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CONSOLIDATED INTERIM FINANCIAL REPORT
AT **30 SEPTEMBER 2014**

Ansaldo STS
A Finmeccanica Company

Directors' report at 30 September 2014

(Translation from the Italian original which remains the definitive version)

Directors' Report at 30 September 2014

Introduction

On 1 January 2014, Ansaldo STS adopted IFRS 11 governing joint arrangements. The new standard has eliminated the possibility to consolidate interests in joint ventures using the proportionate method. Accordingly, they are now measured using the equity method. The joint ventures' income statement figures are grouped into one caption, while the statement of financial position figures are presented under equity investments, without impacting the group's equity.
This interim financial report presents the 2013 corresponding figures, which have been restated for comparative purposes. The restatement did not significantly affect the group's figures, as described in paragraph 2.5 of the notes to the condensed interim consolidated financial statements.

The new organisational structure became fully operational in January 2014 to respond to new market requirements and increase efficiency.
The recent reorganisation is driven by the need to centralise management of projects which use different products and technologies, and the need for greater cohesion between the various teams, particularly the design and sales teams.
Specifically, under the new organisational model, the revenue centres (hence, those in charge of the sales/bidding processes, Project Management and Operations & Maintenance) will be more distinctly separate from the Operations cost centres which are responsible for all internal processes (Engineering and Development, Construction & Commissioning, Supply Chain and Manufacturing) that generate contract costs.
The two revenue centres represent the Rail and Mass Transit and the Freight markets, respectively, with a strongly geographical focus (mainly Australia and the US).
The new management team has commenced an analysis of the main businesses in order to assess potential business opportunities and areas for streamlining.

In general, the group's financial performance was satisfactory and in line with expectations in the first nine months of 2014. Specifically, thanks to the actions taken to acquire new customers and penetrate new markets, the group obtained considerable commercial success, including winning the contract for the Lima metro in Peru and the new Light Rail Transit (LRT) system in Aarhus, Denmark.

Key performance indicators

(€'000)	**30.09.2014**	30.09.2013*	**Change**	31.12.2013*
New orders	**1,239,222**	1,013,835	225,387	1,483,587
Order backlog	**5,964,808**	5,699,384	265,424	5,567,321
Revenue	**870,453**	848,587	21,866	1,229,802
Operating profit (EBIT)	**80,668**	77,637	3,031	117,019
Adjusted EBIT	**85,309**	78,144	7,165	117,515
Profit for the period/year	**51,051**	50,829	222	74,815
Net working capital	**94,018**	96,326	(2,308)	30,663
Net invested capital	**325,582**	320,168	5,414	253,475
Net financial position	**(210,581)**	(168,023)	(42,558)	(245,498)
Free operating cash flow	**(8,753)**	(75,206)	66,453	9,335
ROS	**9.3%**	9.1%	+0.2 p.p.	9.5%
ROE	**14.6%**	17.4%	-2.8 p.p.	15.5%
EVA	**32,814**	32,621	193	54,402
Research and development	**21,406**	21,879	(473)	32,036
Headcount (no.)	**3,860**	3,935	(75)	3,929

* Restated figures due to the adoption of IFRS 11 governing joint arrangements, whereby the group's interests in joint ventures are measured using the equity method as from 1 January 2014 (when the group adopted the new standard). The 2013 figures have been restated for comparative purposes.

New orders totalled €1,239.2 million compared to restated €1,013.8 million for the first nine months of 2013; the order backlog amounted to €5,964.8 million (restated €5,567.3 million at 31 December 2013, restated €5,699.4 million at 30 September 2013).

Revenue came to €870.5 million, up by €21.9 million on the restated €848.6 million of the first nine months of 2013. The increase is mainly due to a different mix as a result of commencement of the new contracts acquired in recent years, particularly in the Middle East.

Operating profit (EBIT) came to €80.7 million, compared to restated €77.6 million for the corresponding period of the previous year. The €3.1 million increase is due to larger volumes. ROS was 9.3%, compared to 9.1% in the first nine months of 2013.

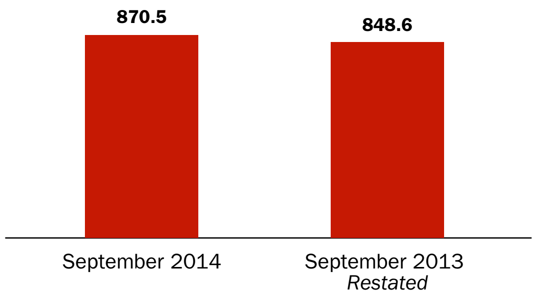
The profit for the period came to €51.1 million (€50.8 million for the corresponding period of 2013).

The group's net financial position decreased from restated €245.5 million at 31 December 2013 to €210.6 million, but increased compared to 30 September 2013 (€168.0 million).

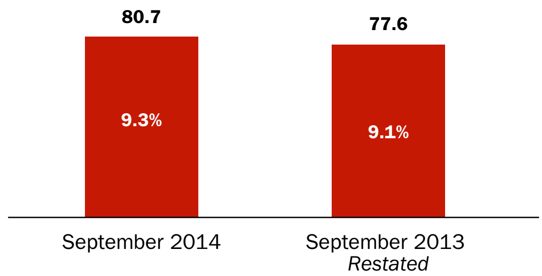
Research and development expense recognised directly in profit or loss amounted to €21.4 million, down €0.5 million from the expense recognised in the corresponding period of the previous year (€21.9 million).

The group's headcount decreased by a net 75 employees to 3,860 from restated 3,935 at 30 September 2013 and restated 3,929 at 31 December 2013.
The average headcount of 3,853 employees fell by a net 51 employees compared to restated 3,904 in the first nine months of 2013 and restated 3,899 for 2013.

Revenue for the periods ended 30 September 2014 and 2013 (€M)



EBIT and ROS for the periods ended 30 September 2014 and 2013 (€M)



The reclassified income statement, reclassified statement of financial position, reclassified net financial position and reclassified statement of cash flows follow to provide further disclosure on the group's financial position, results of operations and cash flows.

The group's performance for the reporting period and corresponding period of the previous year is shown in the following table:

Reclassified income statement (€'000)	First nine months of 2014	First nine months of 2013 restated***
Revenue	**870,453**	**848,587**
Purchases and personnel expense (*)	(779,259)	(763,249)
Amortisation, depreciation and impairment losses	(11,850)	(12,836)
Other net operating income (**)	4,271	3,498
Change in work-in-progress, semi-finished products and finished goods	1,694	2,144
Adjusted EBIT	**85,309**	**78,144**
Restructuring costs	(4,641)	(507)
Operating profit (EBIT)	**80,668**	**77,637**
Net financial expense	(872)	(2,201)
Income taxes	(28,745)	(24,699)
Profit from discontinued operations	**51,051**	**50,737**
Discontinued operations	-	92
Profit for the period	**51,051**	**50,829**
attributable to the owners of the parent	*50,986*	*51,017*
attributable to non-controlling interests	*65*	*(188)*
Earnings per share		
Basic and diluted	*0.27*	*0.27^*

^Recalculated following the bonus issue of 14 July 2014

Reconciliation between the reclassified income statement and the income statement included in the consolidated financial statements:
(*) Includes the captions "Purchases", "Services", "Personnel expense" (net of restructuring costs) and "Accrual to (use of) the provision for expected losses to complete contracts" net of "Internal work capitalised".
(**) Includes the net amount of "Other operating income" and "Other operating expense" (net of restructuring costs, impairment losses and accruals to (use of) the provision for expected losses to complete contracts).
(***) Restated figures due to the adoption of IFRS 11 governing joint arrangements, whereby the group's interests in joint ventures are measured using the equity method as from 1 January 2014 (when the group adopted the new standard). The 2013 figures have been restated for comparative purposes.

Thanks to the larger revenue attained in the reporting period, the group recorded an increase in operating profit. Due to lower financial expense and higher income taxes, following a different geographical mix of pre-tax profit, operating profit was mainly in line with the profit for the period.

The group's reclassified statement of financial position as at 30 September 2014 is set out below:

Statement of financial position (€'000)	**30.09.2014**	31.12.2013 *restated***
Non-current assets	284,150	273,175
Non-current liabilities	(52,586)	(50,363)
	231,564	**222,812**
Inventories	126,106	111,270
Contract work in progress	343,164	288,607
Trade receivables	601,970	625,493
Trade payables	(337,371)	(355,185)
Progress payments and advances from customers	(630,929)	(635,232)
Working capital	**102,940**	**34,953**
Provisions for risks and charges	(14,291)	(14,825)
Other assets, net (*)	5,369	10,535
Net working capital	**94,018**	**30,663**
Net invested capital	**325,582**	**253,475**
Equity attributable to the owners of the parent	535,013	498,714
Equity attributable to non-controlling interests	1,244	346
Equity	**536,257**	**499,060**
Non-current assets held for sale	94	87
Net financial position	**(210,581)**	**(245,498)**

Reconciliation between the reclassified statement of financial position and the statement of financial position included in the consolidated financial statements:
(*) Includes "Tax assets", "Other current assets" and "Derivative assets", net of "Tax liabilities", "Other current liabilities" and "Derivative liabilities".
(**) Restated figures due to the adoption of IFRS 11 governing joint arrangements, whereby the group's interests in joint ventures are measured using the equity method as from 1 January 2014 (when the group adopted the new standard). The 2013 figures have been restated for comparative purposes.

Net invested capital totalled €325.6 million compared to restated €253.5 million at 31 December 2013 (restated €320.2 million at 30 September 2013). The €72.1 million increase is due to the rise in net working capital from restated €30.7 million at 31 December 2013 to €94.0 million at the reporting date (restated €96.3 million at 30 September 2014).
Specifically, the above increase is due to the greater volume of work in progress and the decrease in trade payables, only partially offset by the decrease in trade receivables.

