AnsaldoSTS

A Finmeccanica Company

CONSOLIDATED INTERIM FINANCIAL REPORT AT 31 MARCH 2010

This Consolidated Interim Financial Report has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the official document.

1 Report on operations at 31 March 2010

1.1 Introduction

The Ansaldo STS Group recorded a net profit of EUR 14 million at 31 March 2010 compared with EUR 16 million for the same period last year.
Revenues were equal to EUR 265 million compared with EUR 260 million at 31 March 2009 and the Group's return on sales stood at 9.1%, reporting a slight decrease from the same period of the previous financial year (9.3%).
The net financial position was equal to some EUR 284 million, slightly above the figure reported at 31 December 2009 (EUR 279 million; EUR 216 million at 31 March 2009).
Orders at 31 March 2010 came to EUR 293 million compared with EUR 528 million at 31 March 2009. This decrease of EUR 235 million should be viewed in the context of the exceptional value of contracts obtained in the first quarter of 2009.
The value of backlog at 31 March 2010, equal to EUR 3,837 million, increased by EUR 77 million from that for the end of 2009, which amounted to EUR 3,760 million (EUR 3,427 million at 31 March 2009).

The data outlined above are evidence of the First Quarter 2010 that can be considered satisfactory overall from the standpoint of the Group's growth, profitability, and capital and financial solidity.

In the period from **2 January 2010 to 31 March 2010**, the official price of the stock passed from EUR 13.25 to EUR 15.17, with an increase of 14.46%, compared with the Italian market, substantially stable (-1.72% for S&P/MIB index and 2.49% the ALLSTAR segment).
Among the factors that determined this further strengthening of the Ansaldo STS stock, particular mention should be given to the positive final results achieved in 2009, the new projects acquired and reported to the market and the guidance of further growth for 2010.
At the end of the quarter, the stock reached an all-time high (intraday high of EUR 15.30, 31 March), assuring its shareholders of a TSR of some 100% from the IPO of 4 years ago (including the dividends already paid).
The average of the analysts' evaluations at 31 March showed a target price of EUR 16.22, also including the new coverage made by Fidentiis Equities.

It should be pointed out that:
- starting from March 2010 the figures reported in the explanatory notes will be in millions of euros unless otherwise specified, while the figures reported in the accounting statements (i.e. balance sheet, income statement, etc.) will be in thousands of euros;
- since January 2010 the Group has adopted a new control model approved in the scope of the *"Fast Forward Driven by Business"* project that entails a restatement of the figures by Business Unit for the 2009 financial year relating to the Segment reporting, contained in this Report;
- in the first semester of 2009 the subsidiaries Ansaldo STS Infradev South Africa, Ansaldo STS Southern Africa and Ansaldo Railway System Trading Service (Beijing) Ltd were consolidated on a line-by-line basis;
- since 1 June 2009, Balfour Beatty Ansaldo Systems JV SDN BHD (Joint Venture subject to common control, as envisaged in the shareholders' agreements) formed by our subsidiary Ansaldo STS Malaysia SDN BHD (40%) and by Balfour Beatty Rail SDN BHD (60%) has been consolidated using the proportionate method;
- the merger through incorporation of the Dutch subsidiary Ansaldo Signal NV into Ansaldo STS SpA became effective on 1 October 2009;
- a new company was incorporated in Brazil in December under the name of "Ansaldo STS Sistemas de Transporte e Sinalização Ltda".

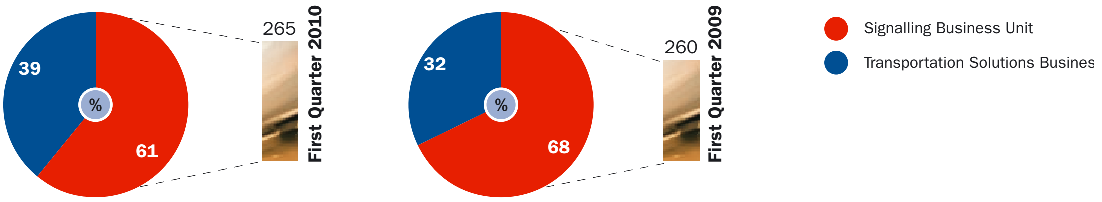
1.2 Group key figures for the First Quarter 2010

(EUR 000)	**31.03.2010**	31.03.2009	Change	31.12.2009
Orders	**293,021**	528,289	(235,268)	1,786,071
Order backlog	**3,836,761**	3,427,066	409,695	3,759,671
Production Revenues	**265,003**	259,757	5,246	1,175,640
EBIT	**24,018**	24,160	(142)	125,052
Adjusted EBITA	**24,208**	25,645	(1,437)	126,547
Net profit	**14,392**	15,641	(1,249)	87,800
Net working capital	**(168,120)**	(160,901)	(7,219)	(187,118)
Net invested capital	**42,179**	47,495	(5,316)	22,675
Net financial position (liquidity)	**(283,858)**	(215,608)	(68,250)	(278,861)
Free Operating Cash Flow	**2,481**	19,412	(16,931)	114,428
R.O.S.	**9.1%**	9.3%	-0.2 p.p.	10.6%
R.O.E.	**29.4%**	37.2%	-7.8 p.p.	32.5%
V.A.E.	**14,161**	14,231	(70)	84,553
Research and Development	**9,032**	9,249	(217)	41,112
Workforce (no.)	**4,345**	4,333	12	4,339

The First Quarter 2010 ended with a consolidated net profit of EUR 14 million compared with EUR 16 million recorded in the corresponding period last year.
Production revenues rose by 2%, from EUR 260 million in March 2009 to EUR 265 million in March 2010.

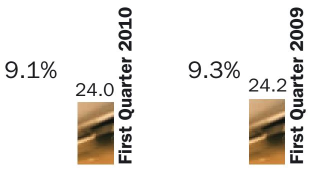
The Signalling Business Unit closed the First Quarter 2010 with Production Revenues of EUR 170 million, a decrease of EUR 6 million compared with the same period of the previous financial year (EUR 176 million).
The Transportation Solutions Business Unit closed the quarter with Production Revenues of EUR 103 million, up EUR 19 million from the same period last year (EUR 84 million).

Production Revenues by Business Unit - First Quarter 2010 – 2009 (EUR millions)



EBIT at 31 March 2010 amounted to EUR 24 million, unchanged from the First Quarter 2009 (equal to EUR 24 million); the profit margin was 9.1% compared with 9.3% at 31 March 2009.
More specifically:
- the Signalling Business Unit ended the First Quarter 2010 with an operating profit of EUR 18 million, substantially in line with the same period last year;
- the Transportation Solutions Business Unit posted an operating profit of EUR 9 million in the First Quarter 2010 compared with EUR 8 million recorded in the previous financial year, with an increase of EUR 1 million.

EBIT and ROS First Quarter 2010 - 2009 (EUR millions)



At 31 March 2010, consolidated **Net Invested Capital** was equal to EUR 42 million, compared with EUR 23 million at 31 December 2009; the difference of EUR 19 million is mainly attributable to the change in **Net Working Capital**, which went from a negative EUR 187 million at 31 December 2009 to a negative EUR 168 million at 31 March 2010. The change is due to the increase in inventories and work in progress less advances, partially offset by the decrease in trade receivables and the increase in trade payables.
The Group's **net financial position** (mainly financial receivables and cash and cash equivalents on borrowings) at 31 March 2010 was EUR 284 million compared with liquidity of EUR 279 million at 31 December 2009, an increase of EUR 5 million.
The change in liquidity is due, in addition to the Group's treasury management to:
- payment of direct and indirect taxes, including advances for EUR 4 million;
- payments for investments in property, plant and equipment and intangible assets for EUR 1 million;
- collection of finance income for EUR 1 million.

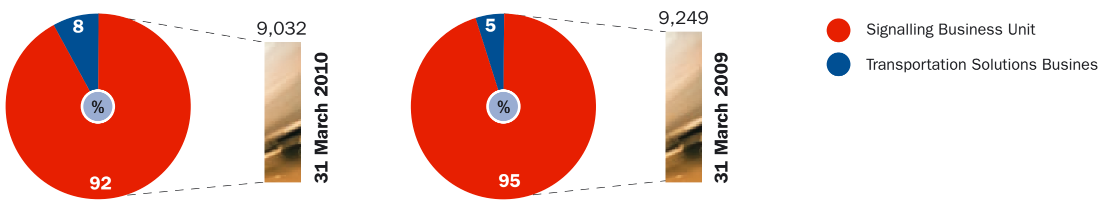
Cash and cash equivalents at 31 March 2010 amounted to EUR 138 million.
Free Operating Cash Flow (FOCF) before strategic investments showed in the period under review a cash flow generated for EUR 2 million compared with a cash flow generated for EUR 19 million at 31 March 2009; this is explained by the main changes in the working capital.

In the First Quarter 2010, **Research and Development costs** stood at EUR 9 million, in line with what recorded in the same period last year.
The activities developed by the Signalling Business Unit, totalling EUR 8 million and accounting for 90% of the total, were principally associated with the following companies (figures in millions of euros):

• Ansaldo STS	2
• Ansaldo STS France	5
• Ansaldo STS USA	1

The activities developed by the Transportation Solutions Business Unit came to EUR 1 million with an increase over the figures recorded at 31 March 2009.

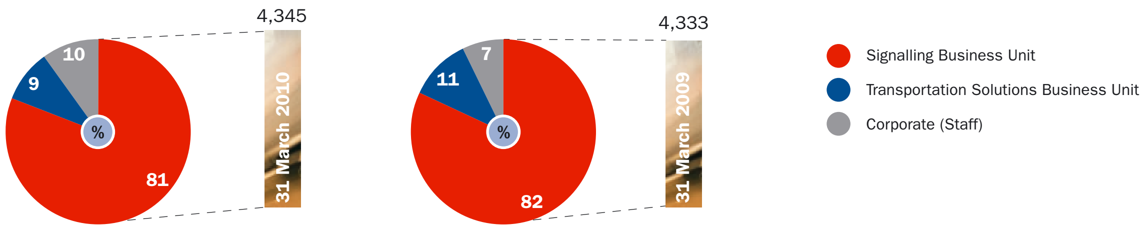
Research and development - First Quarter 2010 - 2009 (EUR millions)



The Group's **workforce** at 31 March 2010 stood at 4,345, an increase of 12 units compared with 4,333 units at 31 March 2009.
The break-down by business unit is as follows:
- Signalling Business Unit: 3,494 employees
- Transportation Solutions Business unit: 368 employees
- Corporate (Staff): 483 employees

The Group's **workforce** at 31 March 2010 was of 4,311 units, broken-down as follows:
- Executives: 131
- Middle managers: 500
- Clerical workers: 3,161
- Manual workers: 519

Workforce by Business Unit - First Quarter 2010 - 2009 (no.)



1.3 Alternative non-GAAP performance indicators

Ansaldo STS' management assesses the Group's earnings and financial performance and that of its business segments based on a number of indicators that are not envisaged by the IFRSs.
As required by Communication CESR/05-178 b, below is a description of the components of each of these indicators:
- ***EBIT:*** the aggregate signifies earnings before taxes and finance income and costs, with no adjustments. EBIT also does not include costs and income resulting from the management of unconsolidated equity investments and other securities, nor the results of any sales of consolidated shareholdings, which are classified on the financial statements either as "finance income (costs)" or, for the results of equity investments accounted for with the equity method, under " Share of profit (loss) of equity accounted investments".
- ***Adjusted EBITA:*** it is arrived at by eliminating from EBIT (as defined above) the following items:
  - any impairment in goodwill;
  - amortisation of the portion of the purchase price allocated to intangible assets in relation to business combinations, as required by IFRS 3;
  - restructuring costs that are a part of significant, defined plans;
  - other exceptional costs or income, i.e. connected to particularly significant events that are not related to the ordinary performance of the business.

The reconciliation between EBIT and Adjusted EBITA for the periods compared is presented hereunder:

	For the three months ended 31 March	
(EUR 000)	**2010**	2009
Earnings before income taxes, net of finance income and costs and of share of results of equity accounted investments (EBIT)	24,018	24,160
Impairment of goodwill	-	-
Amortisation of intangible assets acquired through a business combination	-	-
Restructuring costs	(190)	(1,485)
Total exceptional costs (income)	-	-
***Adjusted* EBITA**	**24,208**	**25,645**

- ***Free Operating Cash-Flow (FOCF):*** this is the sum of the cash flow generated from (used in) operating activities and the cash flow generated from (used in) investment and divestment of intangible assets, tangible assets, and equity investments, net of cash flows from the purchase or sale of equity investments that, due to their nature or significance, are considered “strategic investments”. The calculation of FOCF for the periods concerned is presented in the reclassified Statement of Cash Flows shown in section 6.
- ***Funds From Operations (FFO):*** this is cash flow generated from (used in) operating activities, net of changes in working capital. The calculation of FFO for the periods concerned is presented in the reclassified Statement of Cash Flows shown in section 6.
- ***Economic Value Added (EVA):*** this is calculated as EBIT net of taxes and the cost of the average value of invested capital for the two periods concerned and measured on a weighted-average cost of capital (WACC) basis.
- ***Working Capital:*** includes trade receivables and payables, work in progress and advances from customers.
- ***Net Working Capital:*** this is represented by working capital less the provisions for current risks and other current assets and liabilities.
- ***Net Invested Capital:*** this is the algebraic sum of non-current assets, non-current liabilities and Net Working Capital.
- ***Net financial debt (liquidity) or Net financial position:*** the template for calculation is consistent with the one in section 127 of the CESR/05-054b recommendations implementing EC Regulation 809/2004.
- ***Orders:*** this is the sum of the contracts executed with contractors during the year which have the contractual characteristics for being booked to the order book.
- ***Order backlog:*** this is the difference between the orders acquired and production revenues for the period of reference, net of the change in contract work in progress. This difference is added to the portfolio of the prior period.
- ***Workforce:*** this is the number of employees reported on the last day of the period concerned.
- ***Return on Sales (ROS):*** this is the ratio between EBIT and revenues.
- ***Return on Equity (ROE):*** this is calculated as the ratio between the net profit and the average value of shareholders’ equity for the two periods concerned.
- ***Research and Development costs:*** this is the sum of costs sustained for R&D expensed and sold. The costs for research expensed are normally referable to so-called “basic technology”, i.e. rights to the attainment of new scientific knowledge and/or techniques applicable to different new products and/or services. The costs of research sold are those commissioned by the customer against which a specific sale order exists and which have accounting and operational treatment identical to ordinary supply (sale contract, profitability, invoicing, advances, etc.). In consideration of the rapid development within the productive sector in which the Ansaldo STS Group operates, this type of costs is generally not capitalised.

1.4 Performance

1.4.1 Market conditions and business climate

1.4.1.1 Signalling Business Unit

The **orders acquired** at 31 March came to EUR 65 million, with a significant decrease from the same period of the previous year that had recorded an extraordinary performance compared with the typical trend of the sector (EUR 238 million at 31 March 2009).

The order **backlog** at 31 March 2010 amounted to EUR 1,901 million compared with EUR 1,604 million at 31 March 2009 and EUR 1,980 million at 31 December 2009.

The most significant events of the First Quarter 2010 referring to the Signalling Business Unit are outlined below.

ITALY

Among the contracts acquired in the period under review, particular mention should be given to the reconfiguration of ATCs (Automatic Train Control) on the Verona-Florence section for Rete Ferrovie Italiane (RFI), the updating of the peripheral posts in the Genoa metro and the installation and check of the ATC systems (onboard) for vehicles intended for the regional carriage of passengers (Firema - MetroC). Good results have been achieved in the sector of components and maintenance of the existing lines.

