00830660155

**REPORT OF THE BOARD OF STATUTORY AUDITORS
ON THE CONSOLIDATED FINANCIAL STATEMENTS
OF IMPREGILO S.p.A. AS AT AND FOR THE YEAR
ENDED 31 DECEMBER 2010**

Dear shareholders,

The consolidated financial statements of Impregilo group as at and for the year ended 31 December 2010, given to us with the separate financial statements of Impregilo S.p.A., include the statement of financial position, income statement, statement of comprehensive income, statement of cash flows, statement of changes in equity and the notes thereto. They have been prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed by the European Union and effective at 31 December 2010.

They show equity of euro 1,126,996 thousand, including the share attributable to non-controlling interests (euro 7,410 thousand), and profit for the year of euro 130,757 thousand, including the profit attributable to non-controlling interests of euro 2,312 thousand.

Based on the information obtained from the independent auditors, PricewaterhouseCoopers S.p.A., the figures in the consolidated financial statements comply with those in the accounting records of the parent and information formally sent to it by its subsidiaries.

The independent auditors issued an unqualified report on the consolidated financial statements, stating that they are clearly stated and give a true and fair view of the group's financial position, results of operations and cash flows.



The report includes three emphasis of matter paragraphs, with which we agree.

The company complied with the disclosure requirements of article 2428 of the Italian Civil Code in a single document.

The specific information about the group, as shown in the figures set out in the consolidated financial statements, is given in detail in the directors' report which comments on the group companies' performance, the group's decisions and strategies.

Milan, 5 April 2011

Board of Statutory Auditors

Giuseppe Levi – Chairman (signed on the original)

Giorgio Oldoini – Standing statutory auditor (signed on the original)

Alessandro Trotter - Standing statutory auditor (signed on the original)



(Translation from the Italian original which remains the definitive version)

IMPREGILO S.p.A.

Registered office in Milan – Via dei Missaglia 97

Share capital euro 718,364,456.72

Tax code and Milan Company Registration no. 00830660155

REPORT OF THE BOARD OF STATUTORY AUDITORS

TO THE SHAREHOLDERS OF IMPREGILO S.p.A.

PURSUANT TO ARTICLE 153 OF LEGISLATIVE DECREE NO. 58/1998

AND ARTICLE 2429.3 OF THE ITALIAN CIVIL CODE

Dear shareholders,

Pursuant to ruling legislation covering public companies listed on regulated markets and in accordance with the Italian Civil Code requirements, we inform you that we performed the supervisory activities based on the conduct standards recommended by the Italian Accounting Profession during 2010.

Specifically and considering the guidelines set out by Consob (the Italian Commission for Listed Companies and the stock exchange) in its communications, we:

- took part in the shareholders' meeting, as well as all the meetings of the board of directors held during the year and obtained regular information from the directors on the activities and key transactions performed by the company and its subsidiaries;
- pursuant to article 19.1 of Legislative decree no. 39/2010, monitored the financial reporting system, the effectiveness of the internal controls, internal audit and risk management; the legally-required audit of the annual separate and consolidated financial statements; the independence of the auditors engaged to perform the legally-required audit, especially as regards the provision of non-audit services.



- The independent auditors reported to us in accordance with article 19.3 of Legislative decree no. 30/2010 on the key findings of their legally-required audit and, specifically, on the absence of significant weaknesses in the internal controls over financial reporting.
- We actively took part in meetings of the internal control committee and collected information about its work carried out, including at the subsidiaries.

Pursuant to the guidelines provided by Consob about statutory auditors' reports, we provide the following information:

1. Significant financial or capital transactions

The directors informed us periodically about the operations and key transactions undertaken by the company and its subsidiaries. They also described such operations and transactions in their report with details of their characteristics and effects.

We obtained adequate information about them in order to be in a position to assess their compliance with the law, by-laws and correct administration standards.

2. Atypical and/or unusual transactions, intragroup transactions or related party transactions

We did not identify nor were we informed by the directors, independent auditors or internal control head about any atypical and/or unusual transactions carried out with third parties, related parties or other group companies.

3. Adequacy of information provided in the directors' report about atypical and/or unusual transactions, intragroup transactions or related party transactions.

The directors described the day-to-day transactions carried out during the year with group companies and related parties in the notes to the separate financial statements to which reference should be made, also for details about their characteristics and financial effects.