The group's net financial position at 30 September 2014 and 31 December 2013 is made up as follows:

(€'000)	**30.09.2014**	31.12.2013 *restated**
Current loans and borrowings	5,657	7,616
Cash and cash equivalents	(146,436)	(191,521)
NET CASH AND CASH EQUIVALENTS	**(140,779)**	**(183,905)**
Related party loan assets	(40,877)	(34,011)
Other loan assets	(28,925)	(30,046)
LOAN ASSETS	**(69,802)**	**(64,057)**
Other current loans and borrowings	-	2,464
OTHER LOANS AND BORROWINGS	**-**	**2,464**
NET FINANCIAL POSITION	**(210,581)**	**(245,498)**

(*) Restated figures due to the adoption of IFRS 11 governing joint arrangements, whereby the group's interests in joint ventures are measured using the equity method as from 1 January 2014 (when the group adopted the new standard). The 2013 figures have been restated for comparative purposes.

At 30 September 2014, the group's net financial position (greater loan assets and cash and cash equivalents than loans and borrowings) was €210.6 million, compared to restated €245.5 million at 31 December 2013 and restated €168.0 million at 30 September 2013.
The reclassified statement of cash flows for the period ended 30 September 2014 follows:

Reclassified statement of cash flows (€'000)

	30.09.2014		30.09.2013 *restated**	
Opening cash and cash equivalents	**191,521**		**141,922**	
Gross cash flows from operating activities	107,106		96,583	
Changes in other operating assets and liabilities	(32,042)		(42,527)	
Funds from operations		**75,064**		**54,056**
Change in working capital	(80,254)		(122,883)	
Cash flows used in operating activities	**(5,190)**		**(68,827)**	
Cash flows used in ordinary investing activities	(3,563)		(6,379)	
Free operating cash flow		**(8,753)**		**(75,206)**
Strategic transactions	(1,949)		(3,431)	
Other changes in investing activities	19		(70)	
Cash flows used in investing activities	**(5,493)**		**(9,880)**	
Dividends paid	(28,800)		(28,800)	
Cash flows from (used in) other financing activities	(8,526)		70,476	
Cash flows from (used in) financing activities	**(37,326)**		**41,676**	
Net exchange rate gains (losses)	**2,924**		**(2,689)**	
Closing cash and cash equivalents	**146,436**		**102,202**	

(*) Restated figures due to the adoption of IFRS 11 governing joint arrangements, whereby the group's interests in joint ventures are measured using the equity method as from 1 January 2014 (when the group adopted the new standard). The 2013 figures have been restated for comparative purposes.

Cash and cash equivalents increased by €44.2 million to €146.4 million at the reporting date from the restated balance for the corresponding period of the previous year.

The Free Operating Cash Flow (FOCF) used in the reporting period before strategic transactions totalled €8.8 million, compared to restated €75.2 million for the corresponding period of the previous year.

Non-IFRS alternative performance indicators

Ansaldo STS's management also assesses the performance of the group and the business units using certain indicators that are not defined by the IFRS.
As required by CESR communication 05-178b, the components of each of these indicators are described below:

- **EBIT:** the unadjusted profit before income taxes and financial income and expense. It does not include income and expense on non-consolidated equity investments and securities or the gains (losses) on the disposal of consolidated equity investments, classified in "Financial income and expense" in the financial statements or, for equity-accounted investees, in the caption "Share of profits (losses) of equity-accounted investees".
- **Adjusted EBIT:** is the EBIT as described above, net of:
  - any impairment losses on goodwill;
  - amortisation of the portion of purchase price allocated to intangible assets acquired as part of business combinations, pursuant to IFRS 3;
  - restructuring costs in relation to defined and significant plans;
  - other income or expense not of an ordinary nature, i.e., related to particularly significant events unrelated to ordinary activities.

A reconciliation of EBIT and Adjusted EBIT for the reporting period and corresponding period of the previous year is set out below:

(€'000)	First nine months of 2014	First nine months of 2013 *restated*
EBIT	80,668	77,637
Restructuring costs	4,641	507
Adjusted EBIT	**85,309**	**78,144**

- ***Free Operating Cash-Flow (FOCF):*** the sum of cash flows generated by (used in) operating activities and cash flows generated by (used in) investments in and disinvestments of property, plant and equipment, intangible assets and equity investments, net of cash flows for acquisitions or disposals of equity investments which qualify as "strategic transactions" given their nature or materiality. The method used to calculate the FOCF for 2014 and 2013 is shown in the reclassified statement of cash flows in the previous section.
- ***Funds from operations (FFO):*** the cash flows generated by (used in) operating activities, net of changes in working capital. The method used to calculate the FFO for the first nine months of 2014 and 2013 is shown in the reclassified statement of cash flows in the previous section.
- ***Economic value added (EVA):*** the difference between EBIT net of income taxes and the cost of the average invested capital of the two periods under comparison, calculated using the weighted average cost of capital (WACC).
- ***Working capital:*** includes inventories, trade receivables and payables, work in progress and progress payments and advances from customers.
- ***Net working capital:*** working capital net of the current portion of provisions for risks and charges and other current assets and liabilities.
- ***Net invested capital:*** the sum of non-current assets, non-current liabilities and net working capital.
- ***Net financial position or debt:*** the calculation method used complies with paragraph 127 of CESR recommendation 05-054b, implementing EC regulation 809/2004.
- ***New orders:*** the sum of the contracts agreed with customers during the period that meet the contractual requirements to be recorded in the orders book.
- ***Order backlog:*** the difference between new orders and revenue for the period (less the change in contract work in progress). This difference is added to the backlog for the previous period.
- ***Headcount:*** the number of employees recorded in the relevant register on the reporting date.
- ***Return on Sales (ROS):*** the ratio of adjusted gross operating profit to revenue.
- ***Return on Equity (ROE):*** the ratio of profit or loss for the reporting period to the average amount of equity at the

reporting date and the corresponding period reporting date.
- ***Research and development expense:*** the total expense incurred for research and development, both expensed and sold. Research expense taken to profit or loss usually relates to “general technology”, i.e., aimed at gaining scientific knowledge and/or techniques applicable to various new products and/or services. Sold research expense represents that commissioned by customers and for which there is a specific sales order and it is treated exactly like an ordinary order (sales contract, profitability, invoicing, advances, etc.) in accounting and management terms.

Performance

The market and commercial situation

New orders acquired during the reporting period totalled €1,239 million (€1,014 million in the corresponding period of the previous year).
Specifically, the key events of the reporting period are described by geographical segment below:

ITALY
New orders total approximately €102 million, including that relating to the full service maintenance of on-board equipment for the ERT 500 high-speed trains (roughly €10 million) and, in the ACC segment, those of Villa Literno and Aversa-Gricignano (roughly €15 million and €10 million, respectively).

REST OF EUROPE
New orders approximate €290 million, of which roughly €192 million relates to Denmark and mainly refers to the expansion of the Copenhagen Cityringen project to include work variations and maintenance contracts (approximately €69 million) and the Aarhus project (roughly €123 million).
In France, new orders approximate €54 million and include that with RATP to maintain the Paris metro (about €6 million), project variations and components for conventional and high speed railway lines (approximately €4 million) and various components contracts (roughly €44 million).
In Spain, the order for the La Robla-Pola de Lena high-speed line amounts to approximately €28 million, while orders in Sweden and the UK amount to roughly €14 million, mainly related to components.

NORTH AFRICA AND THE MIDDLE EAST
The new Riyadh O&M order amounts to roughly €8 million.
This area includes the commercial activities in Qatar in relation to the Doha metro.

AMERICAS
In South America, the group obtained considerable commercial success, winning the contract for the Lima metro (approximately USD 710 million or €512 million).

New orders in the United States total €102 million in the reporting period, including €48 million relating to the sale of components, maintenance and renovation of freight railway lines, roughly €19 million relating to the Red line project of the Washington DC metro (WMATA), approximately €15 million relating to the signalling of the New York Harold Tunnel (LIRR, Long Island Railroad), about €8 million relating to the SRFTA TriRail Office project and roughly €7 million relating to the supply of on-board equipment for the AnsaldoBreda trains for the Miami (Florida) metro.

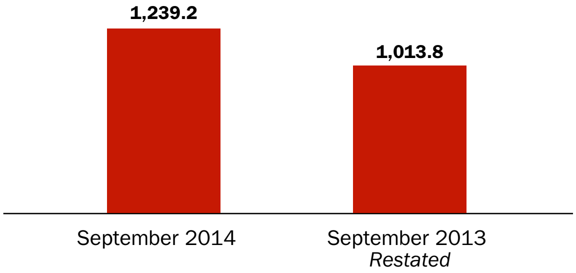
ASIA PACIFIC
New orders for the reporting period come to approximately €217 million, of which roughly €78 million relate to the Navi Mumbai metro in India.
Orders amounting to approximately €71 million were acquired in Australia for mining and freight transport railway lines, including variations related to the master agreement with Rio Tinto (€49 million) and the Moreton Bay Rail Link Signalling contract (roughly €9 million).
In China and South Korea, orders amount to approximately €63 million. Specifically, orders in China include the

supply of 184 on-board devices featuring "C3 Chinese high speed" technology (roughly €11 million) and those for the customer Insigma (approximately €21 million). Orders in Korea relate to the on-board devices for the SUSEO & Winter Olympics high speed line (roughly €16 million).

Key orders acquired in the first nine months of 2014 are as follows:

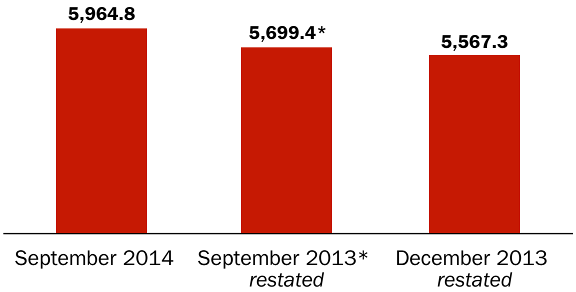
Country	Project	Customer	Amount (€m)
Peru	Lima metro - lines 2 and 4	Lima municipality	512.3
Denmark	Aarhus LRT	Aarhus Letbane	123.4
India	Navi – Mumbai Metro	CIDCO	78.4
Denmark	Copenhagen City Ring, Extension + variation	Metroselskabet	68.8
Australia	Rio Tinto (various contracts)	Rio Tinto	49.4
Spain	H.S. La Robla-Pola de Lena	ADIF	28.0
China	4 Metros: HZL4 – SY10 trains - Xi'an 25 trains - DL Ph 2	Insigma	20.7
USA	WMATA Red line ATP Track Module replacement	WMATA	18.9
South Korea	High speed on-board devices	Rotem	15.6
Italy	Villa Literno ACC	RFI	15.2
USA	LIR ESA GCT Harold Tunnel	LIRR	14.6
Italy	Cancello-Aversa-Gricignano ACC update	RFI	10.0
Australia	Moreton Bay suburban line	DOT	9.2
USA	Components, services and maintenance	Various	47.5
Various	Components, services and maintenance	Various	83.4

New orders for the nine months ended 30 September 2014 and 2013 (€M)



The order backlog at 30 September 2014 amounted to €5,964.8 million compared to restated €5,567.3 million at 31 December 2013, up by €397.5 million (restated €5,699.4 million at 30 September 2013).