The Group has an outstanding bid for the high-speed systems on the Milan-Bologna section (some EUR 10 million), whose award should be finalised within the end of 2010 and in the conventional railway sector, the bid for the Turin-Padua main line (some EUR 200 million). Also noteworthy is the bid for the interlocking system of the Genoa railway junction (some EUR 40 million).

REST OF EUROPE
We highlight the project for the strengthening of the CTC system (Centralised Traffic Control System) in Boden, Sweden, in addition to new opportunities for modifying the projects already in progress (ESTER) always in **Sweden**. Significant results have been obtained also in the sector of components and maintenance of the existing lines.
The award of the order expected in **France** on the Hot Box Detector project has been postponed by the customer SNCF to the second half of 2010.

Outstanding bids refer to the High-Speed in **France** (Tours – Bordeaux HSL - SEA) with three tenders and three tendering consortia (Bouygues, Eiffage and Vinci). Vinci was selected by RFF as favourite but the award will be finalised probably in autumn 2010. Similar situations in Brittany – Pays de la Loire, with three bids and three consortia and an awarding decision expected for the end of 2010 and/or start of 2011. In **Spain**, the Group has submitted the bid for the outfitting of the high-speed train for the Seville-Madrid-Paris Corridor to Talgo, where ASTS has proposed the Bi-Standard solution. In **Portugal**, the awards relating to the ERTMS1 for Mondego and the High-Speed for Adif Ourense-Santiago (bid submitted last February) are being finalised. In **Sweden**, Stockholm Metro Red line, the bid for the CBTC (Communication Based Train Control) product was submitted in the First Quarter 2010; the decision of the customer is expected within the end of 2010.

NORTH AMERICA
Particular attention should be given to the orders relating to the maintenance and sale of spare parts of the existing lines in order to preserve and maintain security and reliability over time.

Outstanding bids refer to the metro segment with traditional technology such as the bid for the driverless metro system in **Honolulu** and the bid for the Blue/Orange lines of the **Washington** metro.

NORTH AFRICA AND THE MIDDLE EAST
The orders acquired include the hot box detector (HBD) project in **Morocco** with a consequent award in the year of 22 systems, in addition to significant opportunities for level crossings.
In **Algeria**, a tender was launched for the Annaba-Tebessa line. The bid for the ERTMS of the Birtouta – Zeralda line is being negotiated with the customer and the bid for the ERTMS levels 1 and 2 for the Thenia – BBA line was updated recently and submitted again to the Chinese customer CCECC. The bid for the Tlemcen Akkid Abbas line submitted last September should be awarded within 2010. In **Tunisia**, bids for the level crossings may be called in 2010.

Specifically, the Group has an outstanding bid relating to an important order that should be awarded within the first half of 2010 (some EUR 150 million) in Libya for the Sirt-Bengazi section (ERTMS level 2, Interlocking, CTC, Security, Power Supply).

ASIA PACIFIC AND SOUTH AFRICA
The contracts acquired refer to the metro sector in **India** and to the railway sector in **Australia** for the carriage of passengers (ARTC TOS - Train Order System) and goods (Rio Tinto), with increasing attention to the care and maintenance of the performances of the existing lines. In **India**, thanks to an approach integrated between the Italian and French resources, it will be possible to demonstrate the full functionality of TPWS (Train Protection and Warning System) to the Indian customer in July 2010. In **Malaysia**, the Batu Gaju Workshop was concluded successfully in the First Quarter 2010 and engineering activities have been carried out to strengthen the section in the North (Malaysian North Double Tracking – MNDT). In **Botswana**, an agreement was reached for an important contract of railway maintenance, that should be signed in the second quarter 2010. In **China**, the conventional railway sector has shown opportunities for Pearl River Delta (ERTMS level 1, ATO-Automatic Train Operation, ATP-Automatic Train Protection) for some EUR 25 million and relatively to onboard systems a first lot of 120 OBU systems for some EUR 15 million.
In **South Africa**, lastly, efforts were focused on the finalisation of the first significant contract (Viljoensdrif), while in the second quarter of 2010 an assignment for the installation of the first Microlok in the country may be given to ASTS.

Among outstanding bids, particular mention is given to those relating to the contracts of maintenance for the railways in **Botswana** (EUR 6 million), those in **India** (KFW Phase 1 Variation-Dual detection-12 blocks, RVNL project-14 Stns WCR Bina-Bhopal, Panskura-Kharagpur - RVNL thru L&T) for an estimated amount of EUR 7 million and those in **China** in the driverless metro sector with the bid for the upgrade of the CTC system on Shanghai Line 2 (some EUR 1 million), and with CBTC technology, the outstanding bid for Chengdu Line 2 (some EUR 6.5 million).

1.4.1.2 Transportation Solutions Business Unit

The **orders acquired** at 31 March 2010 came to EUR 228 million, with a decrease of 24.9% from the same period of the previous year (EUR 304 million at 31 March 2009).
The order **backlog** at 31 March 2010 came to EUR 2,187 million compared with EUR 2,069 million at 31 March 2009 and EUR 2,048 million at 31 December 2009.

The significant events of the First Quarter 2010 referring to the areas where the Business Unit operates are outlined below.

ITALY

In Italy, the most significant acquisition in the First Quarter 2010 refers to the expansion of the Dinegro depot of the Genoa metro for EUR 42 million; changes to the Naples metro Line 6 Mostra-Municipio section have been also recorded for a total of EUR 5 million.
With regard to opportunities, the tender for the award of the First Lot of Line 4 of the Milan metro is expected in the course of the second semester of 2010 due to delays in financing.
A project is under examination with the Milan Public Administration for the extension of the Milan Metro Line 5 to South West up to San Siro; the agreements should be finalised at the end of 2010.
The award of the Rome Metro Line D should be further deferred since it has not received yet the final approval and the allocation of resources; the tender is expected for the end of 2010. With regard to the extension of the Rome Line B for the Rebibbia – Casalmonastero segment, the tender has been postponed to July 2010.
Expectations are confirmed regarding expansion programmes, in the medium/long-term, of the transport network for all the main Italian cities, which help keep steady the market development forecasts.

REST OF EUROPE

The award for EUR 180 million relative to the tender for Operation&Maintenance of the Copenhagen automatic metro (realised and exercised by Ansaldo STS) traces back to January.
The contract provides 5 additional years of O&M plus three under option.

Generally in the global macroeconomic scenario following the financial crisis commenced in 2008 some projects were delayed, in particular in the Eastern European area, where the development programmes driven by the European Community do not seem adequate to fully finance the major expansion projects for transport networks.
With regard to opportunities, **Denmark** plays a strategic role due to the strong presence of ASTS in the country; the Copenhagen Metro project, where ASTS also is the Operator, remains one the best references for ASTS worldwide. Always in Copenhagen bids are being called for the construction, operation and maintenance of the new driverless metro City Ring line.
Another European country of interest for ASTS is **Greece**; even if this country has currently experienced a period of financial crisis due to a considerable increase in public debt, interest is kept high also in relation to the businesses already developed in the past and to the possible future occasions linked to the extension of the Thessaloniki driverless metro under construction.
The Group has recently begun to carry out activities for the control of the projects planned in Eastern Europe, particularly in **Romania** and **Czech Republic**.
With regard to the technological solutions adopted, the demand in driverless metros is still growing (driverless CBTC technology), in particular in Italy, Central and Northern Europe.

NORTH AFRICA AND THE MIDDLE EAST

In a partial counter-trend performance compared with the effects on the financial crisis, the development of the Transportation Solutions market in North Africa and the Middle East did hold fairly good as compared with the market volumes of the last few years.
To that regard, it is worth noting the commencement of some initiatives and infrastructural projects in Kuwait, Bahrain, Qatar, United Arab Emirates, Saudi Arabia, Libya, Tunisia and Algeria.
Libya has important financial resources and several projects are expected to be carried out in both the Mass Transit and the Railway segments. In that scenario, it is important to highlight that ASTS is taking part in the tender for the construction of a driverless metro system in Tripoli, for which the offer was submitted in a grouping with some Italian companies and AnsaldoBreda. The award is expected within June 2010.
In **Tunisia**, Société du Réseau Ferroviaire Rapide de Tunis called a tender for the construction of the first two lines of the Tunis suburban railway network. For the future, other projects have been planned, including a high-speed line linking Tunisia to Morocco.
With reference to the Middle East, **Qatar** is the country of the Gulf with the most ambitious infrastructural plan; several projects have been planned for the coming years for the construction of metros and LRTs. The Group is currently following the initiatives relating to the project of the Lusail tramway, that provides the “tramwave” solution.
Following the success obtained at Riyadh last year, **Saudi Arabia** also represents a market of great interest where several initiatives are looming on the horizon.

ASIA PACIFIC AND SOUTH AFRICA

In **Australia**, ASTS showed interest for the LRT Gold Coast project, in relation to which the invitation for bids is expected in the course of the second semester of 2010 and the award at the beginning of 2011; moreover, the tender relating to the project on the extension of Rio Tinto Freight Railway is also expected; the related award should occur at the beginning of 2011.
In **India**, several projects are expected in the coming years in both the mass transit and freight railway segments. This country might become an interesting business area for ASTS; the objective is to get to know the market and its dynamics in order to fully exploit the future commercial developments.
Following the award of the contract for the construction of the TransAsean Rail Network in consortium with BBR, **Malaysia** is one of the countries of great interest for ASTS. The extension of the LRT system of Kuala Lumpur and the construction of a new mass transit line are expected in 2010.
For the future business prospects in the Far Eastern area, **Taiwan** is one of the strategic markets. The tender relating to the construction of a driverless metro system at Taichung is currently under way; the tender for a new metro line in Taipei is expected for the half of 2010 and the tender relating to the extension of the Taipei Circular Line is expected for the end 2010/beginning 2011.
China represents a market of extreme interest where both the mass transit and the railway segments are developing. A tender for the construction of a metro linked to the Hong Kong Shenzhen Airport is expected in 2010; the construction of the South Island Line conventional metro is expected always in Hong Kong.

NORTH AMERICA

In this region ASTS is making the first steps in the Transportation Solutions segment. It is important to highlight the success obtained thanks to the pre-qualification for the Honolulu Driverless Metro, whose tender will be completed by the first half of 2010.
High-speed railway projects are expected in a short time in the **United States**; in this context, it is necessary to mention the high-speed line “DesertXpress”. The tender relating to the California Corridor HSL is also expected in 2011.

SOUTH AMERICA

With regard to **Brazil**, a tender for the construction of the metro Line 5 in Sao Paulo and a tender relating to the S. Paolo-Ri HSL are expected.
In **Colombia**, several projects have been planned in the mass transit segment. A tender for the construction of a driverless metro is expected in Bogotá in October 2010.
It should be also pointed out that the Italian consortium led by Impregilo, for which ASTS is the appointed sub-supplier, was qualified for the construction of the first line of a driverless metro system in **Panama** and the tender is expected in June 2010.

1.4.2 Business information

The **orders acquired** at 31 March 2010 totalled EUR 293 million as compared with EUR 528 million recorded in the same period of the 2009 financial year, with a decrease of EUR 235 million.
The lower acquisitions should be compared with the extraordinary value of the acquisitions occurred in the First Quarter 2009; the value of the orders acquired in the First Quarter 2010 is however in line with the Group’s expectations.
The orders acquired by the Signalling Business Unit came to EUR 65 million, while the Transportation Solutions Business Unit acquired orders for EUR 228 million.

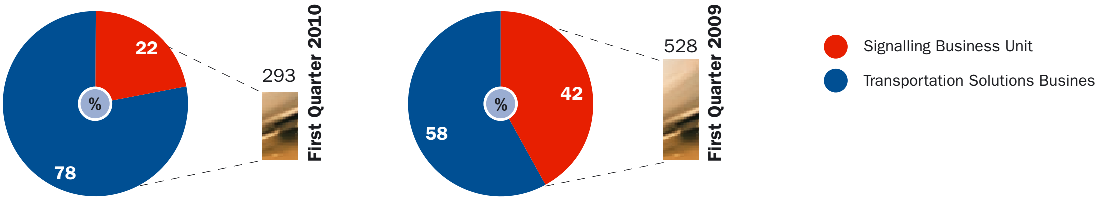
The main orders acquired by the Signalling Business Unit in the course of the First Quarter 2010 were the following:

Country	Project	Customer	Value (EUR mln)
United States	Other Components, Service & Maintenance	Various	**10.5**
Australia	ARTC various projects (n.9 orders)	ARTC	**10.5**
France	Components, Service & Maintenance	Various	**9.1**
Italy	ATC Wayside: reconfig. Verona, Florence	RFI	**4.1**
Italy	Components, Service & Maintenance	Various	**4.1**
Australia	Rio Tinto various projects (n.5 orders)	Rio Tinto	**3.5**
Australia	FMG - Christmas Creek Expansion Project	FMG	**2.9**
India	Mumbai Monorail - Variation	Scomi	**2.8**
Italy	Genoa Metro: Peripheral Posts Update	AMT-Ge	**2.6**
Malaysia	Double Track Seremban-Gemas (South) - Signalling & Comms	Emrail	**2.5**
United States	CSX, 2010 Maintenance Project	CSX	**2.1**
Sweden	Boden CTC upgrade	Banverket	**2.1**
Italy	ATC Onboard- Regional:Metroc., Firema	Metroc.-Firema	**2.0**
France	SNCF DBC MIAM	SNCF	**1.2**
Sweden	ESTER variation orders	Banverket	**1.2**
Australia	Components, Service & Maintenance	Various	**1.0**

The main orders acquired by the Transportation Solutions Business Unit in the course of the First Quarter 2010 were the following:

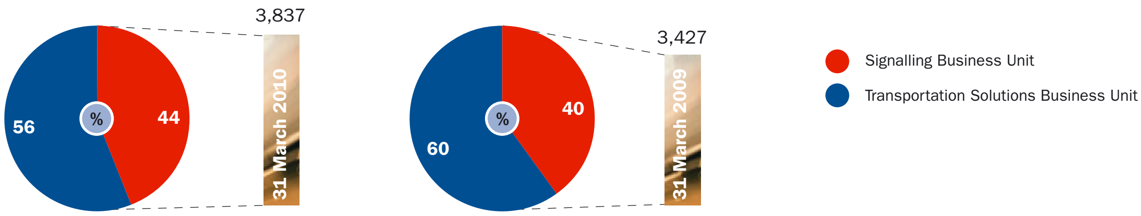
Country	Project	Customer	Value (EUR mln)
Denmark	Copenhagen Existing Line O&M	Metroselskabet	**180.0**
Italy	Genoa Metro	Genova Municipality	**42.4**
Italy	Naples Line 6 - Variation	Naples Municipality	**4.9**

Orders by Business Unit - First Quarter 2010 - 2009 (EUR millions)



The **order backlog** at 31 March 2010 totalled EUR 3,837 million, with an increase of EUR 77 million over 31 December 2009 (equal to 2%). The order backlog of the Signalling Business Unit at 31 March 2010 amounted to EUR 1,901 million (EUR 1,700 million, net of transactions with the Transportation Solutions Business Unit).
The order backlog of the Transportation Solutions Business Unit at 31 March 2010 amounted to EUR 2,187 million (EUR 2,137 million, net of transactions with the Signalling Business Unit).