They did not identify any critical issues with respect to their suitability and compliance with the company's interests. As described in detail in the report on corporate governance, the board of directors approved a new procedure for related party transactions in its meeting of 30 November 2010 pursuant to Consob regulation no. 17221 of 12 March 2010. We assessed the compliance of this procedure with the instructions set out in this regulation.

4. Comments on and proposals about the findings and disclosures in the independent auditors' report

The independent auditors issued an unqualified report on the separate financial statements. They stated that the financial statements comply with the regulations governing their preparation and included two emphasis of matter paragraphs with which we agree. These are set out in point 18 of this report.

5. Complaints as per article 2408 of the Italian Civil Code

No such complaints were received.

6. Communications presented

No communications were presented.

7. Engagements of independent auditors

We obtained evidence from the company supporting the recognition of the following fees paid to the independent auditors and companies belonging to their network for their services provided in 2010, as set out in the following table (in Euros):



Fees	Audit	Other services	Total
Audit of the separate financial statements (*)	634,031		634,031
Audit of the consolidated financial statements	40,210		40,210
Review of the interim financial report	88,435		88,435
Quarterly checks pursuant to Legislative decree no. 58/1998	16,077		16,077
Total ordinary audit activities	778,753		778,753
Other services			
Audit of the financial statements of the Italian subsidiaries	670,289		670,289
Other services (Tender attestation services and other agreed-upon procedures engagements, etc.) (**)		43,043	43,043
Tax services (***)		25,438	25,438
Total other services	670,289	68,481	738,770
Total			1,517,523

(*) Includes euro 248,827 related to audit services provided to foreign branches by foreign entities of the PricewaterhouseCoopers network.

(**) Includes euro 4,114 related to services provided to foreign branches of Impregilo S.p.A. by foreign entities of the PricewaterhouseCoopers network.

(***) Includes euro 24,598 related to services provided to foreign branches of Impregilo S.p.A. by foreign entities of the PricewaterhouseCoopers network.

The independent auditors confirmed their continued independence and objective position in respect of Impregilo S.p.A. and Impregilo group during the year.



8. Assignment of other engagements to parties related to the independent auditors

We noted that the company also recorded the following additional fees paid to companies or professional firms part of the international PricewaterhouseCoopers network for the following engagements (in Euros):

Company / Tax and legal firm of the international network	Service provided	Amount
PricewaterhouseCoopers network	Audit services for foreign group companies	243,397
PricewaterhouseCoopers network	Other attestation, administrative and tax advisory services	162,163
Total		405,560

9. Legally-required opinions

Opinions pursuant to article 2389 of the Italian Civil Code were expressed during the year.

10. Frequency of attendance at company body meetings

We took part in nine meetings of the board of directors, 10 of the executive committee and held eight board of statutory auditors' meetings.

11. Compliance with correct administration standards

We have no comments to make about compliance with such standards based on our work.

12. Adequacy of the organisational structure

We believe that the company's organisational structure is adequate given its size and type of activities.

13. Adequacy of the internal control system

We supervised, tested and checked the adequacy of the internal control system. Specifically:

- a. we regularly obtained information about the operations carried out during the meetings of the internal control committee, through meetings with the internal control head and by obtaining specific periodic documentation;
- b. we were provided with the internal control head's report which summarised the activities carried out during the year, principally aimed at ensuring compliance with and the adequacy of the group's internal controls. This entailed our performing tests at different internal levels at the company's outlying and corporate offices;
- c. we were provided with the supervisory body's reports required by Legislative decree no. 231/2001 which summarise its activities for the year.

To the extent of its duties, this board holds that the "Organisational, management and control model", adopted by the company and regularly revised, is suitable to prevent the crimes covered by the aforesaid Legislative decree.

14. Adequacy of the administrative-accounting system and its reliability

We monitored and tested the adequacy of the administrative-accounting system and its ability to correctly show the company's operations of the year by obtaining information from the different department heads, reviewing internal documentation and analysing the findings of the work performed by the independent auditors.

15. Adequacy of the instructions given to subsidiaries

We believe that the instructions issued by the company to its subsidiaries pursuant to article 114.2 of Legislative decree no. 58/1998 are adequate to ensure compliance with the legal disclosure requirements.



16. Issues which arose during meetings with the independent auditors

No issues arose during the meetings with the independent auditors, held in accordance with article 150 of Legislative decree no. 58/1998.