Order backlog at 30 September 2014 and 2013 (M€)



* The order backlog at 30 September 2013 included the residual amount of the Libyan contract signed with the Russian customer Zarubezhstroytechnology (ZST), which was decreased by roughly €172 million in December 2013 following the dispute.

Business performance

The key production activities are summarised by geographical segment below.

ITALY

Production activities on high-speed railway projects mainly involved the Treviglio-Brescia section as part of the Saturno consortium, with respect to which the group continued the executive design and materials procurement.

In the on-board SCMT/ERTM systems segment, production mainly related to development of ERTM systems for new ETR 1000 high-speed trains for the Trenitalia fleet, as well as the supply of other types of rolling stock to AnsaldoBreda S.p.A..

In the ACC business segment, production mainly related to the project for the technological upgrade of the Turin-Padua line, specifically the detailed executive design, materials procurement and start-up of the sites, the partial completion of which is expected before the end of the year.

With reference to Line 6 of the Naples metro, the works at the Arco Mirelli station resumed, following the release from seizure of the station shaft and the completion of the implementation of safety measures on the areas in front of the buildings affected by the collapse of 4 March 2013. Works are simultaneously being continued to install ground signalling systems along the Mostra Mergellina section, slated to be completed within the end of the year. For additional information, reference should be made to the notes to the consolidated financial statements at 31 December 2013.

With regard to Line C of the Rome metro, the customer Roma Metropolitane aims to make the Pantano-Centocelle line operative. It is nearly ready for opening with procedures under way to obtain the necessary authorisations from the relevant bodies.

With reference to the Milan metro line 5, the design activities to extend the line from the Garibaldi to the San Siro stations continued with the aim of completing the assembly of the devices necessary to partially open the line for EXPO 2015 by the end of the year.

REST OF EUROPE

In France, activities mainly related to on-board systems (South Europe Atlantique and Bretagne Pays de la Loire projects) and equipment (Thalys project) for the country’s high-speed network, as well as the maintenance, assistance and production of individual parts contracts.

In Sweden, production mainly related to the Ester ERTMS and Stockholm Red Line projects.

In the United Kingdom, completion of the Cambrian line project (the first line in Britain to be equipped with the standard European level 2 ERTMS) is expected for the end of 2014, once works for the additional variation requested by the customer have been completed.

In Germany, activities continue on the software development project related to the supply of on-board devices for Velaro D and Velaro Eurostar high-speed trains. Activities for the Paris-Ostfrankreich-Südwestdeutschland and Rostock-Berlin projects have been down scaled, following the revision of the contract due to a redefinition of the contractual requirements.

The group is currently formalising an agreement with its Turkish customer TCDD for the Mersin-Toprakkale project, which will enable it to resume the works to install and roll out the multi-station equipment, partially implementing the customer’s technical and economical requests.
In relation to the Ankara metro, the M2 and M3 lines were rolled out in DTP mode and the CBTC system is currently being installed on the M1 (slated for completion in the current year) and M2 lines.
With respect to the Gebze-Kosekoy project, the line became operational in August.

In Denmark, design activities continued for the Copenhagen Cityringen project.

AMERICAS

The group continued the design activities for the Honolulu contract, with a view to obtaining approval of the documentation on the first half of the line (Segment 1) and filing it before the end of 2014. As per the revised work schedule, construction is expected to commence in the first quarter of 2015 and Segment 1 is slated for roll out before the end of 2017.

With reference to the contract with Southeastern Pennsylvania Transportation Authority (SEPTA) for the supply of the Positive Train Control integrated signalling system, the group continued wayside, on board and communication design and configuration, as well as procurement activities.

The progress made in certain projects, especially in Canada, was marked by a drop in profit margins due to the fact that more work became necessary in order to reach project objectives.

Production for the sale of components for the existing eight product lines (*Electronics*, *Ground Material*, *Relays*, *End of Train*, *Cab Signals*, *Highway Crossings*, *Component Projects and Services*) is worth mentioning.

NORTH AFRICA AND THE MIDDLE EAST

The dispute ongoing with the customer in Tunisia continued and the dates of the arbitration procedure have been set.

It is presently difficult to say when production for the Libyan railway project will resume. The arbitration procedure for the dispute with the Russian customer Zarubezhstroytechnology (ZST) continued before the Vienna International Arbitral Centre. In May 2014, the procedure to form the arbitration panel was completed with the appointment of the chairman, in addition to the arbitrators.
For additional information, reference should be made to the notes to the consolidated financial statements at 31 December 2013.

In the United Arab Emirates, section 1 (Habshan-Ruwais) of the Abu Dhabi (Shah-Habshan-Ruwais line) project was completed. Section 2 is currently being completed and tested. The design stage for the Riyadh Metro System project is underway.

In China, the projects related to the CBTC systems for the Chengdu Shenyang, Xi'an, Zhengzhou, Hangzhou and Dalian metros continued, along with the design of the Zhuhai tramway.

ASIA PACIFIC

In Australia, production of the period mainly focused on projects covered by the master agreement with Rio Tinto (RAFA), the Roy Hill's and PTA's Butler Extension projects.
Specifically, with reference to the RAFA projects, works continued on AutoHaul, where wayside commissioning was completed as was the installation of on board equipment on 172 locomotives. With respect to RCE333 and ECP, commissioning is nearing completion.
With regard to the Roy Hill project, the design of the fibre optic was completed and relevant on-site activities began, though significantly behind the original work plan schedule.

In Taiwan, the group is currently involved in the design and production for all subsystems of the Taipei Metro Circular Line project.

In India, production mainly focused on the KFW projects, with respect to which works are set to continue after the last extension date following the many variations made, also requested by the customer, and the delays suffered, and the Calcutta metro project, which currently shows a delay of more than a year due to the delay for civil works and the unavailability of project inputs.

Significant transactions of the reporting period and events after the reporting period

ProInversion, the Peruvian state-owned company that operates on behalf of the Ministry of Transportation and Telecommunications, signed a 35-year concession agreement with the Nuevo Metro de Lima consortium for the construction, operation and maintenance of line 2 and a branch of line 4 of the Lima metro on 28 April 2014. The group's stake is USD710 million.
The Nuevo Metro de Lima consortium comprises Iridium Concesiones de Infrastructura SA, Vialia Sociedad Gestora de Concesiones de Infrastrutructura SL, Salini-Impregilo S.p.A., Cosapi S.A., Ansaldo STS S.p.A. and AnsaldoBreda S.p.A..
The Lima metro L2 and L4 project involves 35 stations, 35 km of tunnels, 2 depots and 42 vehicles.
As part of this project, Ansaldo STS will be in charge of the design, procurement and installation, testing and roll out and system integration for the whole electromechanical package (signalling, power supply, telecommunications, platform screen doors, depot equipment, CTCs, automated fare collection and SCADA).
The concession envisages design, construction and financing for five years and operation and maintenance of the two lines for 30 years.
For the Lima project, Ansaldo STS will develop a CBTC (communication-based train control) solution with Unattended Train Operation (UTO), which is currently the leading-edge signalling technology in the mass transit sector.
With this contract, Ansaldo STS has reached its 250 km of fully-automated metro lines worldwide and has consolidated its presence in the important Peruvian market over the long-term.

In early July, through ADIF Alta Velocidad, the Spanish Ministry of Development entrusted the joint venture made up of Ansaldo STS and Instalaciones Inabensa with a €47 million contract for the implementation and maintenance of the ERTMS signalling systems on the high-speed line linking La Robla to Pola de Lena.
The contract provides for the design, installation and maintenance of level 2 ERTMS systems and the related signalling systems of the 51 km-high speed line, including the link to the Santibáñez - La Robla section which belongs to the conventional section linking Venta de Baños to Gijón.
Ansaldo STS, which leads the joint venture, is the project manager and provides the level 2 ERTMS solution together with the ASFA local train protection system, the traffic control centre, the interlocking (electronic) system and the auxiliary positioning system. Ansaldo STS is also in charge of maintenance of the entire system for the first year after roll out.

In July, Ansaldo STS was awarded the first contract for the construction of the Navi Mumbai metro (India), amounting to approximately €78 million.
The Navi Mumbai Metro is a rapid transit system being built in the Indian city of Navi Mumbai, in the state of Maharashtra. The complete system will consist of six lines (high rail corridors) covering a total distance of about 117 km. The contract relates to Line 1, Phase 1, which consists of 11.1 km of viaduct, with 11 stations, a depot and a fleet of 8 trains.
Line 1 will then be completed with the other two phases, which provide for a total of 12.3 km and 9 other stations.
The winning consortium is made up of Ansaldo STS, the leader, TATA Projects and CSR Zhuzhou.
Expected duration of the construction phase: about two and a half years.

In early September, in Denmark, Aarhus Letbane I/S chose the ASAL consortium, composed of Ansaldo STS and Stadler Pankow, for a contract worth a total of €292 million for the building of a new Light Rail Transit (LRT) system in Aarhus Letbane.
The project also includes installing electricity and signalling along the 100 km of the existing regional lines, with a total of 29 stations, to manage the trams and tram-trains through a complex system involving three routes and maximum velocity ranging between 70 km/h and 100 km/h. The consortium will also design and supply the rolling stock and provide the related maintenance for six years, with an option for an additional three years.
Under the contract, Ansaldo STS will provide the transport system solution, while Stadler Pankow will design and supply the rolling stock.