Order backlog by Business Unit at 31 March 2010 - 2009 (EUR millions)



1.4.3 Signalling – Performance by Business Unit

(EUR 000)	**31.03.2010**	31.03.2009	Change	31.12.2009
Orders	**64,974**	238,072	(173,098)	1,243,016
Order backlog	**1,901,061**	1,603,641	297,420	1,980,191
Production Revenues	**170,173**	175,869	(5,696)	804,978
EBIT	**17,635**	17,833	(198)	98,992
R.O.S.	**10.4%**	10.1%	+0.3 p.p.	12.3%
Operating working capital	**(15,761)**	(36,326) (*)	20,565	(49,198) (*)
Research and Development	**8,295**	8,508	(2,308)	36,764
Workforce (no.)	**3,494**	3,546 (*)	(52)	3,504 (*)

(*) = These figures have been restated as a result of the adoption of the new Control Model approved in the scope of the Fast Forward Driven by Business project.

(The figures in this table are inclusive of transactions with other segments).

The Signalling Business Unit operates at an international level, designing and building railway and urban railway signalling components and systems worldwide mainly through four companies: the Italian company, Ansaldo STS SpA with offices in Genoa, Naples, Turin, and Tito Scalo; the American subsidiary, Ansaldo STS USA, with branches in Pittsburgh (Pennsylvania) and Batesburg (South Carolina); Ansaldo STS France, a French company with offices in Paris and Riom; and the Australian company, Ansaldo STS Australia, based in Brisbane (Australia). The Group also has minor companies in Germany, Sweden, Finland, Ireland, United Kingdom, Spain, China, India, Malaysia, South Africa, Botswana and Brazil. The Group also has a large number of long-standing collaboration agreements with organisations in other countries such as Korea, Brazil and Turkey.

The main projects in which the Business Unit is participating, or in which it has participated, either carrying them out in their entirety or doing part of the work, include:

- the installation of computerised interlocking systems at the main Italian railway stations (Rome Termini, Pisa, Venice Mestre, Milan Rogoredo) and foreign stations (Manchester South and the Sandbach-Winslow link);
- the realisation of signalling systems for the driverless metros in Copenhagen and Brescia, for the New York and Los Angeles (Green Line) subways, and the metros of Shanghai (Line 2) and Tianjin/Binhai (China);
- the realisation of electrical/rail systems for the Milan Metro (Line 3) and complete signalling systems for the railways of Rawang Ipoh (Malaysia) and Hammersley Iron (Australia);
- installing signalling systems on high-speed trains on the French lines (TGV), on the Spanish Madrid-Lerida line, the Korean Seoul-Taegu line and the Chiniese Qinhuangdao-Shenyang line. In Italy the Group is working on the Milan-Bologna and Turin-Novara high-speed sections, supplying signalling systems via the Saturno consortium;

- the construction of the signalling, telecommunications, security and power supply system for a total of EUR 541 million for the Ras Ajdir – Sirt line (some 650 km) and the Al-Hisha – Sabha line (some 800 km) in Libya.

The new organisational structure has been operative since 1 January 2010, no longer based on a division of the activities by regions significantly independent in the industrial and commercial choices, but on a strong centralisation of strategic decisions and approaches by Business Unit, in relation to which the local companies become an implementation and market control tool.

Production Revenues at 31 March 2010 in relation to the Signalling Business Unit amounted to EUR 170 million reflecting a decrease of EUR 6 million (3%) compared with the previous financial year (EUR 176 million).

The most significant production activities for the First Quarter 2010 are summarised by “market unit”:

ITALY

HIGH-SPEED RAILWAYS

Production for the First Quarter 2010 mainly based on the following projects:

- Bologna-Florence High-Speed: completion of the section and reallocation of work sites, D&M, supply and “commissioning on site” tests;
- Milan-Bologna High-Speed: completion of the section and activities directed to the creation of the functional interconnections of Parma, Fidenza and Piacenza East and ACS validation;
- With regard to the Rome-Naples and Novara-Milan projects, the “as-built” and the “Rome-Naples switches Upgrading” at Pignataro site are being completed;
- Significant is the “start-up” of the Itarus project for the construction of a test site for ERTMS Level 2, that represents a strategic advance towards the Russian market.

Particular mention should be made of the project for the ZhengXi Line in China that, at the beginning of February, completed the first stage and started assistance activities. Interoperability tests are in progress to show the Customer that the product is fully functional in interfacing with similar systems already installed on other lines by other competitors.

The most important foreign project is taking place in Libya; engineering is operating on the Functional Design of the several technologies involved (Signalling, Telecommunications, Power Supply, Civil Works), while the (Tito) factory is dealing with the production of Interlocking and RBC (Radio Block Centre). The activities for opening an on-site branch are under way.

RAILWAYS – ONBOARD SCMT (TRAIN RUNNING CONTROL SYSTEM)/ ERTMS (EUROPEAN RAIL TRAFFIC MANAGEMENT SYSTEM)

Production mainly focused on the supply of equipment to the Trenitalia fleet, under the existing Framework Agreement, and of rolling stock to other railway companies, such as Metrocampania Nord Est, Ferrovie del Gargano, Ferrovia Adriatica Sangritana, Ferrovia Centrale Umbra.

Other significant portions of production volumes derive from existing contracts with some rolling stock constructors, such as Ansaldobreda, Firema, Stadler and Vossloh.

The targets on revenues related to the Greek railways slightly decreased because of the difficulties encountered in the resumption of work for the supply of ERTMS Level 1.

RAILWAYS – ACC (COMPUTER-BASED INTERLOCKING)

It is necessary to mention the prosecution of activities on the most important projects, such as Rho ACC, Pisa ACC, Mestre ACC and on the CTC modernisation programme, that involves several RFI compartments. The same can be said for activities on foreign projects based on both traditional technology and ERTMS, in particular Tunisia, Turkey and Czech Republic.

MASS TRANSIT

Production was developed mainly on the contracts of Ankara Metro abroad and for the following Italian projects: extension of the Naples metro Line (Dante-Garibaldi), Piscinola Aversa C.Alifana CBTC Experimental Line (Train communication-based), Naples Line 6.

Specifically, in the First Quarter 2010, it should be reported for the Ankara Metro a progress in the construction of the First Lot, in addition to the supplies of equipment related to various sub-systems. For the Italian projects, it is necessary to mention the construction design activities in relation to the extension of the Naples metro Line 1 and the progress of the CBTC technology for Piscinola Aversa of the Alifana railway, with supply of the remaining equipment by ASTS USA.

MAINTENANCE & SERVICE AND SPARE PARTS

The First Quarter recorded an increase in revenues compared with the same period of the previous financial year thanks to new orders acquired in the second part of 2009 and mentioned below:

- Assistance on the wayside SCMT system;
- Repairs of the Trenitalia flee on onboard equipment;
- Assistance on the Florence compartment CTC;
- Assistance on Trenitalia ETR 500 for the ERTMS system;
- ACC (Computer-based interlocking) systems, for which assistance activities started as provided by the Framework Agreement.

FRANCE

Below are reported the main projects being carried out in the Railways sector that make use of the “SEI BASED” technology:

- *Ester project:* important milestones were achieved in the course of the quarter;
- *Cambrian project:* the works directed to the line activation are in progress;
- *TGV Rhin Rhone:* installations and checks are in line with the delivery dates established, except for those related to the work stations that have been postponed to June because of power supply failure.

RAILWAYS – ONBOARD EQUIPMENT

- *Velaro Project:* the objective of the work is to provide 30 multi-standard signalling boards, 30 equipment (on 15 trains). The train homologation represents the critical objective to reach;
- *Thalis:* the activities are directed to the development of an onboard system suitable for interfacing with the various nations systems.

For the contracts aboard, we mention:

KOREAN HIGH-SPEED TAEGU – BUSAN SECTION

In December 2006 Ansaldo STS France acquired a contract from Korea Rail Network Authority (KRNA), as part of a Korean consortium, related to the Stage 2 of High-Speed for the 125 km-long section linking Taegu to Busan. The original value of the contract was some EUR 38 million, which has now become EUR 49 million. The contract also covers the “Command Control System” of the two main stations of this section, Osong and Kimcheon.

The quarter under review saw the completion of engineering activities and the preparation for the delivery of spare parts and tools that will be ready for the beginning of the Testing and Commissioning activities planned within October.

CHINESE SHITAI LINE

In November 2007 Ansaldo STS France acquired from the Chinese Ministry of Railways a contract for the supply of railway signalling systems for a new line in the northern part of the country. The contract, with an overall value of some EUR 32 million, relates to the designing and installation of the new system of CTCS 2 type (Chinese Train Control System), thanks to which passenger trains can be controlled up to 300 Km/h on the new Shijazhuang – Taijuan line, which is 190 km long, and to the previously existing railway line in the area.

MASS TRANSIT

Production mainly regarded the *Ouragan* project; the activity of this project is relative to the supply and installation of equipment for speed control and driverless system for the Paris metro Line 3. At the end of March, the first partial commissioning was completed.

Developing activities are being carried out for the supply of “CBTC” to ANSALDO STS USA for projects in China.

AMERICA

The main projects on which production has been focusing in the First Quarter 2010 are the following:

NYC – 5TH AND LEXINGTON

This project is relative to the modernisation of the Interlocking Signalling System of Lexington Avenue and 5th Avenue on the Queens Boulevard Line for the Transit System of New York City in the Borough of Manhattan, New York. Environmental tests are being carried out to verify the correct operation of equipment.

CHENGDU LINE1

This project consists of the design, supply, installation, testing and delivery of a CBTC system for Chengdu Line 1. Line 1 Phase 1 is a 18.5 Km-long metro, with 16 stations and 17 trains (34 Cab Sets). ASTS-USA is the subcontractor of the local company Insigma. ASTS-USA will provide the CBTC platform and the key hardware components. Insigma will provide engineering applications, non-core hardware, other equipment and the installation of third parts. Because of the increase in the work purpose, ASTS-USA will design, carry out the FAT (Factory Acceptance Test), deliver the first wayside location and supervise the commissioning and testing of the integration system.

The FAT relating to the South Railway was completed during the quarter; work is being carried out to complete the engineering documentation.

SHENYANG LINE 1 (CBTC)
The objective of the work is the design, supply, installation, testing and delivery of the CBTC control system for Shenyang Line 1. Line 1 is 27.9 Km long with 23 vehicles (46 Cab Sets). Also in this case, ASTS-USA is the subcontractor of Insigma. ASTS-USA will provide the CBTC core platform and the key hardware components. Insigma will provide engineering applications, non-core hardware, other equipment and the installation of third parts.
The quarter under review saw the release of the ATS software and the completion of the wayside FAT; work is being carried out on multiple stations in parallel with the Chengdu Line 1 project, to speed up delivery times as required by the customer.

CPTM – SAO PAOLO, BRAZIL
This project consists of the supply and installation of signalling systems, traffic control, telecommunications for Line 7 & 12 (previously Line A & F). In 2010, the Wayside design was completed for all the domains of Line 12 and the MicroLok and Track Rack designs were completed.

AUSTRALIA
With reference to the Railways sector, production regarded: (i) the Newcastle Alliance projects, whose activities on the Hunter Valley region were reduced in the first quarter because of a deferment of the programme by the Customer; (ii) the Atms project, that was reviewed in the first quarter together with the customer particularly in relation to the software output of the onboard part.

With reference to the activities carried out in India always in the Railways segment, particular mention should be given to the following projects:

KFW
The project is being updated after a few outstanding clarifications with the customer on the work purpose.

TPWS
The activities in co-operation with the other Group companies continued to be performed with particular attention, in the light of reliability problems emerged on onboard equipment and on the interfaces with the curbing systems. A demonstration of full operation is expected by the customer within July 2010.

JUHI
The project is ready for commissioning and will be the demonstration of the correct operation of the Microlok Interlocking and Hot Stand-by products as configuration standard for existing projects and future tenders.

EBIT for the Signalling Business Unit at 31 March 2010 came to EUR 18 million (10.4% of revenues) substantially in line with the figure reported in the same period of 2009 (EUR 18 million).

Net working capital at 31 March 2010 amounted to EUR -16 million compared with the figure reported at 31 December 2009 equal to EUR -49 million. This change is attributable to the increase in inventories and work in progress net of advances only partially offset by the decrease in trade receivables.

Research and development costs at 31 March 2010 amounted to EUR 8 million in line with the figures recorded at 31 March 2009. The projects involving the companies of the Signalling Business Unit refer to the following market segments:
- HSL/ERTMS Lev 2
- Main Lines/ERTMS Lev 1 & 3
- Wayside
- Mass Transit
- Components
- Security/New initiatives

The **workforce** at 31 March 2010 came to 3,494 units, down by 52 on the same period last year (3,546 units). The change is due to the reclassifications among entities relative to the corporate reorganisation.

1.4.4 Transportation Solutions – Performance by Business Unit

(EUR 000)	**31.03.2010**	31.03.2009	Change	31.12.2009
Orders	**228,355**	304,105	(75,750)	632,468
Order backlog	**2,187,363**	2,069,449	117,914	2,048,073
Production Revenues	**103,128**	84,070	19,058	417,130
EBIT	**8,906**	8,375	531	43,111
R.O.S.	**8.6%**	10.0%	-1.4 p.p.	10.3%
Operating working capital	**(95,952)**	(88,121) (*)	(7,831) (*)	(97,967)
Research and Development	**737**	439	298	3,094
Workforce (no.)	**368**	292 (*)	76 (*)	348

(*) = These figures have been restated as a result of the adoption of the new Control Model approved in the scope of the Fast Forward Driven by Business project.

(The figures in this table are inclusive of transactions with other segments).

The Transportation Solutions Business Unit designs and builds integrated transportation systems, and specifically studies, designs and plans how to integrate the activities of designing and building the equipment that goes into a system – that is, the track, signalling, power supply, telecommunications and vehicles (whether for inter-city or urban railways) as well as any other technological works which, collectively, constitute an integrated transportation system. The final product, whether an inter-city line or an urban one, is then delivered as a "turnkey" project to the customer. However, the Group can also offer the expertise of the Signalling or Transportation Solutions Business Units separately, according to specific customer needs.

The main projects in which the Transportation Solutions Business Unit is participating, or in which it has participated, are as follows:
- the driverless metros of Copenhagen, Brescia and Thessaloniki;
- Naples metro line 1, and Rome Metro Lines A, B and C;
- light metro systems for Genoa and Naples Line 6 (on these two projects the Group is acting as concessionaire, and is thus responsible for the completion of the whole project including civilian works) and Lima;
- tram systems at Florence, Sassari, Birmingham (Midland Metro), Manchester (Metrolink), and Dublin (lines A, B, C);
- the building of electrical/rail systems for the Milan Metro (Line 1);
- the construction, installation, testing and commissioning of signalling, telecommunications and electrification equipment for 330 km of the dual track line between Ipoh and Padang Besar, Malaysia.

Finally, in Italy, the Business Unit is working on high–speed rail lines, through the Iricav Uno consortium (responsible for the Rome-Naples section), the Iricav Due consortium (responsible for the Verona-Padua section), and the Saturno consortium.

Production revenues of the Transportation Solutions Business Unit at 31 March 2010 came to EUR 103 million (EUR 84 million at 31 March 2009); this increase of EUR 19 million is attributable to the development of important order backlog.
The volumes were developed in Italy (85%) and abroad (15%), with 84% regarding the metro sector. Production developed on the projects for high-speed trains, the Rome Metro Line C, Copenhagen Metro, Milan Metro, Genoa Metro, Thessaloniki, Alifana, Naples Metro Line 6, Naples Metro Line 1, Brescia Metro, Riyadh and Taipei Metros.

The most significant production activities are as follows:

HIGH-SPEED RAILWAYS
As of today we can claim that the entire High-Speed Turin-Milan-Rome-Naples line is basically operating.
With regard to the works performed through the Saturno consortium, a few activities are under way as required by the Technical Control Commissions. As regards works made through the Iricav Uno Consortium on the Rome-Naples section, checks relating to the Final Testing are expected. Only some finishing works are left.
On both the Rome–Naples and Milan-Bologna sections, the developments of the works of the existing Arbitration Panels are being expected.