17. Compliance with the Code of Conduct of the Corporate Governance Committee of Listed companies

The company has complied with this Code of Conduct.

As required by the Consolidated Income Tax Act and article 89-bis of the Consob Issuer Regulation, the company prepared and published the subject report and included it in the directors' report.

We checked the correct application of the criteria and procedures used by the board of directors to assess the independence of its members.

We verified that all the statutory auditors continued to meet the independence criteria established by the Code of Conduct throughout 2010.

18. Assessment of the supervisory activities

As noted, no reprehensible behaviour, omissions or irregularities were noted during our work that would require communication to the supervisory bodies.

However, we note:

1. We have monitored the developments of the USW Campania projects (described in detail in the directors' report) on an ongoing basis, also through meetings with the department heads and the boards of statutory auditors of FIBE S.p.A. and FISIA Italimpianti S.p.A..

We agree with the directors about the existence of significant, unquantifiable contingencies due to the complexity of the issues and complex procedures in place for the recovery of the net assets.

The directors have deemed it reasonable and prudent to maintain a provision for risks of euro 50 million and have explained the reasons therefor.



2. The directors have provided detailed information about the status of the criminal case before the Court of Florence and events that have taken place after the reporting date in their report.

19. Proposals to the shareholders

To the extent we are concerned, we state our consent to approval of the separate financial statements as at and for the year ended 31 December 2010 and the directors' report as they are presented by the board of directors, and the proposals made by the directors about allocation of the profit for the year.

Milan, 5 April 2011

Board of Statutory Auditors

Giuseppe Levi – Chairman (signed on the original)

Giorgio Oldoini – Standing statutory auditor (signed on the original)

Alessandro Trotter - Standing statutory auditor (signed on the original)





ABSTRACT FROM THE SHAREHOLDER AGREEMENTS



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Abstract from the shareholder agreement communicated to Consob pursuant to article 122
of Legislative decree no. 58 of 24 February 1998

Impregilo S.p.A.

Pursuant to article 122 of the Consolidated Act and article 127 and following articles
of the Consob regulation, the following is notified.

- (A) On 8 March 2007, all the shareholders of IGLI S.p.A. ("IGLI"), namely Argo Finanziaria S.p.A., registered office at Corso Romita 10, Tortona ("Argo Finanziaria"), Autostrade per l'Italia S.p.A., registered office at Via. A. Bergamini 50, Rome ("Autostrade") and Immobiliare Lombarda S.p.A., registered office at Via Fabio Filzi 25, Milan ("Immobiliare Lombarda") (Argo Finanziaria, Autostrade and Immobiliare Lombarda, each a "Party" and, together, the "Parties") signed a shareholder agreement covered by article 122 of the Consolidated Act (the "Shareholder Agreement"), aimed at covering the relationships of the Parties as shareholders of IGLI directly and of Impregilo S.p.A., an issuer listed on the stock exchange managed by Borsa Italiana ("Impregilo"), indirectly. The Shareholder Agreement sets out the essential terms of the term-sheet, agreed by the Parties on 27 February 2007, which has already been notified to the market and published pursuant to the law.
- (B) On 12 March 2008, the Shareholder Agreement was renewed until 12 June 2009.
- (C) On 11 June 2009, Autostrade, Immobiliare Lombarda and Argo Finanziaria signed an agreement amending the Shareholder Agreement in order to extend the Shareholder Agreement's term to 12 June 2010 and also provide for certain amendments and integrations.
- (D) On 25 September 2009, Immobiliare Lombarda agreed a partial non-proportionate demerger deed in favour of Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l., both directly or indirectly controlled by Fondiaria-SAI S.p.A. (the "Demerger"). The Demerger became effective on 1 October 2009 and consisted of the contribution by Immobiliare Lombarda to Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l. of most of its assets, including the equity investment in IGLI which was contributed equally to the two beneficiaries and, therefore, 4,020,000 shares to Immobiliare Fondiaria-SAI S.r.l. and 4,020,000 shares to Immobiliare Milano Assicurazioni S.r.l..
- (E) On 9 October 2009, Argo Finanziaria, Autostrade, Immobiliare Lombarda, Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l. signed an agreement confirming their adherence to the Shareholder Agreement (the "Adherence Agreement"), whereby Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l. took on all the rights and obligations pursuant to the Shareholder Agreement, pledging their shares in IGLI as guarantee. As a result of the Adherence Agreement, the definition of "Party" is extended to Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l., without altering that Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l. will be considered as a single Party and, as such, will have to jointly exercise the rights given to them and comply with the obligations previously assigned to Immobiliare Lombarda under the Shareholder Agreement. By signing the Adherence Agreement, Immobiliare Lombarda became jointly and severally liable with Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l. for the correct fulfilment of all the obligations deriving from the Shareholder Agreement for Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l..
- (F) On 12 June 2010, the Parties signed an agreement covering certain limited changes to and the renewal of the Shareholder Agreement until 31 July 2012 (the "Amending and Renewal Agreement"). As part of this Agreement, Immobiliare Lombarda confirmed the commitment taken on in point E.
- (G) On 26 February 2010, the shareholder agreement between Autostrade, Immobiliare Lombarda and Argo Finanziaria entered into on 26 February 2007 expired. This agreement provided that these companies had committed themselves, *inter alia*, to ratifying at the first meeting of Impregilo's shareholders held after 26 February 2007 (as actually took place) the work of the directors and statutory auditors candidates by TeSir S.r.l. until the date when their term of office expired and to waive the right to any actions against them for their work carried out in 2005 and 2006. They took on this commitment with the exit of TeSir S.r.l. from IGLI's shareholding structure and the entry of Immobiliare Lombarda.