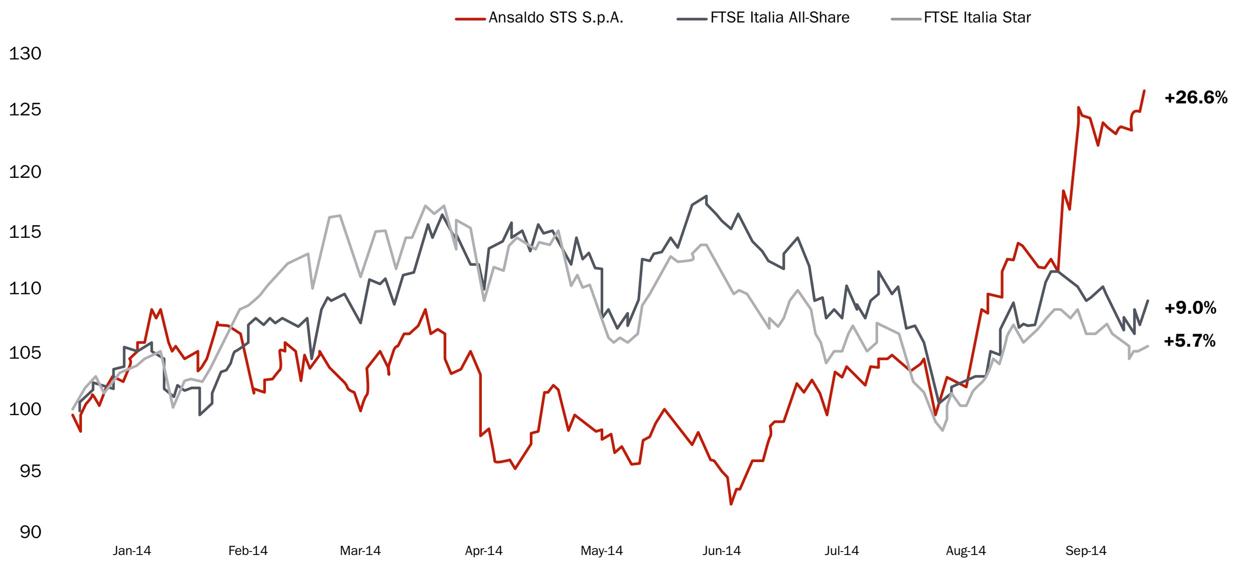
The contract term is 34 months for the infrastructure construction stage, followed by the rolling stock maintenance period.
Ansaldo STS has strengthened its presence in Denmark with this fourth tailor-made project for the Aarhus urban transport system.

Financial disclosure

The official share price in the 31 December 2013 to 30 September 2014 period rose from €7.85 (€7.07 updated following the fifth and final tranche of the bonus issue on 14 July 2014) to €8.94. This 26.6% increase is mainly due to speculation following the strategic review of the transport sector currently being carried out by the reference shareholder, Finmeccanica.
The share's period high and overall group record of €8.94 was recorded on 30 September 2014 and its low of €6.53 on 17 June 2014.
An average 1,066,820 shares were traded daily in the period, compared to 1,122,904 shares traded in the corresponding period of the previous year. The decrease is also due to Ansaldo STS's exclusion from the FTSE MIB index as of 21 March 2014, as detailed below.
The FTSE Italia All-Share index gained 9.0%, while the FTSE Italia STAR index rose 5.7%.

Following the review of the FTSE MIB index (which consists of the 40 most-capitalised shares on the exchange) on 5 March 2014, the FTSE Italia Index Policy Committee announced that Ansaldo STS had been excluded from the index. The review considered the prices and volumes traded up to the Monday of 4 weeks before the review. The exclusion became effective after the close of business on Friday 21 March 2014 (and, hence, from Monday 24 March 2014). Accordingly, the Ansaldo STS share is now included in the FTSE Italia MID CAP index.

Share performance compared to the main indices (base 100)



Condensed Interim Consolidated Financial Statements at and for the nine months ended **30 September 2014**

1. Condensed interim consolidated financial statements

1.1 Income statement

(€'000)	2014	of which, related parties	2013 *restated*	of which, related parties
	First nine months of			
Revenue	870,453	138,444	848,587	146,202
Other operating income	15,324	635	18,412	112
Purchases	(195,164)	(21,023)	(174,924)	(6,847)
Services	(358,017)	(46,318)	(362,697)	(49,097)
Personnel expense	(236,278)	-	(230,282)	-
Amortisation, depreciation and impairment losses	(11,850)	-	(12,836)	-
Other operating expense	(8,285)	(24)	(12,460)	(168)
Changes in finished goods, work-in-progress and semi-finished products	1,694	-	2,144	-
(-) Internal work capitalised	2,791	-	1,693	-
Operating profit	**80,668**		**77,637**	
Financial income	21,668	361	13,456	210
Financial expense	(24,183)	(28)	(16,291)	(208)
Share of profits (losses) of equity-accounted investees	1,643	-	634	-
Pre-tax profit	**79,796**		**75,436**	
Income taxes	(28,745)	-	(24,699)	-
Profit (loss) for the period from continuing operations	-	-	92	-
Profit for the period	**51,051**		**50,829**	
attributable to the owners of the parent	*50,986*		*51,017*	
attributable to non-controlling interests	*65*		*(188)*	
Earnings per share				
Basic and diluted	0.27		0.27^	

^Recalculated following the bonus issue of 14 July 2014

1.2 Statement of comprehensive income

(€'000)	2014	2013 *restated*
	First nine months of	
Profit for the period	51,051	50,829
Items that will never be reclassified to profit or loss:		
- Net actuarial gains (losses) on defined benefit plans	(2,223)	737
- Income tax	612	(203)
	(1,611)	**534**
Items that will or may be reclassified to profit or loss:		
- *Net change in fair value of cash flow hedges*	3,282	4,288
- Net exchange rate gains (losses)	11,984	(9,898)
- Income tax	(1,370)	379
- Other changes	(32)	420
	13,864	**(4,811)**
Other comprehensive income (expense), net of taxes	**12,253**	**(4,277)**
Total comprehensive income for the year	**63,304**	**46,552**
Attributable to:		
- the owners of the parent	62,901	46,606
- non-controlling interests	403	(54)

1.3 Statement of financial position

(€'000)	30.09.2014	of which, related parties	31.12.2013 *restated*	of which, related parties
ASSETS				
Non-current assets				
Intangible assets	49,626	-	49,977	-
Property, plant and equipment	86,603	-	88,376	-
Equity investments	51,790	-	44,858	-
Loans and receivables	37,402	16,752	31,105	11,775
Deferred tax assets	38,399	-	37,118	-
Other non-current assets	20,330	-	21,741	-
	284,150		**273,175**	
Current assets				
Inventories	126,106	-	111,270	-
Contract work in progress	343,164	-	288,607	-
Trade receivables	601,970	114,653	625,493	140,421
Tax assets	22,227	-	28,796	-
Loan assets	69,802	40,877	64,057	34,011
Other current assets	91,941	158	78,570	1,516
Cash and cash equivalents	146,436	-	191,521	-
	1,401,646		**1,388,314**	
Non-current assets held for sale	94	-	87	-
Total assets	**1,685,890**		**1,661,576**	
EQUITY AND LIABILITIES				
Equity				
Share capital	99,999	-	89,998	-
Reserves	435,014	-	408,716	-
Equity attributable to the owners of the parent	*535,013*		*498,714*	
Equity attributable to non-controlling interests	*1,244*	-	*346*	-
Total equity	**536,257**		**499,060**	
Non-current liabilities				
Employee benefits	32,262	-	29,980	-
Deferred tax liabilities	11,586	-	11,213	-
Other non-current liabilities	8,738	-	9,170	-
	52,586		**50,363**	
Current liabilities				
Progress payments and advances from customers	630,929	-	635,232	-
Trade payables	337,371	54,076	355,185	57,211
Loans and borrowings	5,657	-	10,080	-
Tax liabilities	10,400	-	5,691	-
Provisions for risks and charges	14,291	-	14,825	-
Other current liabilities	98,399	397	91,140	629
	1,097,047		**1,112,153**	
Total liabilities	**1,149,633**		**1,162,516**	
Total liabilities and equity	**1,685,890**		**1,661,576**	

1.4 Statement of cash flows

(€'000)	**First nine months of 2014**	**of which, related parties**	First nine months of 2013 restated	of which, related parties
Cash flows from operating activities:				
Gross cash flows from operating activities	107,106	-	96,583	-
Change in working capital	(80,254)	23,202	(122,883)	49,461
Changes in other operating assets and liabilities	(14,026)	(3,851)	(25,683)	(58)
Net interest paid	(3,121)	333	1,765	2
Income taxes paid	(14,895)	-	(18,609)	-
Cash flows used in operating activities	**(5,190)**		**(68,827)**	
Cash flows from investing activities:				
Acquisitions/coverage of losses of equity investees, net of cash acquired	(2)	-	(103)	-
Investments in property, plant and equipment and intangible assets	(3,564)	-	(6,412)	-
Cash flows used for strategic transactions	(1,949)	-	(3,431)	-
Sales of property, plant and equipment and intangible assets	1	-	33	-
Sale of equity investments and financial assets	21	-	-	-
Changes in non-current financial assets	-	-	33	-
Cash flows used in investing activities	**(5,493)**		**(9,880)**	
Cash flows from financing activities:				
Net change in other financing activities	(8,526)	(5,529)	70,477	94,840
Dividends paid	(28,800)	-	(28,800)	-
Other financing activities	-	-	(1)	-
Cash flows from (used in) financing activities	**(37,326)**		**41,676**	
Net decrease in cash and cash equivalents	(48,009)	-	(37,031)	-
Net exchange rate gains (losses)	2,924	-	(2,689)	-
Opening cash and cash equivalents	191,521	-	141,922	-
Closing cash and cash equivalents	**146,436**		**102,202**	