GENOA METRO
With regard to the De Ferrari–Brignole section (under construction) in the First Quarter 2010 activities concentrated on completing the laying of the concrete slab alongside the line and on the construction of platforms at the Corvetto station to allow as from April the track laying.
With regard to the Brignole station, work continued to complete the construction of the two RFI underpasses propaedeutical to the future railway-metro link; the station excavation continued and after the approval of the "V variation" occurred in March, it will be possible to start the construction of the structures of the station itself.
The stipulation of the Rider Contract relating to a first functional lot of the new Dinegro depot (EUR 42 million) occurred in March 2010; under the Framework Agreement, the customer undertakes to assign a second lot (EUR 7 million) within 2010 in order to complete all the works within March 2012.
From the commercial point of view, the approval of the Framework Agreement will allow to settle pending affairs among the parties and plan more carefully the metro completion works, in the presence of an adequate planning of financial backing.

ALIFANA REGIONAL LINE
The Giugliano-Aversa Centro section (Second Functional Action) was opened to the public since 2009 with two double configuration trains and one spare train.
Activities are under way for the implementation of the second stage of the Scampia underpass, and the related link to the Piscinola Station, whose completion is scheduled by the first quarter 2011 because of several changes made during the work.
The integrated telecommunications system and the A lot of the new Melito station will be completed within the end of 2010.

NAPLES METRO LINE 6
Works on the main Line building sites continued in the First Quarter 2010.
In particular, for the tunnel work-site, the activities propaedeutical to the operation of the tunnel boring machine were completed and the conveyor belt to transport excavation materials was installed. Excavation works on the line tunnel should therefore start in the first decade of April after the completion of the last checks.
In March, the works for the construction of the containment bulkheads at the Arco Mirelli station were completed. The Archaeological Heritage Office (Soprintendenza ai Beni Archeologici) made inspections to plan the imminent phases of excavation in the central area of the station shaft.
With regard to the San Pasquale station work-site, there has been a slowing-down in works because of archaeological excavations that in the course of the quarter were extended to the remaining area of the station shaft.
Similarly for the Chiaia station work-site, the progress of works is subject to archaeological excavations. In particular, excavation works continued in the Shaft 2 area and allowed to find Roman funerary sepulchres tracing back to the 1st century A.C.
Structural works continued in the Municipio work-site. Specifically, after the completion of the first phase of the containment bulkheads at the station shaft, works concentrated on the extraction shaft of the TBM. In this area, guide tracks were laid down and containment bulkheads using a hydromill were constructed.

METRO BRESCIA
With reference to the Company's works, the development of construction planning and of tests is continuing. The installation of the platform screen doors in the first station was completed; the laying activities in the two subsequent stations has just started. The laying of cable paths in the stations and on the Northern area line also started. The installation of the third rail is being completed. The same can be said for the supply systems in the Southern area, where the installations of signalling and telecommunications equipment are under way. The depot area is entering operation and will be completely energised in April. The first station of the Southern section is being put into operation.
With regard to the civil works to be made by the partner, the line, station and shaft construction activities are proceeding. The track laying was completed along the Southern area while is continuing in the Northern area. In the Northern area, non-system plants are being installed and station finishing activities are being carried out. The Central area activities are in line with the programme.
With reference to the rolling stock for which AnsaldoBreda is responsible, the first vehicle arrived in Brescia in August 2009. Activities for the completion of the train are being carried out at the Brescia depot. They will make the train capable to run the integration tests with the sub-systems supplied by ASTS. The arrival of the second train in Brescia is expected for May, already in final configuration. There is no new information regarding the dispute between ATI (with particular reference to the civil partner Astaldi) and Brescia Mobilità; as of today, there are no critical matters regarding the dispute.

COPENHAGEN
Production during the period was exclusively marked by activities relating to the operation & maintenance of the system.
In January 2010, the extension of the operation & maintenance activities was acquired for 5 additional years as from October 2010, plus an option for three more years. The contractual value is some EUR 180 million.

ROME METRO LINE C
With regard to the activities of the consortium company Metro C, the first couple of TBMs completed the excavation of the tunnels at the entrance of Torrenova at shaft 5.4 between Centocelle and Mirti stations; both TBMs were taken back to the Malatesta shaft to resume the excavations towards S.Giovanni.
The third and fourth TBM, instead, have continued the excavation of the tunnels started at the Malatesta shaft towards shaft 5.4; they are currently close to the Gardenie and Teano stations.
Works for the civil works of the Depot and the entire T7 Section continued, and technology assembling started. As regards the activities for which Ansaldo is directly responsible, all the materials of the ATC sub-system for the Depot and the T7 section – all enabling the start of the assembling part in the yard and cabin – were transferred by the US subsidiary. The construction of the first thirteen trains continued at the AnsaldoBreda factory in Reggio Calabria. The delivery of the first vehicle in Rome within the end of May 2010 is in line with the programme; the other vehicles should arrive with a frequency of one every month. A vehicle prototype has been already transferred to the Velim railway test circuit where the first tests are taking place.

THESSALONIKI METRO
Because of a recent change in the customer top-management, that is a government body, all the activities have been suspended. Consequently, in conjunction with the formalisation of the new technical-managerial organisation of the customer, a meeting is being planned within a few weeks to clarify methods and times for a final solution of the issue related to signalling and more generally to the completion of the *General Final Design 2*. A meeting with the new management will follow, with the objective to resume all the activities soon and agree upon a new contractual programme.

MILAN METRO LINE

Testing activities on functional sections and the Garibaldi variation were regularly carried out in the First Quarter 2010. The technical variations proposed and/or required by the customer are being defined. The assembling activities for which ASTS is responsible are continuing at the stations and along the line. This activity, at the moment, is limited to the first three stations (Bignami, Ponale, Bicocca), to the Depot and to the related intra-sections because the sites were delivered to ASTS with delay as compared with the work plan (rev. 6.5). Actions are under way to recover delays, so far attributable exclusively to the other partners taking part in the temporary business grouping. The outcome of a pending arbitration with the Municipality of Milan is being expected in order to fix the new date of completion of works and consequently make a calculation of the reserves accrued so far and evaluate a possible request by the Municipality of Milan to speed up times.

RIYADH AUTOMATED PEOPLE MOVER SYSTEM (APM)

The Final Design documents have been drafted in the course of the First Quarter 2010 after the approval of the Preliminary Design. The related delivery is expected within April 2010.
Orders/contracts of supply in relation to the main sub-suppliers and sub-contractors involved in the project were undersigned by ASTS. The materials are being delivered on-site. At the moment, a series of Power Supply cables and equipment is stocked in the Riyadh work-site, ready for the installation phase, that is expected in the second quarter of 2010.
The Factory Acceptance Tests are being carried out. The testing of all equipment should start within the second quarter of 2010 and in particular the completion of the FATs for all the Power Supply equipment.

TAIPEI METRO CIRCULAR LINE

After the Notice to Proceed the project group for the delivery phase was appointed and an ASTS branch office was established in the territory of Taiwan. The civil works have not been assigned yet; ASTS is working with the project counsellor of the customer to define the civil interfaces of the system. This activity has been almost completed and the customer should launch a tender for civil works within the year. The contract for the supply and installation of platform screen doors was signed; the formalisation of the contracts for Power Supply, Telecommunications and Automatic ticket machines is late because of the customer’s pending decision to approve the said contractual structure. Despite of this, the Concept Design is continuing. The Concept Design has been subject to the customer’s review that should be completed for all the sub-systems within the end of 2010.

EBIT for the Transportation Solutions Business Unit at 31 March 2010 came to EUR 9 million (8.6% of revenues) compared with EUR 8 million at 31 March 2009; this increase is a result of the greater volumes developed with a different mix of orders worked in the two comparison periods.

Net working capital at 31 March 2010 amounted to EUR -96 million; the slight worsening compared with EUR -98 million recorded at 31 March 2009 is due to the increase in inventories and work in progress net of advances partially offset by the decrease in trade receivables and the increase in trade payables.

Research and development costs amounted to EUR 1 million increasing over 31 March 2009.

The **workforce** at 31 March 2010 was equal to 368 units, up by 76 units compared with 31 March 2009 (348 units at 31 December 2009). This change is attributable to the reallocation of the resources made in the scope of the *“Fast Forward Driven by Business”* project.

2 Main transactions during the period and events subsequent to 31 March 2010

On 26 February 2010 the share capital of Ansaldo STS Transportation Systems (India) Private Ltd, entirely owned by Ansaldo STS Australia Pty Ltd, was increased by 300 million Indian rupees through the issue of 30 million new shares. As of today, the share capital of the company amounts to 312,915,050 Indian rupees.
With regard to the performance of commercial activities, the main orders that Ansaldo STS obtained in the reference period are:

- a contract with Metroselskabet, the owner of the Copenhagen Metro for the operation and maintenance of the Copenhagen driverless metro. The 5-year contract is worth EUR 180 million, with the option of 3 additional years;
- a contract with the Municipality of Genoa for the extension of the Dinegro station depot of Genoa metro for an amount of EUR 42.3 million.

Accounting Statements and Notes to the Consolidated Interim Financial Report at 31 March 2010

3 Accounting statements

3.1 Consolidated Income Statement

Income Statement (EUR 000)	For the three months ended 31 March 2010	of which from related parties	2009	of which from related parties
Revenue	265,003	14,877	259,757	23,535
Other operating income	3,259		2,634	
Raw materials and consumables used	(48,367)	(893)	(52,510)	(376)
Purchase of services	(119,923)	(15,837)	(115,116)	(8,692)
Personnel costs	(74,486)		(67,600)	
Amortisation, depreciation and impairment	(3,150)		(2,903)	
Other operating expenses	(3,243)		(2,430)	(3)
Changes in inventories of work in progress, semi-finished and finished goods	4,758		2,169	
(-) Work performed by the Group and capitalised	167		159	
EBIT	**24,018**		**24,160**	
Finance income	13,732	218	14,657	774
Finance costs	(15,306)	(10)	(14,332)	(182)
Share of profit (loss) of equity accounted investments	937			
Profit (loss) before taxes	**23,381**		**24,485**	
Income taxes	(8,989)		(8,844)	
Net Profit (loss)	**14,392**		**15,641**	
Equity holders of the Company	*14,451*		*15,639*	
Minority interests	*(59)*		*2*	
Earnings per share				
Basic and diluted	*0.14*		*0.16*	

3.2 Consolidated Statement of comprehensive income

(EUR 000)	For the three months ended 31 March **2010**	2009
Profit (loss) for the period	**14,392**	**15,641**
Other comprehensive income		
- Actuarial gains (losses) on defined-benefit plans	(131)	619
- Changes in Cash Flow Hedges	3,292	4,804
- Tax on expense/(income) recognised in equity	(1,145)	(3,012)
- Translation differences	7,570	4,260
Other comprehensive income, net of tax	**9,586**	**6,671**
Total comprehensive income (expense) for the period	**23,978**	**22,312**
Attributable to:		
- Equity holders of the Company	24,000	22,288
- Minority interests	(22)	24

3.3 Consolidated Balance Sheet

Balance Sheet (EUR 000)	31.03.2010	of which from related parties	31.12.2009	of which from related parties
Non-current assets				
Intangible assets	45,478		44,636	
Property, plant and equipment	99,888		99,993	
Equity investments	31,191		30,254	
Receivables	14,555		13,778	
Deferred tax assets	38,403		37,138	
Other assets	24,191		26,211	
	253,706		**252,010**	
Current assets				
Inventories	103,974		99,178	
Contract work in progress	193,699		151,146	
Trade receivables	451,841	71,635	526,500	130,654
Income tax receivables (**)	10,710		7,029	
Financial receivables	168,035	145,282	166,892	152,792
Derivatives	7,576		3,449	
Other assets (**)	33,640	1,754	40,124	1,754
Cash and cash equivalents	137,643		128,541	
	1,107,118		**1,122,859**	
Total assets	**1,360,824**		**1,374,869**	
Shareholders' equity				
Share capital	49,194		49,194	
Reserves	276,283		251,703	
Capital and reserves attributable to equity holders of the Company	325,477		300,897	
Minority interests in equity	560		639	
Total Shareholders' equity	**326,037**		**301,536**	
Non-current liabilities				
Borrowings	3,434		4,032	
Severance pay and other employee liabilities	30,624		30,753	
Provisions for risks and charges	4,339		2,810	
Deferred tax liabilities	8,444		8,654	
Other liabilities				
	46,841		**46,249**	
Current liabilities				
Advances from customers	593,537		651,950	
Trade payables	252,945	12,760	248,168	20,524
Borrowings	18,386		12,540	-
Income tax payables (**)	10,956		3,667	
Provisions for risks and charges	27,243		27,726	
Derivatives	6,828		2,816	
Other liabilities (**)	78,051	427	80,217	441
	987,946		**1,027,084**	
Total liabilities	**1,034,787**		**1,073,333**	
Total liabilities and Shareholders' equity	**1,360,824**		**1,374,869**	

3.4 Consolidated Statement of Cash Flows

Cash Flow (EUR 000)	For the three months ended 31 March 2010	of which from related parties	2009	of which from related parties
Cash flow from operating activities:				
Gross cash flow from operating activities	25,982	-	29,096	-
Change in working capital	(25,714)	51,051	(12,260)	12,667
Changes in other operating assets and liabilities	6,313	(42)	1,537	(716)
Net finance costs paid	1,449	208	688	592
Income taxes paid	(4,360)	-	(2,266)	-
Net cash generated from operating activities	**3,670**		**16,795**	
Cash flow from investing activities:				
Acquisitions of subsidiaries, net of cash acquired	-	-	2,515	-
Purchase of property, plant and equipment and intangible assets	(1,259)	-	(1,737)	-
Proceeds from sale of property, plant and equipment and intangible assets	70	-	1,838	-
Dividends received	-	-	-	-
Other investing activities	-	-	-	-
Net cash used in investing activities	**(1,189)**		**2,616**	
Cash flow from financing activities:				
Net change in other financing activities	5,207	7,510	(8,940)	(9,537)
Dividends paid to minority interests	-	-	-	-
Net cash generated from financing activities	**5,207**		**(8,940)**	
Net increase (decrease) in cash and cash equivalents	7,688	-	10,471	-
Translation differences	1,414	-	867	-
Cash and cash equivalents at 1 January	128,541	-	71,536	-
Cash and cash equivalents at period-end	**137,643**		**82,874**	

3.5 Consolidated Statement of changes in equity

The following table shows the changes in Shareholders' equity:

(EUR 000)	Share capital	Retained earnings/ losses carried forward	Other reserves	Total capital and reserves attributable to equity holders of the Company	Minority interests in equity	Total shareholders' equity
Shareholders' equity at 1 January 2009	**49,257**	**211,729**	**(22,727)**	**238,259**	**493**	**238,752**
Reclassification of actuarial reserve related to defined-benefit plans	-	577	(577)	**-**	-	**-**
Change in scope of consolidation	-	-	(1,181)	**(1,181)**	-	**(1,181)**
Change in consolidation reserves	-	-	(1,366)	**(1,366)**	125	**(1,241)**
Net change in Cash Flow Hedge reserve	-	-	349	**349**	-	**349**
Profit at 31 December 2009	**-**	**87,756**	**-**	**87,756**	**44**	**87,800**
Net change in the reserve for stock grant plans	-	-	(428)	**(428)**	-	**(428)**
Other comprehensive income, net of tax	-	-	2,417	**2,417**	(23)	**2,394**
Allocation of the period result to legal reserve	-	(380)	380	**-**	-	**-**
Dividends	-	(26,971)	-	**(26,971)**	-	**(26,971)**
Deferred taxes recognised in equity	-	-	863	**863**	-	**863**
Net change in treasury shares	(113)	-	-	**(113)**	-	**(113)**
Other movements	50	508	754	**1,312**	-	**1,312**
Shareholders' equity at 31 December 2009	**49,194**	**273,219**	**(21,516)**	**300,897**	**639**	**301,536**
Change in consolidation reserves	-	-	(54)	**(54)**	(57)	**(111)**
Profit at 31 March 2010	**-**	**14,451**	**-**	**14,451**	**(59)**	**14,392**
Net change in the reserve for stock grant plans	-	-	756	**756**	-	**756**
Other comprehensive income, net of tax	-	-	9,549	**9,549**	37	**9,586**
Deferred taxes recognised in equity	-	-	(122)	**(122)**	-	**(122)**
Shareholders' equity at 31 March 2010	**49,194**	**287,670**	**(11,387)**	**325,477**	**560**	**326,037**

4 Notes to the consolidated interim financial report at 31 March 2010

4.1 General information

Ansaldo STS is a company limited by shares based in Genoa, Via Paolo Mantovani 3/5 with a branch establishment in Naples, Via Argine 425; it has been listed on the Italian stock exchange (Star segment) since 29 March 2006 and has been included on the FTSE MIB index since 23 March 2009. Ansaldo STS SpA is a subsidiary of Finmeccanica SpA - whose headquarters are in Rome, Piazza Monte Grappa 4 - which manages and co-ordinates the activities of Ansaldo STS SpA.