The definition of "Shareholder Agreement" used in this document refers to the Shareholder Agreement as subsequently amended by the Amending and Renewal Agreement.

1. Company whose financial instruments are covered by the shareholder agreements

The Shareholder Agreement covers: (i) shares of IGLI S.p.A., registered office at Via M. Camperio 9, Milan, Milan Company Registration no. 04822800969, share capital of euro 24,120,000.00, split into 24,120,000 ordinary shares with a nominal value of euro 1 each; and (ii) shares of Impregilo S.p.A., registered office at Via dei Missaglia 97, Viale Italia 1, Milan, Milan Company Registration no. 00830660155, share capital of euro 718,364,456.72, split into 404,073,428 shares including 402,457,937 ordinary shares and 1,615,491 savings shares, with no mention of their nominal value.

2. Type of agreement

The Shareholder Agreement includes conditions that fall under the voting and blocking pool category as per article 122 of the Consolidated Act.

3. Parties and financial instruments covered by the Shareholder Agreement

At the date of this abstract, the Shareholder Agreement covers:

- (i) all the 24,120,000 ordinary shares making up IGLI's share capital, held by Argo Finanziaria, Autostrade, Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l. as follows:

Shareholder	No. of shares	Fraction - % of share capital
Argo Finanziaria	8,040,000	1/3 (33.33%)
Autostrade	8,040,000	1/3 (33.33%)
Immobiliare Fondiaria-SAI S.r.l.	4,020,000	1/6 (16.67%)
Immobiliare Milano Assicurazioni S.r.l.	4,020,000	1/6 (16.67%)
Total	24,120,000	100%

- (ii) all the 120,576,293 ordinary Impregilo shares held by IGLI at the Shareholder Agreement signing date, equal to 29.960% of the Company's share capital with voting rights.

4. Content of the Shareholder Agreement

4.1 Voting pool for the IGLI shares

With respect to IGLI, the Shareholder Agreement provides:

- (a) in terms of the composition of its company bodies:

- (i) that the board of directors shall have six members appointed as follows: each Party shall elect two directors; the chairperson shall be nominated by Argo Finanziaria, with the prior approval of Autostrade on one side and Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l. on the other, which cannot be withheld unreasonably;
- (ii) that the board of statutory auditors shall have three standing statutory auditors and two substitute statutory auditors, appointed as follows: each Party shall elect one standing statutory auditor; the chairperson shall be appointed jointly by Autostrade, Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l.; the two substitute auditors shall be appointed jointly by Argo Finanziaria, Autostrade, Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l.;
- (iii) that, should one of the members of IGLI's company bodies step down before their term of office expires for any reason, the Parties shall take all necessary actions to replace the outgoing director or statutory auditor in line with that set out in points 4.1(a)(i) and 4.1(a)(ii).