1.5 Statement of changes in equity

(€'000)	Share capital	Retained earnings and consolidation reserves	Hedging reserve	Stock grant reserve	Translation reserve	Other reserves	Equity attributable to the owners of the parent	Equity attributable to non-controlling interests	Total equity
Equity at 1 January 2013	**79,998**	**347,008**	**(5,101)**	**1,490**	**4,279**	**41,065**	**468,739**	**427**	**469,166**
IFRS 11 FTA	**-**	**(59)**	**58**	**-**	**1**	**-**	**-**	**-**	**-**
Equity *restated*	**79,998**	**346,949**	**(5,043)**	**1,490**	**4,280**	**41,065**	**468,739**	**427**	**469,166**
Change in the consolidation reserve	-	(103)	-	-	-	-	(103)	-	**(103)**
Net change in stock grant reserve	-	-	-	2,040	-	-	2,040	-	**2,040**
Other changes	-	2,150	-	-		(2,150)	-	-	**-**
Bonus issue of 20,000,000 shares	10,000	-	-	-	-	(10,000)	-	-	**-**
Other comprehensive expense, net of taxes	-	421	4,288	-	(10,032)	912	(4,411)	134	**(4,277)**
Dividends	-	(28,800)	-	-	-	-	(28,800)	-	**(28,800)**
Net change in treasury shares	2	-	-	-	-	-	2	-	**2**
Change in the consolidation reserve	-	(578)	-	-	-	-	(578)	-	**(578)**
Profit for the period ended 30 September 2013	-	51,017	-	-	-	-	51,017	(188)	**50,829**
Equity at 30 September 2013	**90,000**	**371,056**	**(755)**	**3,530**	**(5,752)**	**29,827**	**487,906**	**373**	**488,279**
Equity at 1 January 2014	**89,998**	**395,208**	**(469)**	**2,453**	**(17,599)**	**29,123**	**498,714**	**346**	**499,060**
IFRS 11 FTA	**-**	**(30)**	**31**	**-**	**7**	**(8)**	**-**	**-**	**-**
Equity *restated*	**89,998**	**395,178**	**(438)**	**2,453**	**(17,592)**	**29,115**	**498,714**	**346**	**499,060**
Change in the consolidation reserve	-	897	-	-	68	-	965	495	**1,460**
Net change in stock grant reserve	-	-	-	1,232	-	-	1,232	-	**1,232**
Other changes	-	-	-	1	(1)	-	-	-	**-**
Bonus issue of 20,000,000 shares	10,000	(2,321)	-	-	-	(7,679)	-	-	**-**
Other comprehensive income, net of taxes	-	(32)	3,282	-	11,646	(2,981)	11,915	338	**12,253**
Dividends	-	(28,800)	-	-	-	-	(28,800)	-	**(28,800)**
Net change in treasury shares	1	-	-	-	-	-	1	-	**1**
Profit for the period ended 30 September 2014	-	50,986	-	-	-	-	50,986	65	**51,051**
Equity at 30 September 2014	**99,999**	**415,908**	**2,844**	**3,686**	**(5,879)**	**18,455**	**535,013**	**1,244**	**536,257**

2. Notes to the condensed interim consolidated financial statements at 30 September 2014

2.1 General information

Ansaldo STS is a company limited by shares with its registered office in Via Paolo Mantovani 3-5, Genoa, and a branch in Via Argine 425, Naples. It has been listed on the Star segment of the stock exchange managed by Borsa Italiana S.p.A. since 29 March 2006 and was included in the FTSE MIB index from 23 March 2009 to 23 March 2014. Since 24 March 2014, it has been included in the FTSE Italia Mid Cap index.
Ansaldo STS S.p.A. is a subsidiary of Finmeccanica S.p.A., with its registered office in Piazza Monte Grappa 4, Rome, which manages and coordinates the company.

Ansaldo STS group operates internationally in the design, construction and operation of signalling and transport systems for above-ground and underground railway lines, both for freight and passengers. It operates worldwide as a main contractor and supplier of turn-key systems. Ansaldo STS S.p.A., as parent, also exercises industrial and strategic guidance and control, coordinating the activities of its operating subsidiaries (together, “Ansaldo STS group” or the “group”).

On 25 June 2014, the Genoa tax police commenced an ordinary tax audit of Ansaldo STS S.p.A. for the year ended 31 December 2012. At the date of preparation of this report, no exceptions or findings emerged such to have an effect on profit for the period.

On 14 July 2014, as approved by the board of directors on 3 June 2014, the company carried out the fifth and last instalment of the bonus issue approved by the shareholders in their extraordinary meeting of 23 April 2010. Following the issue of this fifth instalment, the company’s share capital now equals €100,000,000.00, comprising 200,000,000 ordinary shares of a nominal amount of €0.50 each.

2.2 Basis of preparation

Ansaldo STS group’s interim financial report at 30 March 2014 is drafted in accordance with article 154-ter.5 of Legislative decree no. 58/98 (the Consolidated Finance Act) and subsequent amendments and integrations and in accordance with IAS 34 “Interim Financial Reporting”, issued by the International Accounting Standards Board (IASB).
This interim financial report was approved and authorised for publication by the board of directors in accordance with ruling legislation on 30 October 2014.
As per IAS 34 “Interim financial reporting”, the notes to the condensed interim consolidated financial statements do not include all disclosures required for annual financial statements, as they refer only to those items that are essential to understand the group’s financial position, results of operations and cash flows given their amount, breakdown or changes therein. These condensed interim consolidated financial statements should, therefore, be read in conjunction with the 2013 annual consolidated financial statements.
The accounting policies used for the condensed interim consolidated financial statements are unchanged from those of the 2013 annual consolidated financial statements, except for as described in paragraph 2.5.
Amounts are shown in thousands or millions of euros unless stated otherwise.
Preparation of the condensed interim consolidated financial statements required management to make estimates.

2.3 Consolidation scope

Ansaldo STS group's condensed interim consolidated financial statements at 30 September 2014 include the interim financial statements at 30 September 2014 of the companies/entities in the consolidation scope (the "consolidated entities") drafted pursuant to the IFRS applied by Ansaldo STS group. The consolidated entities are listed below, showing the group's related direct or indirect interest therein:

Companies consolidated on a line-by-line basis

NAME	INVESTMENT TYPE	REGISTERED OFFICE	SHARE/ QUOTA CAPITAL (€'000)	CURRENCY	INVESTMENT %
ANSALDO STS AUSTRALIA PTY LTD	Direct	Eagle Farm (Australia)	5,026	AUD	100
ANSALDO STS SWEDEN AB	Direct	Solna (Sweden)	4,000	SEK	100
ANSALDO STS UK LTD	Direct	London (United Kingdom)	1,000	GBP	100
ANSALDO STS IRELAND LTD	Direct	Tralee (Ireland)	100	EUR	100
ACELEC Société par actions simplifiée	Indirect	Les Ulis (France)	168	EUR	100
ANSALDO STS ESPAÑA S.A.U.	Indirect	Madrid (Spain)	1,500	EUR	100
ANSALDO STS BEIJING LTD	Indirect	Beijing (China)	837	EUR	80
ANSALDO STS HONG KONG LTD	Indirect	Hong Kong (China)	100	HKD	100
ANSALDO STS FRANCE Société par actions simplifiée	Direct	Les Ulis (France)	5,000	EUR	100
UNION SWITCH & SIGNAL INC	Indirect	Wilmington (Delaware USA)	1	USD	100
ANSALDO STS MALAYSIA SDN BHD	Indirect	Petaling Jaya (Malaysia)	3,000	MYR	100
ANSALDO STS CANADA INC	Indirect	Kingstone (Canada)	-	CAD	100
ANSALDO STS USA INC	Direct	Wilmington (Delaware USA)	0.001	USD	100
ANSALDO STS USA INTERNATIONAL CO	Indirect	Wilmington (Delaware USA)	1	USD	100
ANSALDO STS USA INT.PROJECTS CO	Indirect	Wilmington (Delaware USA)	25	USD	100
ANSALDO STS TRANSPORTATION SYSTEMS INDIA PVT LTD	Indirect	Bangalore (India)	4,212,915	INR	100
ANSALDO STS DEUTSCHLAND GMBH	Direct	Munich (Germany)	26	EUR	100
ANSALDO RAILWAY SYSTEM TRADING (BEIJING) LTD	Direct	Beijing (China)	1,500	USD	100
ANSALDO STS SOUTHERN AFRICA PTY LTD	Indirect	Gaborone (Botswana)	0.1	BWP	100

Companies measured using the equity method

NAME	INVESTMENT TYPE	REGISTERED OFFICE	SHARE/ QUOTA CAPITAL (€'000)	CURRENCY	INVESTMENT %
ALIFANA SCARL	Direct	Naples (Italy)	26	EUR	65.85
ALIFANA DUE SCARL	Direct	Naples (Italy)	26	EUR	53.34
PEGASO SCARL (in liq.)	Direct	Rome (Italy)	260	EUR	46.87
METRO 5 S.p.A.	Direct	Milan (Italy)	53,300	EUR	24.6
Metro Brescia S.r.l.	Direct	Brescia (Italy)	4.020	EUR	19.796
INTERNATIONAL METRO SERVICE S.r.l.	Direct	Milan (Italy)	700	EUR	49
BALFOUR BEATTY ANSALDO SYSTEMS JV SDN BHD	Indirect	Kuala Lumpur (Malaysia)	6,000	MYR	40
KAZAKHSTAN TZ-ANSALDO STS ITALY LLP*	Direct	Astana (Kazakhstan)	22,000	KZT	49

* In its meeting of 26 June 2013, Ansaldo STS's board of directors approved the dissolution of the JV with JSC Remlokomotiv and authorised the early closure and liquidation of Kazakhstan TZ-Ansaldo STS Italy LLP. Based on the information available to directors, to date, the above transactions will not generate significant liabilities for Ansaldo STS group.

Ansaldo STS S.p.A. holds an interest in Ansaldo STS-Sinosa Rail Solutions South Africa PTY LTD through its direct subsidiary Ansaldo STS Australia PTY Ltd. Under an agreement signed to partially sell such interest to an independent third party, starting from July 2014, Ansaldo STS holds an investment equal to 20% of the company's class B shares. Such shares do not give the holder rights to dividends.