The Ansaldo STS Group operates on a worldwide scale in the design, creation, marketing and sale of solutions, systems, products, components and services in the “Signalling” and “Transportation Solutions” sectors for inter-city and urban railways. Ansaldo STS SpA, as Parent company, carries out the functions of business and strategic management, coordinating the operations of its subsidiaries (together known as the “Ansaldo STS Group” or the “Group”), which operate in the above-mentioned sectors.
The Ansaldo STS Group grew out of the transport signalling and systems operations which, until the second half of the 1990s, were carried out by Ansaldo Trasporti within the Finmeccanica Group. The formation of Ansaldo Signal NV in 1996 and of Ansaldo Trasporti Sistemi Ferroviari SpA in 2000 (together with the formation of AnsaldoBreda, for the vehicles segment, the same year) produced a reorganisation of the entire transport sector, as a result of which Finmeccanica held a 100% stake in Ansaldo Signal NV, Ansaldo Trasporti Sistemi Ferroviari SpA and AnsaldoBreda SpA.
Meanwhile, in 1996 Finmeccanica SpA had acquired S.I.C. Società Italiana Comunicazioni Srl, renamed EuroSkyway Srl in 1997; the company was put into liquidation in April 2005.
Following Finmeccanica SpA’s strategic decision in the second half of 2005 to list its signalling and transport systems companies on the stock exchange (having previously put in place a unitary management structure to enhance their business and commercial synergies) the EuroSkyway Srl shareholders’ meeting, through its sole shareholder, Finmeccanica SpA, decided at the end of 2005 to revoke the company’s state of liquidation and transform it into a company limited by shares, to change its own name to Ansaldo STS SpA, and to change its business object, focusing on signalling and transport systems for inter-city and urban rail systems.
To complete the above reorganisation, in February 2006 Ansaldo STS SpA, as already stated, acquired from Finmeccanica SpA the entire share capital of Ansaldo Signal NV and of Ansaldo Trasporti Sistemi Ferroviari SpA and since 29 March 2006 Ansaldo STS SpA has been listed on the stock exchange.
Specifically, Finmeccanica SpA placed on the market 60 million shares of the Company, equal to 60% of its share capital, at EUR 7.80 per share, retaining the remaining 40 million, equal to 40% of the share capital.
Upon the acquisition of stakes in Ansaldo Signal NV and in Ansaldo Trasporti Sistemi Ferroviari SpA (24 February 2006), all the companies operating worldwide for the Signalling-related activities were headed by Ansaldo Signal NV; while the Transport Systems activities were centred on Ansaldo Trasporti Sistemi Ferroviari SpA.
After the listing, a process for the corporate reorganisation of the Group was put into action in order to rationalise the current control chain of the subsidiaries and reduce the costs connected with the Group’s corporate structure. This reorganisation led in the years 2007 - 2009 to the finalisation of these main transactions:

1. In the Asia Pacific region, the reallocation of a few equity investments in Group companies, in consideration of the ever-increasing importance that those markets are assuming for the Group and of the close industrial and commercial interaction among these companies. Consequently, since 1 January 2008 Ansaldo STS Australia PTY Ltd, which is the most significant presence of the Group in the Asia Pacific region, has been controlling the Indian and Malaysian operating companies and has been put under the direct control of the Group Parent Ansaldo STS SpA. Furthermore, two other companies were established: Ansaldo STS Southern Africa (Botswana) and Ansaldo STS – InfraDEV South Africa, which, under the control of Ansaldo STS Australia PTY Ltd, operate on the expanding markets of Southern Africa.
2. In Italy, Ansaldo Segnalamento Ferroviario SpA and Ansaldo Trasporti Sistemi Ferroviari SpA, the two companies that operated in the two different business units (Signalling and Transportation Solutions respectively) have been merged through incorporation into the listed Group Parent Ansaldo STS SpA. The merger through incorporation, as set forth in the merger deed stipulated by Ansaldo STS SpA, Ansaldo Trasporti Sistemi Ferroviari SpA and Ansaldo Segnalamento Ferroviario SpA on 26 September 2008, has had legal, accounting and tax effective date since 1 January 2009.
3. The Dutch sub-holding Ansaldo Signal NV was merged through incorporation into Ansaldo STS SpA. Since this is a cross-border merger, the same was executed in accordance with directive 2005/56/EC relating to the cross-border mergers of stock companies so as it is implemented in Italy through Legislative Decree no. 108/2008 and in Holland through Legislative Deed no. 260/261 of 27 June 2008, as well as with the related national regulations.
   In compliance with the merger deed stipulated by Ansaldo STS SpA and Ansaldo Signal NV in liquidation on 10 September 2009, the merger has had legal, accounting and tax effective date since 1 October 2009. As a result of this transaction, all the equity investments held by Ansaldo Signal NV in liquidation were transferred to Ansaldo STS SpA.
4. In order to support the development of the Group business in South America, a new company “Ansaldo STS Sistemas de Transporte e Sinalização Limitada” was formed, in which Ansaldo STS SpA has an interest of 99.99% and Ansaldo STS USA International Co. an interest of 0.01%.

As already said, the Ansaldo STS Group operates in the inter-city and urban railway sector through two business units: Signalling and Transportation Solutions.
The Signalling Business Unit carries out the following activities: design, production, management and maintenance of systems, subsystems and components of signalling for inter-city and urban rail transport; the reference main operating companies are the Group Parent Ansaldo STS SpA in Italy (as a result of the incorporation of Ansaldo Segnalamento Ferroviario SpA), Ansaldo STS France SA in France, Ansaldo STS Australia PTY Ltd in the Asia Pacific region and Ansaldo STS USA Inc. in America.
The “Transportation Solutions” Business Unit carries out the following activities: design and creation of integrated transport systems, of which signalling is an essential part. In more detail, this activity studies, designs and plans how to integrate the activities of designing and building the technological equipment that goes to make up a system - that is, the track, signalling, power supply, telecommunications, and vehicles (whether for inter-city or urban railways) as well as any other technological works which, collectively, constitute an integrated

transport system. The final product - an integrated transport system, whether an inter-city line or an urban one - is then delivered as a "turnkey" project to the customer. However, the Group can also offer the expertise of Signalling or Transport Systems separately, according to specific customer needs.
The core competences of these activities are concentrated in Italy in the Group Parent Ansaldo STS SpA, following the incorporation of the subsidiary Ansaldo Trasporti Sistemi Ferroviari SpA, which was the company dedicated exclusively to this sector; all the Group companies that operate abroad, born as Signalling-related companies, have undertaken to develop their competences and their commercial presence in the Transportation Solutions sector as well.

4.2 Form and content

The Consolidated Interim Financial Report of the Ansaldo STS Group at 31 March 2010 has been prepared in compliance with Art. 154 ter paragraph 5 of Legislative Decree no. 58/98 - T.U.F. and integrations and amendments thereof and is drawn-up in accordance with IAS 34 "Interim Financial Reporting", issued by the International Accounting Standard Board (IASB).
The explanatory notes, in accordance with IAS 34, are reported in condensed form and do not include all the information required for the preparation of the annual report, being referred exclusively to those components, which by amount, composition or variations result to be fundamental to the comprehension of the financial position of the Group. Therefore, this Report should be read in conjunction with the 2009 Consolidated Annual Report.
The accounting standards and criteria used in the preparation of this Consolidated Interim Financial Report are the same as used in the preparation of the Consolidated Annual Report at 31 December 2009 and of the Interim Financial Report at 31 March 2009, except for the application, starting from 1 January 2009, of the revised versions of IAS 1 – *Presentation of Financial Statements*, IAS 23 – *Borrowing costs* and IFRS 8 – *Operating segments* as shown below (paragraph 5).

All figures are in millions of euros unless otherwise indicated.

Preparation of the Consolidated Interim Financial Report required Management to make certain estimates.

4.3 Scope of consolidation

The Consolidated Interim Financial Report includes the accounts at 31 March 2010 of the companies/entities included in the scope of consolidation ("consolidated entities"), which have been prepared in accordance with the IFRSs adopted by the Ansaldo STS Group.
Below is a list of the consolidated entities included in the scope of consolidation and the relevant Group ownership percentage (direct or indirect):

List of companies consolidated on a line-by-line basis

COMPANY	DIRECT/ INDIRECT CONTROL	REGISTERED OFFICE	SHARE CAPITAL (/000)	CURRENCY	SHARE OWNED %
ANSALDO STS AUSTRALIA PTY LTD	Direct	Eagle Farm (Australia)	5,026	$AUS	100
ANSALDO STS SWEDEN AB	Direct	Solna (Sweden)	4,000	SEK	100
ANSALDO STS FINLAND OY	Indirect	Helsinki (Finland)	10	EURO	100
ANSALDO STS UK LTD	Direct	London (United Kingdom)	1,000	GBP	100
ANSALDO STS IRELAND LTD	Direct	Tralee (Ireland)	100	EURO	100
ACELEC SA	Indirect	Les Ulis (France)	168	EURO	100
ANSALDO STS ESPANA SA	Indirect	Madrid (Spain)	1,500	EURO	100
ANSALDO STS BEIJING LTD	Indirect	Beijing (China)	837	EURO	80
ANSALDO STS HONG KONG LTD	Indirect	Hong Kong (China)	100	$HK	100
ANSALDO STS FRANCE SA	Direct	Les Ulis (France)	5,000	EURO	100
UNION SWITCH & SIGNAL INC	Indirect	Greenville (Delaware USA)	1	$	100
ANSALDO STS MALAYSIA SDN BHD	Indirect	Kuala Lumpur (Malaysia)	3,000	RM	100
ANSALDO STS CANADA INC	Indirect	Kingstone (Canada)	0	$CAN	100
ANSALDO STS USA INC	Direct	Wilmington (Delaware USA)	0.1	$	100
ANSALDO STS USA INTERNATIONAL CO	Indirect	Wilmington (Delaware USA)	1	$	100
ANSALDO STS USA INT.PROJECTS CO	Indirect	Wilmington (Delaware USA)	25	$	100
ANSALDO STS TRANSPORTATION SYSTEMS INDIA PVT LTD	Indirect	Bangalore (India)	312,915	RUPEE	100
ANSALDO STS DEUTSCHLAND GmbH	Direct	Berlin (Germany)	26	EURO	100
ANSALDO RAILWAY SYSTEM TRADING (BEIJING) LTD	Direct	Beijing (China)	1,500	$	100
ANSALDO STS INFRA DEV SOUTH AFRICA (PTY) LTD	Indirect	Johannesburg (South Africa)	2	ZAR	50.7
ANSALDO STS SOUTHERN AFRICA (PTY) LTD	Indirect	Gaborone (Botswana)	0.1	BWP	100

(*) the share capital has been increased from 12,915,050.00 to 312,915,050.00 Indian rupees on 26 February 2010 through the issue of 30,000 shares.

List of companies consolidated by proportionate method

COMPANY	DIRECT/ INDIRECT CONTROL	REGISTERED OFFICE	SHARE CAPITAL (/000)	CURRENCY	SHARE OWNED %
BALFOUR BEATTY ANSALDO SYSTEMS JV SDN BHD	Indirect	Selangor Darul Ehsan (Malaysia)	6,000	RM	40

List of companies accounted for using the equity method

COMPANY	DIRECT/ INDIRECT CONTROL	REGISTERED OFFICE	SHARE CAPITAL (/000)	CURRENCY	SHARE OWNED %
ECOSEN CA (VENEZUELA)	Indirect	Caracas (Venezuela)	1,310	VBF	48
ALIFANA SCARL	Direct	Naples (Italy)	26	EURO	65.85
ALIFANA DUE SCARL	Direct	Naples (Italy)	26	EURO	53.34
PEGASO SCARL	Direct	Rome (Italy)	260	EURO	46.87
METRO 5 SpA	Direct	Milan (Italy)	25,000	EURO	24.60
INTERNATIONAL METRO SERVICE SRL	Direct	Milan (Italy)	700	EURO	49

List of companies accounted for at cost

COMPANY	DIRECT/ INDIRECT CONTROL	REGISTERED OFFICE	SHARE CAPITAL (/000)	CURRENCY	SHARE OWNED %
I.M. INTERMETRO SPA	Direct	Rome (Italy)	2,461	EURO	16.67
TRAM DI FIRENZE SPA	Direct	Florence (Italy)	7,000	EURO	3.8
ANSALDO STS Sistemas de Transporte e Sinalização Limitada	Direct	Rio de Janeiro (Brazil)	1,000	REAL	100
METRO C ScpA	Direct	Rome (Italy)	150,000	EURO	14

4.4 Exchange rates adopted

The exchange rates applied in the translation of financial statements and balances in currencies other than the euro at 31 March 2010 and 2009 were as follows:

	At 31/03/2010	At 31/03/2009	**12-month average at 31/03/2010**	12-month average at 31/03/2009
US$	1.3479	1.3308	1.3847	1.3122
CAD	1.3687	1.6685	1.4402	1.6306
GBP	0.8898	0.9308	0.8874	0.9102
HK$	10.4653	10.3140	10.7412	10.1731
SEK	9.7135	10.9400	9.9520	10.9655
AU$	1.4741	1.9216	1.5323	1.9715
INR	60.5140	67.3920	63.5758	64.7198
MYR	4.3968	4.8510	4.6670	4.7413
BRL	2.4043	3.0767	2.4942	3.0448
CNY	9.2006	9.0940	9.4410	8.9710
VEF	3.5002	2.8576	3.5288	2.7967
BWP	9.1375	10.3520	9.4036	10.3086
ZAR	9.8922	12.6140	10.3932	12.9710

5 Segment information

5.1 Primary segment

With regard to the indicators used by the management to assess the Group's financial performance, please refer to paragraph 1.3 relating to *Alternative non-GAAP performance indicators*.