- (b) in terms of the exercise of voting rights at meetings of the IGLI shareholders:

that resolutions taken by the shareholders in ordinary and extraordinary meetings are passed by legal majority, except for those resolutions reserved for extraordinary meetings about specific matters (including share capital increases, convertible bond issues or the issue of other financial instruments excluding or limiting options, mergers and demergers, changes to the by-laws affecting the business object and qualified voting majorities in shareholders' or directors' meetings and the dissolution of IGLI before 30 September 2012) which shall be taken during the meetings held on first or second call with the qualified majority of 71% of the share capital;

- (c) in terms of the exercise of voting rights by IGLI's directors:

that resolutions about certain extraordinary matters (including proposals to be made to IGLI shareholders in extraordinary meetings about relevant matters as per point 4.1(b) above, the exercise of votes at extraordinary meetings of Impregilo shareholders about share capital increases and issues of convertible bonds or other financial instruments excluding or limiting options, share capital increases against consideration, mergers and demergers, changes to the by-laws affecting the business object; the purchase, sale and transfer of Impregilo shares in any form, including tender offers, public exchange offerings and public purchase and exchange offerings, are passed with the favourable vote of five directors out of six. The Parties have agreed that resolutions about: (i) purchases to oppose tender offers, public exchange offerings or public purchase and exchange offerings made by third parties for Impregilo shares; and (ii) sales and/or transfers of Impregilo shares by IGLI to the Parties (as provided for in points 4.5 and 6) can be passed by relative majority vote of the directors in office;

- (d) in terms of changes to IGLI's by-laws:

Pursuant to the Amending and Renewal Agreement, the Parties mutually agreed to cause that a meeting is called and held before 16 July 2010 of the shareholders of IGLI to resolve extension of the company's life until 30 September 2012 and the related modification of article 4 of IGLI's current by-laws.

4.2 Voting pool on Impregilo shares

With respect to Impregilo, the Shareholder Agreement provides:

- (a) in terms of the composition of its company bodies:

- (i) that each Party shall adopt suitable measures to ensure that the board of directors has 15 members appointed as follows: four directors (including one independent director) nominated by Argo Finanziaria; four directors (including one independent director and one deputy chairperson) by Autostrade; four directors (including one independent director and one deputy chairperson) by Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l. jointly; one director (to act as chairperson) by Argo Finanziaria, Autostrade, Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l. jointly (should they be unable to agree, this position will be filled by a candidate appointed by Autostrade, Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l. jointly, with the prior approval of Argo Finanziaria, which cannot be withheld unreasonably); one director (to act as CEO) by Argo Finanziaria, Autostrade, Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Assicurazioni S.r.l. jointly (should they be unable to agree, this position will be filled by a candidate appointed by Argo Finanziaria, with the prior approval of Autostrade, Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Assicurazioni S.r.l., which cannot be withheld unreasonably); and one director by Argo Finanziaria, Autostrade, Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l. jointly, when not otherwise provided for by law or the by-laws.

- (ii) that each Party shall act suitably to ensure that: (a) the executive committee shall have seven members, including: the CEO and the two deputy chairpersons; two members from the directors nominated by Argo Finanziaria; one member from the directors nominated by Autostrade and one member nominated from the directors appointed by Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l.; and (b) the executive committee has the same powers as those given to it by the ruling regulation of such executive committee;

- (iii) that each Party shall act suitably to ensure that the board of statutory auditors has three standing statutory auditors (considering that the minority shareholders have the right to appoint the chairperson pursuant to article 148 of the Consolidated Act) and two substitute statutory auditors, appointed as follows: one standing statutory auditor presented by Autostrade; one standing statutory auditor by Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l.; one substitute statutory auditor

by Autostrada, Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l. jointly; and one substitute statutory auditor by Argo Finanziaria, Autostrade, Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni S.r.l. jointly, where not otherwise provided for by law or the by-laws;

- (iv) that, should one of the members of Impregilo's company bodies step down before their term of office expires, the Parties shall take all necessary actions to replace the outgoing director or statutory auditor in line with that set out in points 4.2(a)(i), 4.2(a)(ii) and 4.2(a)(iii).