2.4 Exchange rates adopted

The following exchange rates were adopted to translate the foreign currency financial statements and balances for the reporting period and the corresponding period of the previous year:

	Spot rate at 30.09.2014	**Average rate for the nine months ended 30.09.2014**	Spot rate at 30.09.2013	Average rate for the nine months ended 30.09.2013
USD	1.27320	1.35572	1.34990	1.31674
CAD	1.41480	1.48315	1.39090	1.34806
GBP	0.78070	0.81221	0.84180	0.85197
HKD	9.87720	10.51320	10.46730	10.21489
SEK	9.21320	9.03810	8.65540	8.57735
AUD	1.44830	1.47665	1.43900	1.34546
INR	77.98410	82.32484	83.80000	75.69362
MYR	4.15180	4.39621	4.33910	4.12474
BRL	3.08500	3.10563	3.00340	2.78910
CNY	7.79910	8.35984	8.26220	8.12188
VEB	8.011.10000	8.530.26222	8.493.71000	7.811.04667
BWP	11.73270	12.01943	11.50270	10.96662
ZAR	14.23430	14.54297	13.47250	12.48988
KZT	231.58900	242.17021	207.29600	199.61395
AED	4.67622	4.97950	4.95813	4.83632
KRW	1.330.36000	1.412.66366	1.454.27000	1.456.57545
JPY	138.93000	139.54938	133.41000	127.22820

2.5 Effects of amendments to the IFRS

On 1 January 2014, Ansaldo STS adopted IFRS 11 governing joint arrangements. The new standard has eliminated the possibility to consolidate interests in joint ventures using the proportionate method. Accordingly, they are now measured using the equity method. The joint ventures' income statement figures are grouped into one caption ("Share of profits (losses) of equity-accounted investees") including their profits or losses, while the statement of financial position figures are presented under equity investments, without any impact on the group's equity.

A reconciliation showing the effect of the change in this accounting policy is set out below.

Statement of financial position (€'000)	31.12.2013	Effect of change	31.12.2013 *restated*
ASSETS			
Non-current assets			
Intangible assets	49,986	(9)	49,977
Property, plant and equipment	88,877	(501)	88,376
Equity investments	39,104	5,754	44,858
Loans and receivables	31,105	-	31,105
Deferred tax assets	37,448	(330)	37,118
Other non-current assets	21,741	-	21,741
	268,261	**4,914**	**273,175**
Current assets			
Inventories	114,823	(3,553)	111,270
Contract work in progress	288,607	-	288,607
Trade receivables	631,709	(6,216)	625,493
Tax assets	28,796	-	28,796
Loan assets	77,072	(13,015)	64,057
Other current assets	79,251	(681)	78,570
Cash and cash equivalents	193,086	(1,565)	191,521
	1,413,344	**(25,030)**	**1,388,314**
Non-current assets held for sale	87	-	87
Total assets	**1,681,692**	**(20,116)**	**1,661,576**
EQUITY AND LIABILITIES			
Equity			
Share capital	89,998	-	89,998
Reserves	408,716	-	408,716
Equity attributable to the owners of the parent	*498,714*	-	*498,714*
Equity attributable to non-controlling interests	*346*	-	*346*
Total equity	**499,060**	**-**	**499,060**
Non-current liabilities			
Employee benefits	29,980	-	29,980
Deferred tax liabilities	11,243	(30)	11,213
Other non-current liabilities	9,170	-	9,170
	50,393	**(30)**	**50,363**
Current liabilities			
Progress payments and advances from customers	644,591	(9,359)	635,232
Trade payables	364,716	(9,531)	355,185
Loans and borrowings	10,080	-	10,080
Tax liabilities	6,689	(998)	5,691
Provisions for risks and charges	14,825	-	14,825
Other current liabilities	91,338	(198)	91,140
	1,132,239	**(20,086)**	**1,112,153**
Total liabilities	**1,182,632**	**(20,116)**	**1,162,516**
Total liabilities and equity	**1,681,692**	**(20,116)**	**1,661,576**

Income statement (€'000)	First nine months of 2013	Effect of change	First nine months of 2013 *restated*
Revenue	866,755	(18,168)	848,587
Other operating income	18,411	1	18,412
Purchases	(181,050)	6,126	(174,924)
Services	(369,648)	6,951	(362,697)
Personnel expense	(234,160)	3,878	(230,282)
Amortisation, depreciation and impairment losses	(13,060)	224	(12,836)
Other operating expense	(12,763)	303	(12,460)
Changes in finished goods, work-in-progress and semi-finished products	2,144	-	2,144
(-) Internal work capitalised	1,693	-	1,693
Operating profit	**78,322**	**(685)**	**77,637**
Financial income	13,915	(459)	13,456
Financial expense	(16,291)	-	(16,291)
Share of profits (losses) of equity-accounted investees	(116)	750	634
Pre-tax profit	**75,830**	**(394)**	**75,436**
Income taxes	(25,093)	394	(24,699)
Profit from discontinued operations	92	-	92
Profit for the period	**50,829**	**-**	**50,829**
attributable to the owners of the parent	*51,017*	-	*51,017*
attributable to non-controlling interests	*(188)*	-	*(188)*
Earnings per share			
Basic and diluted	*0.27**	-	*0.27**

* Recalculated following the bonus issue of 14 July 2014.

3. Segment reporting

A breakdown of revenue by geographical segment is as follows:

(€'000)	**First nine months of 2014**	First nine months of 2013 *restated*
Italy	188,838	231,536
Rest of Europe	239,717	188,303
North Africa and the Middle East	63,587	26,875
Americas	112,702	113,097
Asia/Pacific	265,609	288,776
Total	**870,453**	**848,587**

Property, plant and equipment and intangible assets may be broken down by the geographical segment in which the investment was made as follows:

(€'000)	**30.09.2014**	31.12.2013 *restated*
Italy	77,642	79,060
Rest of Europe	45,198	45,613
Americas	11,082	10,717
Asia/Pacific	2,307	2,963
Total	**136,229**	**138,353**

4. Notes to the condensed interim consolidated financial statements at 30 September 2014

Related party transactions

Related party trading transactions generally take place on an arm's length basis. The relevant statement of financial position balances are shown below. The statement of cash flows presents the impact of related party transaction on cash flows.

FINANCIAL ASSETS AT 30.09.2014 (€'000)	**Non-current loan assets**	**Other non-current financial assets**	**Current loan assets**	**Trade receivables**	**Other current financial assets**	**Total**
Ultimate parent						
Finmeccanica S.p.A.	-	-	30,388	90	154	**30,632**
Subsidiaries						
Alifana S.c.r.l.	-	-	-	95	-	**95**
Alifana Due S.c.r.l.	-	-	-	350	-	**350**
Balfour Beatty Ansaldo Syst. JV SDN BHD	-	-	-	9,756	-	**9,756**
Associates						
International Metro Service S.r.l.	-	-	-	107	-	**107**
Metro 5 S.p.A.	-	15,591	-	2,686	-	**18,277**
Metro 5 Lilla S.r.l.	-	-	-	19,535	-	**19,535**
Metro Brescia S.r.l.	-	979	-	116	-	**1,095**
Metro Service S.p.A.	-	-	-	1,388	-	**1,388**
Consortia						
Saturno consortium	-	-	-	4,905	-	**4,905**
M4 consortium	-	-	10,489	162	-	**10,651**
Ascosa Quattro consortium	-	-	-	1,157	-	**1,157**
Ferroviario Vesuviano consortium	-	-	-	7,361	-	**7,361**
MM4 consortium	-	182	-	679	-	**861**
San Giorgio Volla Due consortium	-	-	-	494	4	**498**
San Giorgio Volla consortium	-	-	-	1,421	-	**1,421**
Other group companies						
AnsaldoBreda S.p.A.	-	-	-	2,713	-	**2,713**
Selex ES S.p.A.	-	-	-	361	-	**361**
I.M. Intermetro S.p.A. (in liq.)	-	-	-	331	-	**331**
Other - MEF						
Ferrovie dello Stato group	-	-	-	53,411	-	**53,411**
Eni group	-	-	-	7,535	-	**7,535**
Total	**-**	**16,752**	**40,877**	**114,653**	**158**	**172,440**
% of the total corresponding condensed interim consolidated financial statements caption		**45%**	**59%**	**19%**	**0.2%**	

FINANCIAL ASSETS restated AT 31.12.2013 (€'000)	Non-current loan assets	Other non-current financial assets	Current loan assets	Trade receivables	Other current financial assets	Total
Ultimate parent						
Finmeccanica S.p.A.	-	-	31,093	38	151	**31,282**
Subsidiaries						
Alifana S.c.r.l.	-	-	-	123	-	**123**
Alifana Due S.c.r.l.	-	-	-	442	-	**442**
J.V.						
Balfour Beatty Ansaldo Systems JV Sdn Bhd	-	-	-	5,363	-	**5,363**
Associates						
International Metro Service S.r.l.	-	-	-	3,426	-	**3,426**
Metro 5 S.p.A.	-	10,048	-	2,122	-	**12,170**
Metro Service S.p.A.	-	-	-	2,715	-	**2,715**
M4 Società di progetto Consortile per azioni	-	-	2,918	162	-	**3,080**
Metro 5 Lilla S.r.l.	-	-	-	22,942	-	**22,942**
Metro Brescia S.r.l.	-	1,545	-	121	-	**1,666**
Consortia						
Saturno consortium	-	-	-	5,191	1,361	**6,552**
Ascosa Quattro consortium	-	-	-	1,157	-	**1,157**
Ferroviario Vesuviano consortium	-	-	-	14,113	-	**14,113**
MM4 consortium	-	182	-	7,357	-	**7,539**
San Giorgio Volla Due consortium	-	-	-	2,009	4	**2,013**
San Giorgio Volla consortium	-	-	-	1,421	-	**1,421**
Other group companies						
AnsaldoBreda S.p.A.	-	-	-	7,342	-	**7,342**
Selex ES S.p.A.	-	-	-	461	-	**461**
AnsaldoBreda España SLU	-	-	-	17	-	**17**
I.M. Intermetro S.p.A. (in liq.)	-	-	-	331	-	**331**
Other – MEF						
Ferrovie dello Stato group	-	-	-	46,214	-	**46,214**
Eni group	-	-	-	17,257	-	**17,258**
Ansaldo Energia S.p.A.	-	-	-	97	-	**97**
Total	**-**	**11,775**	**34,011**	**140,421**	**1,516**	**187,724**
% of the total corresponding condensed interim consolidated financial statements caption		**38%**	**53%**	**22%**	**2%**	