The Group operates in two different segments: Signalling, for inter-city and urban railways, through the **Signalling Business Unit** and Transport Systems through the **Transportation Solutions Business Unit**. For more detailed analysis of the main programmes, outlook, and management indicators for each unit, see the Report on operations by segment.
The results of the business units recorded in First Quarter 2010, compared with those for the same period of the previous year, are as follows:

EBIT by Business Unit

31.03.2010	Signalling Business Unit	Transportation Solutions Business Unit	Corporate activities	Eliminations	Total
Production Revenues	170,173	103,128	-	(8,298)	**265,003**
Other operating income	3,202	526	24,191	(24,660)	**3,259**
External direct costs	68,227	76,814	-	18,324	**163,365**
Personnel costs	57,635	8,300	8,386	165	**74,486**
Other operating expenses	28,202	9,448	17,040	(51,447)	**3,243**
Amortisation, depreciation and impairment	1,676	186	1,288	-	**3,150**
EBIT	**17,635**	**8,906**	**(2,523)**	**-**	**24,018**

EBIT by Business Unit

31.03.2009	Signalling Business Unit	Transportation Solutions Business Unit	Corporate activities	Eliminations	Total
Production Revenues	175,869	84,070	-	(182)	**259,757**
Other operating income	2,609	6	4,279	(4,260)	**2,634**
External direct costs	100,662	66,011	3,067	(4,442)	**165,298**
Personnel costs	55,235	9,403	2,962	-	**67,600**
Other operating expenses	2,159	83	188	-	**2,430**
Amortisation, depreciation and impairment	2,589	204	110	-	**2,903**
EBIT	**17,833**	**8,375**	**(2,048)**	**-**	**24,160**

Working capital by Business Unit

31.03.2010	Signalling Business Unit	Transportation Solutions Business Unit	Corporate activities	Eliminations	Total
Inventories	99,808	18,436	-	(14,270)	103,974
Contract work in progress, net	(238,311)	(175,797)	-	14,270	(399,838)
Trade receivables	236,266	257,857	4,893	(47,175)	451,841
Trade payables	(89,239)	(195,597)	(15,284)	47,175	(252,945)
Provisions for risks and charges	(24,284)	(851)	(2,108)	-	(27,243)
Operating working capital	**(15,760)**	**(95,952)**	**(12,499)**	**-**	**(124,211)**
Other net assets (liabilities)	-	-	(43,909)	-	(43,909)
Working capital	**(15,760)**	**(95,952)**	**(56,408)**	**-**	**(168,120)**

Working capital by Business Unit

31.12.2009	Signalling Business Unit	Transportation Solutions Business Unit	Corporate activities	Eliminations	Total
Inventories	94,686	15,557	-	(11,065)	99,178
Contract work in progress, net	(303,314)	(210,693)	-	13,203	(500,804)
Trade receivables	292,611	278,119	6,408	(50,638)	526,500
Trade payables	(108,491)	(180,044)	(7,957)	48,324	(248,168)
Provisions for risks and charges	(24,690)	(906)	(2,130)	-	(27,726)
Operating working capital	**(49,198)**	**(97,967)**	**(3,679)**	**(176)**	**(151,020)**
Other net assets (liabilities)	-	-	(36,274)	176	(36,098)
Working capital	**(49,198)**	**(97,967)**	**(39,953)**	**-**	**(187,118)**

Following the adoption from 1 January 2010 of the new control model in the scope of the *Fast Forward Driven by Business* (FFDB) project and the IFRS 8 provisions, as from this Report, the “Segment Information” data will be that used by our CODM (Chief Operating Decision Maker). To this purpose, the tables “EBIT by Business Unit” and “Operating Working Capital by Business Unit” have been modified; accordingly, where necessary, the figures of the comparison periods have been restated.

5.2 Secondary segment

Geographically, Group Production Revenues break down as follows (according to the countries where customers are based):

(EUR 000)	**31.03.2010**	31.03.2009
Italy	125,149	128,829
Rest of Western Europe	51,400	53,900
North America	20,770	20,092
Asia Pacific	57,303	54,210
Others	10,381	2,726
	265,003	**259,757**

Capital expenditure is broken down on the basis of where they are made as follows:

(EUR 000)	**31.03.2010**	31.03.2009
Italy	1,073	404
Rest of Western Europe	709	418
North America	154	550
Asia Pacific	393	365
Others	7	-
	2,336	**1,737**

6 Explanatory notes to the consolidated interim financial report at 31 March 2010

In order to provide additional information on the Group's operating results, financial condition and cash flow, the restated "Income Statement", "Balance Sheet", "Net financial debt", and "Statement of Cash Flows" are provided below.
The following table gives consolidated profit and loss amounts of the First Quarter 2010 and 2009:

Income Statement (EUR 000)	For the three months ended 31 March	
	2010	2009
Revenue (*)	265,003	259,757
Production Revenues	**265,003**	**259,757**
Raw materials and consumables used and personnel costs (**)	(242,419)	(233,582)
Amortisation and depreciation	(3,128)	(2,903)
Impairment	(22)	-
Other net operating income (expenses) (***)	16	204
Changes in inventories of work in progress, semi-finished and finished goods	4,758	2,169
Adjusted EBITA	**24,208**	**25,645**
Restructuring costs	(190)	(1,485)
EBIT	**24,018**	**24,160**
Net finance income and (costs)	(637)	325
Income taxes	(8,989)	(8,844)
Net Profit (loss)	**14,392**	**15,641**
Equity holders of the Company	*14,451*	*15,639*
Minority interests	*(59)*	*2*
Earnings per share		
Basic and diluted	*0.14*	*0.16*

Notes for reconciling the reclassified Income Statement and the Income Statement:
(*) Includes "Revenue" and "Revenue from related parties".
(**) Includes "Costs from related parties", "Raw materials and consumables used", "Purchase of services" and "Personnel costs", net of "Work performed by the Group and capitalised".
(***) Includes the net amount of "Other operating income", "Other operating income from related parties", "Other operating expenses" and "Other operating expenses from related parties".

"Production Revenues" for the First Quarter of 2010 totalled EUR 265 million, broken down as follows: EUR 162 million (net of transactions with the Transportation Solutions Business Unit) attributable to the Signalling Business Unit and EUR 103 million to the Transportation Solutions Business Unit. This amount showed an increase of EUR 5 million compared with the same period of the previous year (EUR 260 million).
"Raw materials and consumables used and personnel costs" amounted to EUR 242 million, of which EUR 168 million refer to purchases of materials and services, substantially in line with the same period of the prior year.
Personnel costs referred to the 4,345 units at the pay-roll and amounted to EUR 74 million with an increase of EUR 6 million. Personnel costs include EUR 1 million relative to the allocation of the "Stock grant" plan as authorised by the Board of Directors of Ansaldo STS SpA.

The average workforce at 31 March 2010 came to 4,311 compared with 4,332 units at 31 March 2009.

(EUR 000)	For the three months ended 31 March	
	2010	2009
Purchase of materials	43,178	47,557
Change in inventories	4,296	4,577
Purchase of services	100,078	102,231
Rent and operating leases	4,008	4,193
Total raw materials and consumables used and purchase of services from third parties	**151,560**	**158,558**
Total raw materials and consumables used and purchase of services from related parties	**16,730**	**9,068**
Total raw materials and consumables used and purchase of services	**168,290**	**167,626**

(EUR 000)	For the three months ended 31 March 2010	2009
Wages and salaries	58,650	50,513
Costs for stock grant plans	765	555
Pension and social security	13,043	12,014
Pension and social security for stock grant	438	96
Severance pay provision costs	20	21
Costs related to other defined-benefit plans	109	85
Costs related to other defined-contribution plans	907	786
Restructuring costs	190	1,485
Other incentives to staff	126	-
Other costs	238	2,045
Total personnel costs	**74,486**	**67,600**

(*) Total personnel costs also include restructuring costs.

(EUR 000)	For the three months ended 31 March 2010	2009
Work performed by the Group and capitalised	**(167)**	**(159)**

The item “Amortisation and depreciation” came to EUR 3 million and mainly relates to the Signalling Business Unit.
“Other net operating income and expenses” are detailed in the following tables:

(EUR 000)	For the three months ended 31 March 2010	2009
Grants for research and development costs	5	44
Gains on disposal of property, plant and equipment and intangible fixed assets	-	-
Reversals to provision for doubtful accounts	3	130
Reversals to provisions for risks and charges	2,386	986
Insurance reimbursements	-	-
Royalties	165	661
Finance income and foreign-exchange gains on operating items	(10)	-
Tax receivable for R&D	750	-
Other operating income	(40)	813
Other operating income from third parties	**3,259**	**2,634**
Other operating income from related parties	**-**	**-**
Total other operating income	**3,259**	**2,634**

(EUR 000)	For the three months ended 31 March 2010	2009
Allocations to provisions for risks and charges	1,750	845
Association dues	125	202
Capital loss on the disposal of property, plant and equipment and intangible assets	11	5
Foreign exchange charges on realization of operating items	77	29
Exchange rate alignment on operating items	131	-
Interest and other operating expenses	-	2
Indirect taxes	823	1,127
Other operating expenses	326	217
Total other operating expenses from third parties	**3,243**	**2,427**
Total other operating expenses from related parties	**-**	**3**
Total other operating expenses	**3,243**	**2,430**

EBIT for the First Quarter 2010 came to EUR 24 million, in line with the same period of the previous financial year and is mainly attributable to the Signalling Business Unit for EUR 18 million, to the Transportation Solutions Business Unit for EUR 9 million, while a negative operating result of EUR 3 million was due to corporate activities.

“Net finance income and costs” are detailed in the table below; the change is primarily attributable to the exchange-rate differences recorded in the period by the Malaysian subsidiary of the Asia Pacific area:

	For the three months ended 31 March					
	2010			2009		
(EUR 000)	**Income**	**Cost**	**Net**	Income	Cost	Net
Dividends						
Interest and commissions	195	679	(484)	314	753	(439)
Exchange-rate differences	11,560	9,387	2,173	13,029	13,149	(120)
Income from fair-value measurement recognised in Income Statement	1,759	4,826	(3,067)	530	13	517
Interest on severance pay provision	-	179	(179)	-	21	(21)
Interest on other defined-benefit plans	-	99	(99)	-	97	(97)
Other finance income (costs)	-	126	(126)	10	117	(107)
Total net finance income and costs	**13,514**	**15,296**	**(1,782)**	**13,883**	**14,150**	**(267)**
Total finance income and costs from related parties	**218**	**10**	**208**	**774**	**182**	**592**
Total	**13,732**	**15,306**	**(1,574)**	**14,657**	**14,332**	**325**

	For the three months ended 31 March					
	2010			2009		
(EUR 000)	**Income**	**Cost**	**Net**	Income	Cost	Net
Share of profit (loss) of equity accounted investments	937	-	937	-	-	-
Total	**937**	**-**	**937**	**-**	**-**	**-**

The share of profit of equity accounted investments amounted to EUR 1 million and mainly refers to the positive result of the investee company Metro 5.

“Income taxes” amounted to EUR 9 million and in particular:

	For the three months ended 31 March	
(EUR 000)	**2010**	2009
I.Re.S. (corporate income tax)	6,432	5,343
IRAP (regional tax on productive activities)	1,760	1,591
Income from consolidation	-	-
Other taxes on profit (foreign companies)	-	2,032
Taxes relating to previous years	-	-
Provisions for disputes over taxes	-	-
Net deferred taxes	797	(122)
Release of provision for taxes	-	-
Total	**8,989**	**8,844**

Income taxes at 31 March 2010 remained substantially unchanged from the prior year.

The following table gives a breakdown of the consolidated financial position at 31 March 2010:

Balance Sheet (EUR 000)	31.03.2010	31.12.2009
Non-current assets	253,706	252,010
Non-current liabilities	(43,407)	(42,217)
	210,299	**209,793**
Inventories	103,974	99,178
Contract work in progress	193,699	151,146
Trade receivables	451,841	526,500
Trade payables	(252,945)	(248,168)
Advances from customers	(593,537)	(651,950)
Working capital	**(96,968)**	**(123,294)**
Provisions for risks and charges	(27,243)	(27,726)
Other net assets (liabilities) (*)	(43,909)	(36,098)
Net working capital	**(168,120)**	**(187,118)**
Net invested capital	**42,179**	**22,675**
Capital and reserves attributable to equity holders of the Company	325,477	300,897
Minority interests in equity	560	639
Total Shareholders' equity	**326,037**	**301,536**
Net financial debt (liquidity)	**(283,858)**	**(278,861)**

Notes for reconciling the Reclassified Balance Sheet and the Balance Sheet:
(*) Includes "Income tax receivables", "Other current receivables from related parties" (included under "Current receivables from related parties") and "Other current assets", net of "Income tax payables", of "Other current payables to related parties" (included under "Current payables to related parties"), "Other current liabilities" except for financial receivables from related parties (included under "Current receivables from related parties").

"Non-current assets" at 31 March 2010 came to EUR 254 million, detailed as follows:

(EUR 000)	31.03.2010	31.12.2009
Intangible Assets	45,478	44,636
Property, plant and equipment	99,888	99,993
Equity investments	31,191	30,254
Receivables	14,555	13,778
Deferred taxes	38,403	37,138
Other assets	24,191	26,211
Total	**253,706**	**252,010**

Specifically:
- "Intangible assets" mainly refer to the Group goodwill (EUR 35 million). Investments for the period came to EUR 1 million and mainly referred to the Group Parent Ansaldo STS for the implementation of a new release of the SAP information system as a result of the adoption of the new control model approved in the scope of the *Fast Forward Driven by Business* project.
- "Property, plant and equipment" include the value of the premises owned by the Parent company, Ansaldo STS SpA, located in Genoa, Via Mantovani 3/5-16151 and purchased in December 2005 from its parent Finmeccanica SpA for EUR 62 million. To the mentioned amount, in accordance with IAS 16, was applied the component approach and therefore the amount of EUR 9 million was reclassified under item "Land". Investments for the period came to EUR 1 million and mainly regard the French company for the purchase of software for production and maintenance of production plants.
- "Equity investments" at 31 March 2010 totalled EUR 31 million and showed an increase of some EUR 1 million as a result of the positive effects of the companies valued with the net equity method, mainly attributable to the investee companies Metro 5 SpA and International Metro Service Srl.
- "Deferred tax assets", equal to EUR 38 million, showed an increase of some EUR 1 million, mainly attributable to the temporary differences recorded in the period by the American company Ansaldo STS USA.
- "Other assets" amounted to EUR 24 million and are mainly attributable to the non-current portion of the costs incurred to purchase the license to use the "Ansaldo" trademark for 20 years from Finmeccanica SpA. Specifically, on 27 December 2005, Ansaldo STS SpA entered into a licensing agreement with Finmeccanica SpA to use the "Ansaldo" trademark under which the Company is known in the market. This agreement gives the Company exclusive use of the trademark for 20 years in the sectors the Group does business, in exchange for an up-front payment of EUR 32 million.
  Other assets showed a decrease of EUR 2 million; this change is mainly referable to the portion for the period of the license to use the brand and to the release of prepaid expenses for insurance premiums.

"Non-current liabilities" totalled EUR 43 million at 31 March 2010, specifically:

(EUR 000)	**31.03.2010**	31.12.2009
Severance pay and other employee liabilities	30,624	30,753
Deferred taxes	4,339	2,810
Other liabilities	8,444	8,654
Total	**43,407**	**42,217**

- Severance pay and other employee liabilities, equal to EUR 31 million, remained substantially unchanged from the figures reported at 31 December 2009.
- Deferred taxes, equal to EUR 4 million, showed an increase of EUR 1 million, mainly due to higher amounts accounted for with direct counterpart in equity for foreign exchange hedging transactions.
- Other liabilities remained substantially in line with the figures recorded at 31 December 2009.