(b) in terms of the exercise of voting rights by Impregilo's directors:

- (i) that each Party shall act suitably to ensure that certain resolutions are passed with the favourable vote of two thirds of the members present (including identification of strategic subsidiaries, exercising voting rights for specific matters at meetings of the strategic subsidiaries' shareholders, acquisitions and disposals of investments, companies and business units for certain sectors and amounts above a certain threshold, allocation of proxies to management bodies, related party transactions up to a certain ceiling; and approval of the business plan, budget and industrial plan);
- (ii) that each Party shall act suitably to ensure that certain resolutions are passed with the favourable vote of four fifths of the members present (including the allocation of new proxies to the management bodies, exercise of voting rights for specific matters at extraordinary meetings of the strategic subsidiaries' shareholders - with the sole exception of exercise of the voting right for resolutions about approval of the financial statements and without prejudice to the two-thirds majority required for resolutions related to the appointment of the company bodies -, the acquisition, sale and transfer for any reason of investments held in the strategic subsidiaries and related party transactions for amounts above a certain ceiling).

4.3 Blocking pool on IGLI shares

The Shareholder Agreement has a lock up condition which is binding for the Parties throughout its term (except for transfers of IGLI shares by the Parties to their "associates"). Transfers among the Parties are permitted to the extent of the pre-emptive rights provided for in the by-laws.

4.4 Blocking pool on Impregilo shares

Under the Shareholder Agreement and without prejudice to the content of the last paragraph of point 4.5 and the majorities provided for in points 4.1 and 4.2 for the passing of resolutions by the relevant bodies of IGLI and Impregilo, each Party may freely acquire, directly or indirectly, on whatever basis and in any way (such as, but not limited to, sales, mergers, demergers, purchases or transfers of business units, exchanges, derivatives, etc.), Impregilo shares up to a limit of 5% of its ordinary share capital as long as this transaction does not require IGLI and/or the other Parties and/or any of their "associates" to make a mandatory offer for Impregilo's shares.

4.5 Tender offers for Impregilo

In the case of a tender offer for Impregilo, the Shareholder Agreement establishes that, during the offer's term and unless a decision is taken by majority vote (at least five directors out of six) by IGLI's board of directors not to take part in the offer, the Parties that disagree with IGLI's involvement in the offer ("dissenting shareholders") have the option to purchase all the IGLI shares held by the Parties that intend to participate in the offer ("interested shareholders") in proportion to their investment in IGLI (with the right to increase their investment should one or more dissenting shareholders not intend to exercise their option rights). Exercise of this option shall take place at a purchase price per IGLI share calculated by considering 100% of IGLI's share capital using the adjusted equity method and calculating the Impregilo shares held by IGLI at the tender offer price, which may be increased following other competing offers and/or relaunches pursuant to article 44 of Consob resolution no. 11971 of 14 May 1999, as subsequently amended (the "Issuer Regulation").

Should the tender offer be subject to conditions, the purchase and sale of IGLI shares under option shall also be subject to the condition precedent on the occurrence or non-occurrence of the condition or conditions blocking the tender offer. Should the non-occurrence of the tender offer condition depend on the non-inclusion in the offer of the Impregilo shares held by IGLI equal to the IGLI shares under option, the option shall be exercised, even though the condition for the execution of the tender offer has not been met.

Should none of the dissenting shareholders intend to exercise their purchase option (except for the above increasing right), the Parties will take the necessary steps to ensure that: (i) IGLI takes part in the offer by delivering a number of Impregilo shares proportionate to the number of IGLI shares of the interested shareholders for which the purchase option has not been exercised by the dissenting shareholders; and (ii) the income generated by this participation in the tender offer is distributed to the interested shareholders by decreasing share capital, demerging IGLI or another procedure that gives the same end result. Therefore, the shareholder or shareholders involved shall be obliged to exit IGLI's shareholding structure.

Should either the purchase option be exercised or IGLI adhere to the tender offer, this Shareholder Agreement is terminated with effect from the date on which the interested shareholders cease being shareholders of IGLI, without prejudice to the dissenting shareholders' commitment to renegotiate a new shareholder agreement in good faith, which shall consider their different investments in IGLI.

The Shareholder Agreement provides that the instructions summarised in this point 4.5 are also applicable in the case of a public exchange offering or a public purchase and exchange offering (without affecting the purchase price of each IGLI share) and should competitive offers and/or relaunches of the above offers be made, with the suitable adjustments, when necessary, except in the case of competing offers as set out below.