FINANCIAL LIABILITIES AT 30.09.2014 (€'000)	Non-current loans and borrowings	Other non-current financial liabilities	Current loans and borrowings	Trade payables	Other current financial liabilities	Total
Ultimate parent						
Finmeccanica Sede S.p.A.	-	-	-	394	-	**394**
Subsidiaries						
Alifana S.c.r.l.	-	-	-	73	3	**76**
Alifana Due S.c.r.l.	-	-	-	361	-	**361**
Balfour Beatty Ansaldo Syst. JV SDN BHD	-	-	-	10	-	**10**
Associates						
Metro Service S.p.A.	-	-	-	6,847	-	**6,847**
Metro Brescia S.r.l.	-	-	-	28	-	**28**
Metro 5 S.p.A.	-	-	-	135	-	**135**
Metro 5 Lilla S.r.l.	-	-	-	1	-	**1**
Pegaso S.c.r.l. (in liq.)	-	-	-	64	-	**64**
Consortia						
Saturno consortium	-	-	-	244	-	**244**
Ascosa Quattro consortium	-	-	-	73	8	**81**
San Giorgio Volla Due consortium	-	-	-	20	-	**20**
Ferroviario Vesuviano consortium	-	-	-	32	8	**40**
San Giorgio Volla consortium	-	-	-	1	8	**9**
Cesit consortium	-	-	-	4	-	**4**
MM4 consortium	-	-	-	250	-	**250**
Other group companies						
Finmeccanica Global Service S.p.A.	-	-	-	62	-	**62**
Telespazio S.p.A.	-	-	-	1	-	**1**
AnsaldoBreda S.p.A.	-	-	-	4,285	-	**4,285**
Selex ES S.p.A.	-	-	-	40,270	-	**40,270**
Fata Logistic System S.p.A.	-	-	-	457	-	**457**
Fata S.p.A. (in liq.)	-	-	-	54	-	**54**
DRS Technologies	-	-	-	3	-	**3**
MetroB S.r.l.	-	-	-	-	370	**370**
E-Geos S.p.A.	-	-	-	24	-	**24**
Other - MEF						
Ferrovie dello Stato group	-	-	-	370	-	**370**
Eni group	-	-	-	6	-	**6**
Enel group	-	-	-	7	-	**7**
Total	**-**	**-**	**-**	**54,076**	**397**	**54,473**
% of the total corresponding condensed interim consolidated financial statements caption				**16%**	**0.4%**	

FINANCIAL LIABILITIES restated AT 31.12.2013 (€'000)	Non-current loans and borrowings	Other non-current financial liabilities	Current loans and borrowings	Trade payables	Other current financial liabilities	Total
Ultimate parent						
Finmeccanica Sede S.p.A.	-	-	-	268	-	**268**
Subsidiaries						
Alifana S.c.r.l.	-	-	-	97	3	**100**
Alifana Due S.c.r.l.	-	-	-	262	-	**262**
J.V.						
Balfour Beatty Ansaldo Syst. JV SDN BHD	-	-	-	2	-	**2**
Associates						
Metro Service S.p.A.	-	-	-	5,343	-	**5,343**
Metro Brescia S.r.l.	-	-	-	27	-	**27**
Metro 5 S.p.A.	-	-	-	128	-	**128**
Metro 5 Lilla S.r.l.	-	-	-	1	-	**1**
Pegaso S.c.r.l. (in liq.)	-	-	-	134	-	**134**
Consortia						
Saturno consortium	-	-	-	190	-	**190**
Ascosa Quattro consortium	-	-	-	143	8	**151**
San Giorgio Volla Due consortium	-	-	-	124	-	**124**
Ferroviario Vesuviano consortium	-	-	-	475	8	**483**
San Giorgio Volla consortium	-	-	-	27	8	**35**
Cris consortium	-	-	-	1	-	**1**
Other group companies						
Finmeccanica Global Service S.p.A.	-	-	-	578	-	**578**
Telespazio S.p.A.	-	-	-	2	-	**2**
AnsaldoBreda S.p.A.	-	-	-	2,835	33	**2,868**
Selex ES S.p.A.	-	-	-	45,566	199	**45,765**
Fata Logistic System S.p.A.	-	-	-	339	-	**339**
Fata S.p.A.	-	-	-	66	-	**66**
DRS Technologies	-	-	-	3	-	**3**
MetroB S.r.l.	-	-	-	-	370	**370**
E-Geos S.p.A.	-	-	-	49	-	**49**
Other - MEF						
Ferrovie dello Stato group	-	-	-	530	-	**530**
Eni group	-	-	-	8	-	**8**
Enel group	-	-	-	13	-	**13**
Total	**-**	**-**	**-**	**57,211**	**629**	**57,840**
% of the total corresponding condensed interim consolidated financial statements caption				**16%**	**1%**	

The overall amount of trade receivables due from related parties decreased, mainly with regard to ENI group, AnsaldoBreda S.p.A., Ferroviario Vesuviano consortium, MM4 consortium, Metro 5 S.p.A. and International Metro Service S.r.l.. Trade payables due to related parties are mainly unchanged.

Non-current assets

Non-current assets totalled €284,150 thousand at 30 September 2014, as follows:

(€'000)	**30.09.2014**	31.12.2013 *restated*
Intangible assets	49,626	49,977
Property, plant and equipment	86,603	88,376
Equity investments	51,790	44,858
Loans and receivables	37,402	31,105
Deferred tax assets	38,399	37,118
Other non-current assets	20,330	21,741
Total	**284,150**	**273,175**

Specifically:
- intangible assets amount to €49,626 thousand and mainly include goodwill (€34,569 thousand). The group recognised intangible assets of €2,420 thousand relating to the *Satellite and Rail Telecom* project during the period. Amortisation for the period totalled €3,975 thousand;
- property, plant and equipment of €86,603 thousand mainly include the parent's properties. They increased by €341 thousand during the period. Depreciation for the period totalled €6,780 thousand;
- equity investments increased by €6,932 thousand to €51,790 thousand on the restated figure at 31 December 2013, mainly due to the effect of the subscription of the quotas of Metro de Lima line 2 S.A. (€7,346 thousand);
- non-current loans and receivables rose by €6,297 thousand to €37,402 thousand, mainly relating to the parent, Ansaldo STS S.p.A., for advances paid on behalf of its investees;
- deferred tax assets increased by €1,281 thousand to €38,399 thousand, principally relating to the parent;
- other non-current assets of €20,330 thousand show a decrease of €1,411 thousand, mostly due to the reduction of the non-current prepaid trademark licence fees.

Non-current liabilities

Non-current liabilities of €52,586 thousand at the reporting date are made up as follows:

(€'000)	**30.09.2014**	31.12.2013 *restated*
Employee benefits	32,262	29,980
Deferred tax liabilities	11,586	11,213
Other non-current liabilities	8,738	9,170
Total	**52,586**	**50,363**

Specifically:

- the employee benefits, which include the Italian post-employment benefits and other employee benefit obligations, rose €2,282 thousand to €32,262 thousand;
- deferred tax liabilities increased by €373 thousand to €11,586 thousand;
- non-current liabilities dropped €432 thousand to €8,738 thousand.

Inventories

Inventories totalled €126,106 thousand at the reporting date. The caption can be analysed as follows:

(€'000)	30.09.2014	31.12.2013 *restated*
Raw materials, consumables and supplies	21,070	15,565
Work-in-progress and semi-finished products	14,744	15,361
Finished goods	14,060	10,769
Advances to suppliers	76,232	69,575
Total	**126,106**	**111,270**

The net increase of €14,836 thousand for the period is due to the increase in raw materials and advances to suppliers.

Work-in-progress, net of progress payments and advances from customers

Work-in-progress, net of progress payments and advances from customers, is a negative €287,765 thousand. It can be analysed as follows:

(€'000)	30.09.2014	31.12.2013 *restated*
Advances from customers	(61,655)	(64,464)
Progress payments	(1,655,681)	(1,750,256)
Work-in-progress	2,100,110	2,127,625
Provision for expected losses to complete contracts	(9,006)	(10,216)
Allowance for write-down	(30,604)	(14,082)
Work-in-progress (net)	**343,164**	**288,607**
Advances from customers	(405,573)	(367,794)
Progress payments	(3,819,513)	(3,546,258)
Work-in-progress	3,612,045	3,297,289
Provision for expected losses to complete contracts	(11,588)	(12,169)
Allowance for write-down	(6,300)	(6,300)
Progress payments and advances from customers (net)	**(630,929)**	**(635,232)**
Work-in-progress, net of progress payments and advances from customers	**(287,765)**	**(346,625)**

The overall carrying amount increased by €58,860 thousand on 31 December 2013, mainly due to the higher amount of production compared to progress billing.

Trade receivables and payables

Trade receivables and payables are made up as follows:

	30.09.2014		31.12.2013 *restated*	
(€'000)	Loans and receivables	Trade payables	Loans and receivables	Trade payables
Third parties	487,317	283,295	485,072	297,974
Total third parties	**487,317**	**283,295**	**485,072**	**297,974**
Related parties	114,653	54,076	140,421	57,211
Total	**601,970**	**337,371**	**625,493**	**355,185**

The overall amount of trade receivables and payables decreased on 31 December 2013. Specifically, there was a €14,679 thousand drop in third party trade payables and a €25,768 thousand decrease in trade receivables due from related parties, mainly with regard to ENI group, AnsaldoBreda S.p.A., Ferroviario Vesuviano consortium, MM4 consortium, Metro 5 S.p.A. and International Metro Service S.r.l..

Provisions for risks and charges

Provisions for risks and charges of €14,291 thousand are mainly in line with 31 December 2013 (€14,825 thousand).