"Net working capital" showed a net value of EUR (168) million, more specifically:
- "Inventories" amounted to EUR 104 million, broken down as follows:

(EUR 000)	**31.03.2010**	31.12.2009
Raw materials, supplies and consumables	31,995	35,951
Work in progress and semi-finished goods	21,045	17,452
Finished goods and merchandise	13,126	10,653
Advances to suppliers	37,808	35,122
Total	**103,974**	**99,178**

- "Contract work in progress" came to EUR 194 million and "advances from customers" totalled EUR 594 million:

(EUR 000)	**31.03.2010**	31.12.2009
Advances from customers	(24,849)	(13,390)
Invoices of instalments	(901,460)	(653,687)
Work in progress	1,120,008	818,223
Work in progress (net)	**193,699**	**151,146**
Advances from customers	249,180	259,329
Invoices of instalments	3,655,009	4,267,530
Work in progress	(3,310,652)	(3,874,909)
Advances from customers (net)	**593,537**	**651,950**

- "Trade receivables and payables" in respect of third parties and related parties are broken down as shown in the following table:

	31.03.2010		31.12.2009	
(EUR 000)	**Receivables**	**Payables**	Receivables	Receivables
Receivables/payables in respect of customers/suppliers	380,206	240,185	395,846	227,644
Total in respect of customers/suppliers	**380,206**	**240,185**	**395,846**	**227,644**
Receivables/payables in respect of related parties	71,635	12,760	130,654	20,524
Total	**451,841**	**252,945**	**526,500**	**248,168**

- The "provisions for risks and charges" stood at EUR 27 million.

In relation to the risk provisions, it should be reported that the companies of the Ansaldo STS Group operate in sectors and markets where many issues - both those initiated by the Group or those initiated by third parties against the Group - are resolved only after a considerable time-lag, especially where the party being dealt with is a government body.
To the best of our current knowledge, the various disputes that could give rise to a liability on the part of the Group that are not covered by a specific provision can be resolved in a satisfactory manner without a significant impact on results.
Provisions have been made for any quantifiable liability that is likely to arise.

No significant changes from the previous financial year have been reported.

As to litigation, the following is noted:
- with regard to Ansaldo STS SpA there are no disputes that are so significant or risky as to require specific disclosure, except for what herein described;
- none of the subsidiaries of the Transportation Solutions Business Unit or Signalling Business Unit is involved in litigation that is so significant or risky as to require specific further disclosure;
- for litigation in which, on the basis of a prudent evaluation, an adverse outcome is likely, the relevant companies have established provisions to cover such eventuality.

- "Other net current assets (liabilities)" amounted to EUR (44) million at 31 March 2010:

(EUR 000)	**31.03.2010** Assets	**31.03.2010** Liabilities	31.12.2009 Assets	31.12.2009 Liabilities
Receivables from employees	814	34,320	502	28,531
Current portions of prepaid expenses	11,365	824	13,502	895
Receivables for indirect taxes and other amounts due from tax authorities	4,162	7,768	4,995	13,564
Receivables from social security institutions	1,843	13,912	898	14,904
Receivables for security deposits	42	-	3,752	-
Research subsidies	2,028	-	2,903	-
Other assets	11,632	-	11,818	-
Other payables	-	20,828	-	21,882
Total other assets/liabilities	**31,886**	**77,652**	**38,370**	**79,776**
Other assets/liabilities with respect of related parties	1,754	399	1,754	441
Total	**33,640**	**78,051**	**40,124**	**80,217**
Derivatives	7,576	6,828	3,449	2,816
Income tax receivables/payables	10,710	10,596	7,029	3,667
Total	**51,926**	**95,475**	**50,602**	**86,700**

The details of the main items are as follows:

- "Prepaid expenses" mainly referred to the current portion of costs incurred to purchase the license to use the "Ansaldo" brand for 20 years from Finmeccanica SpA;
- "Income tax receivables" amounted to EUR 11 million at 31 March 2010 compared with EUR 7 million at 31 December 2009, with an increase of EUR 4 million. This change is attributable to the advances paid by the foreign subsidiaries, mainly by the Australian subsidiary of the Asia Pacific area.
- "Income tax payables" equal to EUR 11 million, recorded an increase of EUR 7 million and regarded primarily the Group Parent Ansaldo STS SpA as a result of the I.Re.S. and IRAP taxes recorded in the First Quarter.
- the item "Other payables" chiefly referred to the debt for the remaining 75% to be paid-in for the purchase of the investment in Metro C ScpA – Rome.

"Net invested capital" was equal to EUR 42 million; the **Shareholders' equity** stood at EUR 326 million.

Below is the consolidated net financial position at 31 March 2010, with that at 31 December 2009 for comparison:

(EUR 000)	**31.03.2010**	31.12.2009
Short-term borrowings	18,012	12,187
Medium/long-term borrowings	2,592	2,881
Cash and cash equivalents	(137,643)	(128,541)
BANK DEBT	**(117,039)**	**(113,473)**
Financial receivables from related parties	(145,282)	(152,792)
Other financial receivables	(22,753)	(14,100)
FINANCIAL RECEIVABLES	**(168,035)**	**(166,892)**
Borrowings from related parties	-	-
Other short-term borrowings	374	353
Other medium/long-term borrowings	842	1,151
OTHER BORROWINGS	**1,216**	**1,504**
NET FINANCIAL DEBT (LIQUIDITY)	**(283,858)**	**(278,861)**

The Ansaldo STS Group's net financial liquidity at 31 March 2010 was EUR 284 million, compared with a net financial liquidity at 31 December 2009 of EUR 279 million with an increase of EUR 5 million.
Cash and cash equivalents at 31 March 2010 came to EUR 138 million.

The Statement of Cash Flows at 31 March 2010 is presented below:

Cash Flow (EUR 000)	**31.03.2010**	31.03.2009
Cash and cash equivalents - opening balance	**128,541**	**71,536**
Gross cash flow from operating activities	25,982	29,259
Changes in other operating assets and liabilities and provisions for risks and charges	3,402	(204)
Fund From Operations	**29,384**	**29,055**
Change in working capital	(25,714)	(12,260)
Cash flow from (used in) operating activities	**3,670**	**16,795**
Cash flow from (used in) ordinary investing activities	(1,189)	2,617
Free Operating Cash Flow	**2,481**	**19,412**
Strategic investments		
Other changes in investing activities	-	(1)
Cash flow from (used in) investing activities	**(1,189)**	**2,616**
Dividends paid		
Cash flow from (used in) financing activities	5,207	(8,940)
Cash flow from (used in) financing activities	**5,207**	**(8,940)**
Translation differences	**1,414**	**867**
Cash and cash equivalents - closing balance	**137,643**	**82,874**

- cash flow from operating activities, equal to EUR 4 million, decreasing by EUR 13 million from the same period of the previous financial year, mainly ascribable to the change in working capital as already shown;
- cash flow used in investing activities for EUR 1 million compared to a cash flow generated for EUR 3 million in the same period of the financial year 2009; this change is ascribable to the transactions resulting from the merger through incorporation occurred in First Quarter 2009;
- cash flow from financing activities for EUR 5 million compared with the cash flow used for EUR 9 million at 31 March 2009; the difference is referable to the change in a few credit lines with Finmeccanica Finance.

Free Operating Cash Flow (FOCF) before strategic investments shows in the period under review a cash flow generated for EUR 2 million compared with a cash flow generated for EUR 19 million at 31 March 2009; this is explained by the main changes in the Statement of Cash Flows.

7 Transactions with related parties

7.1 Income Statement transactions

First Quarter 2010 (EUR 000)	Revenue	Other operating income	Costs	Finance income	Finance costs	Other operating expenses
Parent company						
Finmeccanica SpA	-	-	471	218	33	-
Subsidiaries						
Alifana Scrl	-	-	(2)	-	-	-
Alifana Due Scrl	3,185	-	1,338	-	-	-
Associates						
International Metro Service Srl	7	-	-	-	-	-
Metro Service	-	-	9,627	-	-	-
Metro 5 SpA	2,939	-	-	-	-	-
Pegaso Scrl	38	-	470	-	-	-
J.V.						
Balfour Beatty Ansaldo Syst. JV SDN BHD (*)	262	-	-	-	(23)	-
Consortiums						
Consortium Saturno	11,373	-	666	-	-	-
Consortium Ascosa quattro	31	-	-	-	-	-
Consortium Team	-	-	-	-	-	-
Consortium SanGiorgio Volla 2	443	-	-	-	-	-
Consortium Ferroviario Vesuviano	1,031	-	28	-	-	-
Consortium Cesit	-	-	-	-	-	-
Consortium Cris	-	-	25	-	-	-
Consortium SanGiorgio Volla	45	-	-	-	-	-
Other Group companies						
AnsaldoBreda SpA	(4,588)	-	1,081	-	-	-
Ansaldo Energia SpA	-	-	17	-	-	-
Fata Logistic Systems SpA	-	-	433	-	-	-
Fata Group SpA	-	-	-	-	-	-
Finmeccanica Finance SA	-	-	-	-	-	-
Finmeccanica Group Service SpA	-	-	189	-	-	-
Elsag Datamat SpA	(90)	-	1,827	-	-	-
Hr Gest SpA	-	-	-	-	-	-
Selex Communication SpA	-	-	500	-	-	-
Galileo Avionica	-	-	-	-	-	-
Selex Service Management SpA	-	-	60	-	-	-
I.M. Intermetro SpA	-	-	-	-	-	-
Oto Melara SpA	-	-	-	-	-	-
Electron Italia srl	182	-	-	-	-	-
Westland Industries Ltd	19	-	-	-	-	-
Aeronautica Macchi SpA	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	**14,877**	**-**	**16,730**	**218**	**10**	**-**
% on the total for the period	**6%**	**-**	**10%**	**2%**	**-**	**-**

(*) Amounts refer to the portion not eliminated for proportionate consolidation.

First Quarter 2009 (EUR 000)	Revenue	Other operating income	Costs	Proventi finanziari	Finance income	Other operating expenses
Parent company						
Finmeccanica SpA	-	-	457	-	55	-
Subsidiaries						
Alifana Scrl	-	-	-	-	-	-
Alifana Due Scrl	2,163	-	2,802	-	-	-
Associates						
International Metro Service Srl	-	-	-	-	-	-
Metro Service	-	-	-	-	-	-
Metro 5 SpA	1,572	-	72	-	-	-
Pegaso Scrl	32	-	2,000	-	-	-
J.V.						
Balfour Beatty Ansaldo Syst. JV SDN BHD (*)	-	-	-	-	-	-
Consortiums						
Consortium Saturno	16,118	-	549	-	-	-
Consortium Ascosa quattro	6	-	-	-	-	-
Consortium Team	-	-	-	-	-	-
Consortium SanGiorgio Volla 2	456	-	-	-	-	-
Consortium Ferroviario Vesuviano	499	-	-	-	-	-
Consortium Cesit	-	-	12	-	-	-
Consortium SanGiorgio Volla	19	-	-	-	-	-
Other Group companies						
AnsaldoBreda Spa	2,106	-	573	-	-	-
Fata Logistic Systems Spa	-	-	420	-	-	-
Finmeccanica Finance SA	-	-	-	774	127	-
Finmeccanica Group Service SpA	-	-	186	-	-	-
Elsag Datamat SpA	21	-	1,347	-	-	-
Hr Gest SpA	-	-	181	-	-	3
Selex Communication SpA	-	-	391	-	-	-
Galileo Avionica SpA	-	-	16	-	-	-
Selex Service Management SpA	-	-	62	-	-	-
I.M. Intermetro SpA	543	-	-	-	-	-
Oto Melara SpA	-	-	-	-	-	-
Westland Industries Ltd	-	-	-	-	-	-
Aeronautica Macchi SpA		-	-	-	-	-
Total	**23,535**	**-**	**9,068**	**774**	**182**	**3**
% on the total for the period	**9%**	**-**	**5%**	**5%**	**1%**	**-**

(*) Amounts refer to the portion not eliminated for proportionate consolidation.

7.2 Balance Sheet transactions

Transactions with related parties are conducted at arm's length. Interest-bearing receivables and payables that are not governed by specific contractual conditions are treated in the same manner. Below are provided the amounts relating to the earnings and financial performance. The incidence on the financial flows of related-party transactions is instead reported directly in the Statement of Cash Flows.

Receivables at 31.03.2010 (EUR 000)	Non-current financial receivables	Other non-current receivables	Current financial receivables	Trade receivables	Other current receivables	Total
Parent company						
Finmeccanica SpA	-	-	732	-	336	**1,068**
Subsidiaries						
Alifana Scrl	-	-	-	93	-	**93**
Alifana Due Scrl	-	-	-	5,560	-	**5,560**
Associates						
International Metro Service Srl	-	-	-	5	-	**5**
Metro 5 ScpA	-	-	-	17,351	-	**17,351**
Pegaso Scrl	-	-	-	64	-	**64**
Metro Service	-	-	-	157	-	**157**
Ecosen SA	-	-	-	4	-	**4**
J.V.						
Balfour Beatty Ansaldo Syst. JV SDN BHD (*)	-	-	-	425	-	**425**
Consortiums						
Consortium Saturno	-	-	-	24,154	1,360	**25,514**
Consortium Ascosa quattro	-	-	-	1,111	-	**1,111**
Consortium Ferroviario Vesuviano	-	-	-	13,227	-	**13,227**
Consortium San Giorgio Volla Due	-	-	-	987	4	**991**
Consortium San Giorgio Volla	-	-	-	1,421	-	**1,421**
Other Group companies						
AnsaldoBreda SpA	-	-	-	6,603	-	**6,603**
Finmeccanica Finance SA	-	-	144,550	-	-	**144,550**
Elsag Datamat SpA	-	-	-	335	-	**335**
Selex Communication SpA	-	-	-	-	54	**54**
Selenia Mobile SpA	-	-	-	-	-	**-**
Selex Galileo SpA	-	-	-	-	-	**-**
Ansaldo Energia SpA	-	-	-	-	-	**-**
Oto Melara SpA	-	-	-	-	-	**-**
I.M. Intermetro SpA	-	-	-	125	-	**125**
Ansaldo Breda Inc. ex Breda Transp Inc.	-	-	-	-	-	**-**
Westland Industries Ltd	-	-	-	13	-	**13**
Selex Galileo SpA	-	-	-	-	-	**-**
Electron Italia Srl	-	-	-	-	-	**-**
Other	-	-	-	-	-	**-**
Total	**-**	**-**	**145,282**	**71,635**	**1,754**	**218,671**
% on the total for the period	**-**	**-**	**86%**	**16%**	**5%**	**-**

(*) Amounts refer to the portion not eliminated for proportionate consolidation.

Receivables at 31.12.2009 (EUR 000)	Non-current financial receivables	Other non-current receivables	Current financial receivables	Trade receivables	Other current receivables	Total
Parent company						
Finmeccanica SpA	-	-	1,282	-	336	**1,618**
Subsidiaries						
Alifana Scrl	-	-	-	123	-	**123**
Alifana Due Scrl	-	-	-	3,769	-	**3,769**
Associates						
International Metro Service Srl	-	-	-	5	-	**5**
Metro 5 SpA	-	-	-	33,770	-	**33,770**
Pegaso Scrl	-	-	-	39	-	**39**
Metro Service	-	-	-	370	-	**370**
Ecosen	-	-	-	4	-	**4**
J.V.						
Balfour Beatty Ansaldo Syst. JV SDN BHD (*)	-	-	-	783	-	**783**
Consortiums						
Consortium Saturno	-	-	-	67,515	1,360	**68,875**
Consortium Ascosa quattro	-	-	-	1,111	-	**1,111**
Consortium Ferroviario Vesuviano	-	-	-	13,711	-	**13,711**
Consortium San Giorgio Volla Due	-	-	-	876	4	**880**
Consortium San Giorgio Volla	-	-	-	1,421	-	**1,421**
Other Group companies						
AnsaldoBreda SpA	-	-	-	6,613	-	**6,613**
Finmeccanica Finance SA			151,510	-	-	**151,510**
Elsag Datamat SpA	-	-	-	307	-	**307**
Selex Communication SpA	-	-	-	-	54	**54**
Galileo Avionica SpA	-	-	-	37	-	**37**
I.M. Intermetro SpA	-	-	-	125	-	**125**
AnsaldoBreda Inc. ex Breda Transp Inc.	-	-	-	21	-	**21**
Westland Industries Ltd	-	-	-	7	-	**7**
Electron Italia Srl	-	-	-	47	-	**47**
Total	**-**	**-**	**152,792**	**130,654**	**1,754**	**285,200**
% on the total for the year	**-**		**92%**	**25%**	**4%**	**-**

(*) Amounts refer to the portion not eliminated for proportionate consolidation.