The Shareholder Agreement also provides that, should IGLI's board of directors resolve by majority vote not to participate in the offer and subsequently to oppose the offer for Impregilo's shares by making a counter offer (the "Counter Offer"), the Party that disagreed with the launch of the Counter Offer has the right to sell to the other Parties, in proportion to their investments in IGLI, all its IGLI shares (the "Put Option"). Exercise of this option shall take place at a purchase price per IGLI share calculated by considering 100% of IGLI's share capital using the adjusted equity method and calculating the Impregilo shares held by

IGLI at the Counter Offer price, possibly increased as a result of other competing offers and/or relaunches pursuant to article 44 of the Issuer Regulation.

The Parties agree that, should a competing offer be made after the Counter Offer has been presented and IGLI's board of directors resolves not to adhere to it or to make a relaunch, the Put Option is taken to have expired.

The above conditions are applicable mutatis mutandis, including in the case of a public exchange offering or a public purchase and exchange offering.

The Shareholder Agreement establishes that should IGLI's board of directors resolve not to adhere to a tender offer, a public exchange offering or a public purchase and exchange offering made by third parties for Impregilo's shares and should it subsequently resolve not to make a Counter Offer, the Party that does not agree with the decision not to make a Counter Offer may make such a Offer, concurrently informing the other Parties in writing of its intention. In this case, the Shareholder Agreement ceases to be effective when the Counter Offer is presented and the Parties proceed to sell their shares as set out in point 6.

5. Party exercising control pursuant to article 93 of the Consolidated Finance Act

There is no party which controls IGLI pursuant to article 93 of the Consolidated Act.

6. Terms and conditions of the Shareholder Agreement

Without prejudice to the content of this point, the IGLI Shareholder Agreement is valid until 31 July 2012 (the "Expiry Date").

The Parties agree to negotiate in good faith the possible renewal of the Shareholder Agreement starting from 120 days before the Expiry Date or should they not be able to come to an agreement about its renewal, to take all the necessary steps so that IGLA can be proportionally demerged by the fifth business day before the Expiry Date (the "Demerger").

The Parties also agree that should the Demerger not become effective for any reason by the fifth business day before the Expiry Date, IGLI will sell them (obliging them to purchase or have purchase) at this Expiry Date its Impregilo shares, in proportion to their investment in IGLI (at a price equal to the weighted average stock exchange price of the 90 days before the date of the second day before the Expiry Date) and that, concurrently with the sale of the Impregilo share, IGLI shall be put into liquidation.

The Parties agree to inform the European Commission or the Anti-trust Authority of the content of the Amending Agreement, depending on the revenue recognised in their financial statements. Specifically, they shall inform the European Commission of the amendment of the provisions about the qualified majority of two-thirds for the approval by Impregilo's directors about resolutions related to: (i) the exercise of voting rights at ordinary meetings of its strategic subsidiaries' shareholders called to appoint company bodies; and (ii) approval of the business plan, budget and industrial plan is subject to the following conditions precedent before 30 September 2010 (the "Deadline"), the European Commission either: (a) confirms that the signing of the Amending and Renewal Agreement does not constitute a business concentration pursuant to article 3 of EC regulation 139/2004 (the "Regulation"), or (b) has informed the Parties that the signing of the Amending and Renewal Agreement constitutes a business concentration and, following the formal notification made by the Parties pursuant to article 4 of the Regulation, has adopted before the Deadline the measure as per article 8.1 of the Regulation which states that the transaction is compatible with the common market (the "Clearance"). The Parties have agreed that, should the European Commission, before the Deadline, not have issued the Clearance or have issued a conditional Clearance or taken a negative decision or commenced the investigation as per article 6.1(c) of the Regulation, the Shareholder Agreement will cease immediately (at the Deadline or at the date the Clearance is issued or the date of the negative decision or commencement of the investigation, if this is prior to the Deadline date) to have (in full) any effect and the measures as set out earlier shall be applied. If the Anti-trust Authority is the competent body, the effectiveness of the Amending and Renewal Agreement is subject to the condition subsequent that the Authority does not find that its agreement constitutes a business concentration pursuant to article 5 of Law no. 287 of 10 October 1990 (the "Law") and, following formal notification by the Parties pursuant to article 16 of the Law, has adopted (x) a measure of the non-commencement of an investigation subject to commitments and/or conditions or (y) an authorisation subject to commitments and/or conditions pursuant to article 18.2 of the Law. In this case, the Shareholder Agreement will immediately become ineffective at the date of issue of one of the above communications and the measures set out in the second and third paragraphs of this point will be applied.