Payables at 31.03.2010 (EUR 000)	Non-current borrowings	Other non-current payables	Current borrowings	Trade payables	Other current payables	Total
Parent company						
Finmeccanica SpA	-	-	-	297	-	**297**
Subsidiaries						
Alifana Scrl	-	-	-	-	3	**3**
Alifana Due Scrl	-	-	-	3,667	-	**3,667**
Associates						
Metro Service	-	-	-	-	-	**-**
Metro 5 ScpA	-	-	-	-	-	**-**
Pegaso Scrl	-	-	-	1,190	-	**1,190**
J.V.						
Balfour Beatty Ansaldo Syst. JV SDN BHD (*)	-	-	-	-	-	**-**
Consortiums						
Consortium Saturno	-	-	-	374	-	**374**
Consortium Ascosa quattro	-	-	-	79	8	**87**
Consortium Team	-	-	-	-	-	**-**
Consortium SanGiorgio Volla 2	-	-	-	104	-	**104**
Consortium Ferroviario Vesuviano	-	-	-	410	8	**418**
Consortium SanGiorgio Volla	-	-	-	18	8	**26**
Consortium Cesit	-	-	-	-	-	**-**
Consortium Cris	-	-	-	30	-	**-**
Consortium Filobus Vesuviano	-	-	-	-	-	**-**
Other Group companies						
Finmeccanica Group service SpA	-	-	-	133	-	**133**
AnsaldoBreda SpA	-	-	-	780	-	**780**
Finmeccanica Finance SA	-	-	-	-	-	**-**
Elsag Datamat SpA	-	-	-	2,766	-	**2,766**
Selex Communication SpA	-	-	-	2,329	-	**2,329**
Selex Service Management SpA	-	-	-	60	-	**60**
Finmeccanica North America Inc	-	-	-	-	-	**-**
Fata Logistic System SpA	-	-	-	492	-	**492**
Electron Italia Srl	-	-	-	-	-	**-**
Hr Gest SpA	-	-	-	-	-	**-**
Selex Galileo SpA	-	-	-	14	-	**14**
I.M. Intermetro SpA	-	-	-	-	-	**-**
Ansaldo Energia SpA	-	-	-	17	-	**-**
Other	-	-	-	-	400	400
Total	**-**	**-**	**-**	**12,760**	**427**	**13,187**
% on the total for the period	**-**			**5%**	**1%**	**-**

(*) Amounts refer to the portion not eliminated for proportionate consolidation.

Payables at 31.12.2009 (EUR 000)	Non-current borrowings	Other non-current payables	Current borrowings	Trade payables	Other current payables	Total
Parent company						
Finmeccanica Sede SpA	-	-	-	324	-	**324**
Subsidiaries						
Alifana Scrl	-	-	-	50	3	**53**
Alifana Due Scrl	-	-	-	2,601	-	**2,601**
Associates						
Metro Service	-	-	-	-	-	**-**
Metro 5 SpA	-	-	-	-	-	**-**
Pegaso Scrl	-	-	-	1,983	-	**1,983**
J.V.						
Balfour Beatty Ansaldo Syst. JV SDN BHD (*)	-	-	-	1,687	-	**1,687**
Consortiums						
Consortium Saturno	-	-	-	605	-	**605**
Consortium Ascosa Quattro	-	-	-	79	8	**87**
Consortium Team	-	-	-	-	-	**-**
Consortium San Giorgio Volla Due	-	-	-	101	-	**101**
Consortium Ferroviario Vesuviano	-	-	-	734	8	**742**
Consortium San Giorgio Volla	-	-	-	18	8	**26**
Consortium Cesit	-	-	-	-	-	**-**
Other Group companies						
Finmeccanica Group Service SpA	-	-	-	598	-	**598**
AnsaldoBreda SpA	-	-	-	1,429	-	**1,429**
Finmeccanica Finance SA	-	-	-	-	14	**14**
Elsag Datamat SpA	-	-	-	3,233	-	**3,233**
Selex Communication SpA	-	-	-	4,578	-	**4,578**
Selex Service Management SpA	-	-	-	72	-	**72**
Finmeccanica North America Inc.	-	-	-	50	-	**50**
Fata Logistic System SpA	-	-	-	430	-	**430**
Electron Italia Srl	-	-	-	-	-	**-**
Hr Gest SpA	-	-	-	-	-	**-**
Selex Galileo SpA	-	-	-	14	-	**14**
I.M. Intermetro SpA	-	-	-	-	-	**-**
Other	-	-	-	1,938	400	**2,338**
Total	**-**	**-**	**-**	**20,524**	**441**	**20,965**
% on the total for the year				**8%**	**1%**	**-**

(*) Amounts refer to the portion not eliminated for proportionate consolidation.

8 Management of financial risks

The Group is exposed to financial risks associated with its operations, specifically related to these types of risks:
- market risks, relating to the operativity in foreign currencies other than the functional one (exchange rate risk) and relating to the risk of variation in interest rates;
- liquidity risks, relating to the availability of financial resources and access to the credit market;
- credit risks, resulting from normal commercial transactions or financing activities.

The Group specifically monitors each of these financial risks, with the objective of promptly minimising them, also through hedging derivatives. Below is an explanation of how the Ansaldo STS Group, based on its in-house directives, manages these types of risk.

Exchange rate risk management

As indicated in the directive “Treasury management”, the exchange rate risk management of the Ansaldo STS Group focuses on the achievement of these objectives:
- limiting potential losses due to adverse fluctuations in the exchange rate as compared with the reporting currency of Ansaldo STS and its subsidiaries. In this case losses are defined in terms of cash flow rather in accounting terms;
- limiting estimated or real costs connected to the implementation of exchange rate risk management policies.

The exchange rate risk should be hedged only if it has a relevant impact on cash flow as compared with the reporting currency.
The costs and risks connected with a hedging policy (hedge, no hedge, or partial hedge) should be acceptable both financially and commercially.
These instruments may be used to hedge exchange rate risk:
- Forward foreign exchange purchases and sales: exchange rate forwards are the most widely used instruments for cash flow hedges;
- Currency swaps/cross currency swaps: when cash flows occur earlier or later than expected, the forwards are moved up or postponed using currency swaps;
- Foreign currency funding/lending: foreign currency funding and lending may be used to partially alter the currency of costs to obtain a natural hedge.

Using funding and lending in foreign currency as a hedging instrument must always be aligned with the overall treasury management and with the overall financial position of Ansaldo STS (long and short term). Generally the purchase and sale of foreign currency is used in the case of exotic currencies where the capital market is not considered liquid or where alternative hedging instruments are not available or are only available at high cost.

Hedging of exchange rate risk

There are three types of exchange rate risk:
1. Economic risk - represented by the impact that currency fluctuations may have on capital budgeting decisions (investments, location of plants, procurement markets).
2. Transaction risk - the possibility that exchange rates could change during the period between the time at which a commitment to collect or pay in foreign currency at a future date (setting price lists, establishing budgets, preparing orders, invoicing) arises and the time at which such collection or payment occurs, thereby having a positive or negative impact on the exchange rate delta.
3. Translation risk - this relates to the impact that the translation of dividends or the consolidation of recognised assets and liabilities has on the financial statements of multinational companies whenever the consolidation exchange rates change from year to year.

The Ansaldo STS Group hedges transaction risks in accordance with the “Treasury Management” directive, which provides for the systematic hedging of commercial cash flows resulting from the assumption of contractual commitments of a specific nature as either buyer or seller, in order to ensure current exchange rates at the date of acquisition of long-term contracts and neutralising the effects of fluctuations in the reference exchange rates.

Cash Flow Hedges

Hedges are made at the time commercial contracts are finalised through plain vanilla instruments (swaps and forwards on foreign currencies) qualifying for hedge accounting under IAS 39. These hedges are carried as cash flow hedges. Accordingly, the changes in fair value of the hedging derivatives are recognised in a special cash flow hedge reserve once the effectiveness of the hedge is demonstrated. Should the hedges prove to be ineffective, i.e. they do not fall within the effective range of between 80-125%, changes in the fair value of the hedging instruments are immediately recognised in the income statement as financial items and the cash flow hedge reserve accumulated up until the date of the last successful effectiveness test is reversed to profit and loss.

Fair Value Hedges

A fair value hedge involves the hedging of an exposure to changes in the fair value of a recognised asset or liability, an irrevocable unrecognised commitment or an identified portion of such asset, liability or irrevocable commitment, attributable to a specific risk and that could affect the income statement.
The Group hedges against changes in fair value with regard to the exchange rate risk for assets and liabilities.

Hedging transactions are carried out predominantly with the banking system. At 31 March 2010 the Group had contracts referring to various currencies in the following notional amounts:

(local currency in thousands)	**Sell 03 10**	**Buy 03 10**	**31.03.2010**	Sell 12 09	Buy 12 09	31.12.2009
Euro	156,941	46,824	203,765	144,545	55,645	200,190
US dollar	51,393	3,242	54,635	49,097	3,738	52,835
GBP	591	122	713	176	5,473	5,649
Swedish krona	-	23,460	23,460	-	20,185	20,185
Canadian dollar	10,978	-	10,978	11,403	1,470	12,873
Australian dollar	3,477	31,269	34,746	3,637	37,644	41,281
Hong Kong Dollar	245	346	591	230	187	417
Japanese Yen	3,025	-	3,025	-	-	-

At 31 March 2010, the net fair value of derivative financial instruments was positive in the amount of about EUR 1 million.

Management of interest rate risk

The aforementioned directive states that the goal of the management of interest rate risk is to lessen the negative impact of changes in interest rates, which may affect the Group's income statement, the balance sheet and the weighted average cost of capital.
Interest rate risk management by the Ansaldo STS Group is designed to achieve the following objectives:

- to stabilise the weighted average cost of capital;
- to minimise the weighted average cost of capital of Ansaldo STS over the medium to long term. To achieve this objective, interest rate risk management will focus on the impact of interest rates on debt funding and equity funding;
- to optimise the profit on financial investments within a general profit-risk trade-off;
- to limit the costs relating to the execution of interest rate risk management policies, including the direct costs tied to the use of specific instruments and indirect costs relating to the internal organisation needed to manage such risk.

In 2010, the Group managed this risk without the use of derivatives due to the short-term maturities of the payables. Thus, at 31 March 2010, the Group had no open hedge positions to reduce interest rate risk.

Management of liquidity risk

In order to support efficient management of liquidity and contribute to the growth in its businesses, the Ansaldo STS Group has established a set of tools to optimise the management of financial resources. This objective was achieved by centralising treasury operations (cash pooling contracts with Group companies) and maintaining an active presence on financial markets to obtain adequate short and medium-term credit lines. Within this context Ansaldo STS has obtained short and long-term credit lines for endorsement facilities and for cash sufficient to meet the Group's needs.
At 31 March 2010, the Group shows a net financial liquidity of EUR 284 million.
At 31 December 2009, the Group showed a net financial liquidity of EUR 279 million.

Credit risk management

The Group is not exposed to significant credit risk, both as regards the counterparties of its commercial transactions and for financing and investing activities. Its primary customers are, in fact, government entities or off-shoots of such entities, concentrated in the euro area, the United States and Southeast Asia. The typical customer rating of the Ansaldo STS Group is therefore medium/high. Despite this, in the case of contracts with customers/counterparties with which the Group does not ordinarily do business, the customers' solvency is assessed at the time of the offer to highlight any future credit risks.
The nature of Ansaldo's customers means that collection times are longer (in some countries significantly longer) than in other businesses, creating significant outstanding past due positions.

9 Significant non-recurring events and transactions

The Ansaldo STS Group did not record any significant non-recurring events and transactions in the first three months of 2010.

10 Atypical and/or unusual operations

In the first three months of 2010, the Ansaldo STS Group did not take any positions or enter into transactions resulting from atypical and/or unusual operations.

11 Net financial position

Below is the financial information required under CONSOB communication no. DEM/60644293 of 28 July 2006.

(EUR 000)	**31.03.2010**	31.12.2009
A. Cash	141	89
B. Other cash equivalents (bank accounts)	137,502	128,452
C. Securities held for trading	-	-
D. LIQUIDITY (A+B+C)	**137,643**	**128,541**
E. CURRENT FINANCIAL RECEIVABLES	**168,035**	**166,892**
F. Current bank borrowings	18,012	12,187
G. Current portion of non-current debt	-	-
H. Other current borrowings	374	353
I. CURRENT FINANCIAL DEBT (F+G+H)	**18,386**	**12,540**
J. CURRENT FINANCIAL DEBT, NET (I-E-D)	**(287,292)**	**(282,893)**
K. Non-current bank borrowings	2,592	2,881
L. Bonds issued	-	-
M. Other non-current payables	842	1,151
N. NON-CURRENT FINANCIAL DEBT (K+L+M)	**3,434**	**4,032**
O. NET FINANCIAL DEBT (J+N)	**(283,858)**	**(278,861)**

12 Outlook

Since 1 January 2010 the Group has availed itself of the new organisational structure through the project of internal reorganisation called “Fast Forward Driven By Business” (FFDB). The reorganisation is directed to recover industrial and commercial efficiency, and therefore additional margins of profitability, through a more rational and centralised organisation of activities related to R&D, production, procurement, presence on the markets, management of job-orders.
In-house actions oriented to improve efficiency will continue in order to preserve and increase profitability on revenue.

With regard to the reference markets, the Signalling and Transportation Solutions sectors in both the inter-city and urban railway context are still marked by growth; the Group still follows with particular attention the markets with high economic growth and high capacity of investment in infrastructures (such as China, North Africa, the Middle East, Eastern Europe, Pacific Asia, South America).
The future will be characterised by the search for opportunities in the transportation solutions business worldwide, possible by joining the Italian expertise in the systems business with the industrial and commercial presence of our subsidiaries in the various markets.

The Group’s positive financial situation allows us to closely monitor happenings in the sector in order to search for and select any investment opportunities in support of growth. This takes place by analysing possible acquisitions or equity investments in companies that show industrial and/or commercial complementarities able to expand the products portfolio and the Group’s ability to compete.

Genoa, 23 April 2010

On behalf of the Board of Directors
The Chairman

Alessandro Pansa

Attachment A: statement pursuant to article art. 154 Bis paragraph 2 of legislative decree no. 58/1998

The undersigned Alberto Milvio, the Manager in charge of the preparation of the company accounting documents of Ansaldo STS SpA, certifies in accordance with Art. 154-bis of the Consolidated Law on Finance that the Consolidated Interim Financial Report at 31 March 2010 of the Ansaldo STS Group corresponds to the entries in the accounting documentation, books and records.

Genoa, 23 April 2010

Manager in charge of the preparation
of company accounting documents

Alberto Milvio

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