The Parties also agree that, should the Shareholder Agreement no longer be effective due to non-compliance with the condition precedent or the occurrence of the condition subsequent as set out above, all the necessary steps will be taken within the fifth day after expiry of the Shareholder Agreement for the Demerger to take place as detailed above. Should the Demerger not become effective within 120 days of expiry of the Shareholder Agreement for any reason, each Party agrees that IGLI will sell its Impregilo shares to Argo Finanziaria, Autostrade, Immobiliare Fondiaria-SAI S.r.l. and Immobiliare Milano Assicurazioni (in proportion to their investments in IGLI), as specified above.

7. Filing of the Shareholder Agreement

The Shareholder Agreement has been filed with the Milan Company Registrar pursuant to the law.

Milan, 17 June 2010





RESOLUTIONS TAKEN BY THE SHAREHOLDERS IN THEIR MEETING OF 28 APRIL 2011

Resolutions taken by the shareholders in their meeting of 28 april 2011

Holders of 180,567,318 ordinary shares, equal to roughly 44.87% of the share capital with voting rights, attended the ordinary shareholders' meeting of IMPREGILO S.p.A., held on second call on 28 April 2011 and chaired by the chairman Massimo Ponzellini.

The shareholders:

1. Approved the financial statements as at and for the year ended 31 December 2010, the related reports and proposed allocation of the profit for the year as follows:
 - to allocate **euro 7,893,790.80**, equal to 5% of the profit for the year, to the legal reserve;
 - to distribute **euro 24,147,476.22** as a dividend to the holders of ordinary shares, equal to euro 0.06 per share;
 - to distribute **euro 420,027.66** as a dividend to the holders of savings shares, equal to euro 0.26 per share, as per article 33.b) of the by-laws;
 - to set the ex-dividend date as 18 July 2011 and the payment date as 21 July 2011;
 - to carry forward **euro 125,414,521.32**.
2. Appointed the board of directors for 2011 and 2012 and, therefore, until approval of the financial statements as at and for the year ending 31 December 2012; determined the annual gross fee for each director as euro 20,000 plus an attendance fee of euro 1,000 per meeting, to be decreased to euro 500 in the case of participation via audio or video link-up.

They also resolved that, should an executive committee be set up, each of its members is to receive a gross annual euro 20,000 plus an attendance fee of euro 1,000, to be decreased to euro 500 in the case of participation via audio or video link-up.
3. Appointed a board of statutory auditors for the three years from 2011 to 2013 and, therefore, until approval of the financial statements as at and for the year ending 31 December 2013 and determined the gross annual fee of its chairman as euro 60,000.00 and that of each of its standing members to be euro 40,000.00.



COMPANY OFFICERS

(after the shareholders' meeting of 28 April 2011 and the board of directors' meeting of 2 May 2011)

Board of directors (i)	
Chairman	Massimo Ponzellini
Deputy chairmen	Giovanni Castellucci
	Antonio Talarico
Chief executive officer	Alberto Rubegni
Directors	Carlo Buora
	Alfredo Cavaneghi
	Fabio Cerchiai
	Nicola Fallica
	Beniamino Gavio
	Marcello Gavio
	Maurizio Maresca
	Giuseppe Piaggio
	Massimo Pini
	Alberto Sacchi
	Giacomo Valle
Executive committee	
Chairman	Alberto Rubegni
	Giovanni Castellucci
	Antonio Talarico
	Beniamino Gavio
	Marcello Gavio
	Giuseppe Piaggio
	Massimo Pini
Internal control committee	
	Alfredo Cavaneghi
	Nicola Fallica
	Maurizio Maresca
Remuneration committee	
	Massimo Ponzellini
	Carlo Buora
	Alfredo Cavaneghi
	Maurizio Maresca
	Giacomo Valle
Related party transactions committee	
	Carlo Buora
	Alfredo Cavaneghi
	Maurizio Maresca
	Giacomo Valle
Board of statutory auditors (ii)	
Chairman	Giuseppe Levi
Standing statutory auditors	Nicola Miglietta
	Alessandro Trotter
Substitute statutory auditors	Michela Zeme
	Fabrizio Gatti
Independent auditors	PricewaterhouseCoopers S.p.A.

(i) Appointed by the shareholders on 28 April 2011, in office until approval of the financial statements as at and for the year ending 31 December 2012

(ii) Appointed by the shareholders on 28 April 2011, in office until approval of the financial statements as at and for the year ending 31 December 2013