Other assets/liabilities

Other current liabilities, net, of €6,458 thousand, are made up as follows:

	30.09.2014		31.12.2013 *restated*	
(€'000)	**Assets**	**Liabilities**	Assets	Liabilities
Prepayments - current portion	10,492	1	11,564	-
Research grants	13,808	-	12,376	-
Employees	1,101	42,847	1,148	28,862
Social security institutions	171	14,212	73	14,450
Indirect and other tax assets	33,046	5,229	23,474	14,795
Derivatives	9,651	4,521	8,288	5,021
Other	23,514	31,192	20,131	27,383
Total other current assets	**91,783**	**98,002**	**77,054**	**90,511**
Related parties	158	397	1,516	629
Total	**91,941**	**98,399**	**78,570**	**91,140**

Details of the main items are set out below:
- prepayments of €10,492 thousand decreased by €1,072 thousand, mainly due to the prepaid insurance premiums and prepaid commissions on sureties reclassified to profit or loss;
- net liabilities to employees of €41,746 thousand rose by €14,032 thousand on 31 December 2013 due to the deferred remuneration recognised in the first nine months of 2014;
- net indirect and other tax assets increased by €19,138 thousand to €27,817 thousand from €8,679 thousand at 31 December 2013, due to a higher VAT credit;
- other liabilities, net, of €7,678 thousand are mainly unchanged on 31 December 2013 (€7,252 thousand);
- net liabilities to related parties of €239 thousand increased €1,126 thousand on 31 December 2013, due mainly to the repayment of a penalty to Saturno consortium.

Financial disclosure

The following disclosure is required by CONSOB communication no. DEM/6064293 of 28 July 2006.

(€'000)		**30.09.2014**	31.12.2013 *restated*
A	Cash-in-hand	143	96
B	Other cash and cash equivalents (bank current accounts)	146,293	191,425
C	Securities held for trading	-	-
D	**CASH AND CASH EQUIVALENTS (A+B+C)**	**146,436**	**191,521**
E	**CURRENT LOAN ASSETS**	**69,802**	**64,057**
F	Current bank loans and borrowings	5,657	7,616
G	Current portion of non-current loans and borrowings	-	-
H	Other current loans and borrowings	-	2,464
I	**CURRENT FINANCIAL DEBT (F+G+H)**	**5,657**	**10,080**
J	**NET CURRENT FINANCIAL POSITION (I-E-D)**	**(210,581)**	**(245,498)**
K	Non-current bank loans and borrowings	-	-
L	Bonds issued	-	-
M	Other non-current financial liabilities	-	-
N	**NON-CURRENT FINANCIAL DEBT (POSITION) (K+L+M)**	**-**	**-**
O	**NET FINANCIAL POSITION (J+N)**	**(210,581)**	**(245,498)**

Analysis of the income statement

Impact of related party transactions on profit or loss

Related party trading transactions generally take place on an arm's length basis. The relevant income statement balances are shown below.

First nine months of 2014 (€'000)	**Revenue**	**Other operating income**	**Costs**	**Financial income**	**Financial expense**	**Other operating expense**
Ultimate parent						
Finmeccanica S.p.A.	-	-	3,260	47	28	-
Subsidiaries						
Alifana S.c.r.l.	-	-	(2)	-	-	-
Alifana Due S.c.r.l.	(1,198)	-	290	-	-	-
Associates						
Metro 5 S.p.A.	1,733	613	7	-	-	-
Metro 5 Lilla S.r.l.	10,729	-	114	-	-	-
International Metro Service S.r.l.	-	17	-	-	-	-
Pegaso S.c.r.l. (in liq.)	-	-	345	-	-	-
Metro Service S.p.A.	-	-	32,042	-	-	-
Metro Brescia S.r.l.	72	-	(12)	-	-	-
J.V. (*)						
Balfour Beatty Ansaldo Syst. JV SDN BHD	10,525	-	13	-	-	-
Consortia						
Saturno consortium	11,272	-	1,258	-	-	-
Ascosa Quattro consortium	35	-	27	-	-	-
SanGiorgio Volla 2 consortium	306	-	-	-	-	-
M4 consortium	-	-	-	314	-	-
Cesit consortium	-	-	-	-	-	24
MM4 consortium	7,844	-	827	-	-	-
SanGiorgio Volla consortium	4	-	(3)	-	-	-
Other group companies						
AnsaldoBreda S.p.A.	2,946	-	17,035	-	-	-
AnsaldoBreda España SLU	(5)	-	-	-	-	-
I.M. Intermetro S.p.A. (In liq.)	1	-	-	-	-	-
Fata Logistic System S.p.A.	-	-	1,149	-	-	-
Fata S.p.A.	-	-	161	-	-	-
Finmeccanica Global Service S.p.A.	-	5	258	-	-	-
Finmeccanica U.K. Ltd	-	-	95	-	-	-
Selex ES S.p.A.	205	-	9,327	-	-	-
Telespazio S.p.A.	-	-	2	-	-	-
E-Geos S.p.A.	-	-	20	-	-	-
Electron Italia S.r.l.	4	-	-	-	-	-
Other - MEF						
Ferrovie dello Stato group	78,865	-	1,049	-	-	-
Eni group	15,106	-	13	-	-	-
Enel group	-	-	66	-	-	-
Total	**138,444**	**635**	**67,341**	**361**	**28**	**24**
% of the total corresponding condensed interim consolidated financial statements caption	**16%**	**4.1%**	**12%**	**1.7%**	**0.1%**	**0.3%**

First nine months of 2013 restated (€'000)	Revenue	Other operating income	Costs	Financial income	Financial expense	Other operating expense
Ultimate parent						
Finmeccanica S.p.A.	-	-	2,259	210	208	12
Subsidiaries						
Alifana S.c.r.l.	-	-	(2)	-	-	-
Alifana Due S.c.r.l.	223	-	183	-	-	-
Associates						
Metro 5 S.C.P.A.	18,674	89	230	-	-	-
International Metro Service S.r.l.	400	4	-	-	-	-
Pegaso S.c.r.l. (in liq.)	-	-	339	-	-	-
Metro Service S.p.A.	-	-	33,160	-	-	-
Metro Brescia S.r.l.	130	-	(250)	-	-	-
J.V. (*)						
Balfour Beatty Ansaldo Syst. JV SDN BHD	10,063	-	(3)	-	-	-
Consortia						
Saturno consortium	4,934	-	1,072	-	-	-
Ascosa Quattro consortium	161	-	139	-	-	-
SanGiorgio Volla 2 consortium	468	-	(6)	-	-	-
Ferroviario Vesuviano consortium	-	-	48	-	-	-
Cesit consortium	-	-	-	-	-	23
Cris consortium	-	-	1	-	-	-
MM4 consortium	-	-	450	-	-	-
SanGiorgio Volla consortium	32	-	1	-	-	-
Other group companies						
AnsaldoBreda S.p.A.	8,413	-	3,789	-	-	-
AnsaldoBreda España SLU	31	-	-	-	-	-
Fata Logistic System S.p.A.	-	-	1,314	-	-	-
Fata S.p.A.	-	-	161	-	-	-
Finmeccanica Group Service S.p.A.	-	19	393	-	-	38
Finmeccanica U.K. Ltd	-	-	92	-	-	-
DRS Technologies INC.	-	-	2	-	-	-
Selex ES S.p.A.	180	-	9,886	-	-	95
E-Geos S.p.A.	-	-	30	-	-	-
Selex Sistemi Integrati Ltd	22	-	-	-	-	-
Electron Italia S.r.l.	12	-	-	-	-	-
Other - MEF						
Ferrovie dello Stato group	87,052	-	1,070	-	-	-
Eni group	15,407	-	12	-	-	-
Enel group	-	-	1,574	-	-	-
Total	**146,202**	**112**	**55,944**	**210**	**208**	**168**
% of the total corresponding condensed interim consolidated financial statements caption	**17%**	**0.6%**	**10%**	**1.7%**	**1.3%**	**1.3%**

The overall volume of revenue with related parties in the reporting period increased on the corresponding period of the previous year, mainly to Ferrovie dello Stato group, while lower costs were incurred from AnsaldoBreda S.p.A..

Revenue

Revenue rose €21,866 thousand to €870,453 thousand from restated €848,587 thousand for the corresponding period of the previous year (reference should be made to the directors' report for further details).

Other operating income

Specifically:

	First nine months of	
(€'000)	**2014**	2013 *restated*
R&D grants	2,947	2,220
Gains on sales of property, plant and equipment and intangible assets	6	29
Reversals of provisions for risks and charges	210	478
Royalties	363	377
Financial income and exchange rate gains on operating items	8,722	12,574
Tax asset for R&D	1,935	1,844
Other operating income	506	778
Other third party operating income	**14,689**	**18,300**
Other related party operating income	**635**	**112**
Total other operating income	**15,324**	**18,412**

Other operating income amounted to €15,324 thousand, down €3,088 thousand compared to €18,412 thousand in the corresponding period of the previous year. The decrease is related to the reduction in financial income and exchange rate gains on operating items.

Purchases and services

Purchases and services increased by €15,560 thousand as a result of larger production volumes.

	First nine months of	
(€'000)	**2014**	2013 *restated*
Materials	179,555	169,856
Change in inventories	(5,414)	(1,779)
Services	293,558	293,714
Rentals and operating leases	18,141	19,886
Total third party purchases and services	**485,840**	**481,677**
Total related party purchases and services	**67,341**	**55,944**
Total purchases and services	**553,181**	**537,621**

Personnel expense

Personnel expense amounts to €236,278 thousand compared to €230,282 thousand for the first nine months of 2013, up by €5,996 thousand, mainly due to the restructuring costs recognised by the parent, Ansaldo STS S.p.A..

	First nine months of	
(€'000)	**2014**	2013 *restated*
Wages and salaries	181,858	185,463
Stock grant plans	1,430	2,161
Social security and pension contributions	40,211	38,067
Italian post-employment benefits	196	179
Other defined benefit plans	352	388
Other defined contribution plans	2,901	2,813
Recovery of personnel expense	(1,705)	(855)
Restructuring costs	4,641	507
Other costs	6,394	1,559
Total personnel expense	**236,278**	**230,282**

Amortisation, depreciation and impairment losses

Specifically:

	First nine months of	
(€'000)	**2014**	2013 *restated*
Amortisation and depreciation:		
- intangible assets	3,975	3,920
- property, plant and equipment	6,780	7,213
	10,755	11,133
Impairment losses:		
non-current assets	2	-
current loans and receivables	1,093	1,703
	1,095	1,703
Total amortisation, depreciation and impairment losses	**11,850**	**12,836**

The decrease of €986 thousand in amortisation, depreciation and impairment losses is due to smaller depreciation of property, plant and equipment and smaller impairment losses.

Other operating expense

Other operating expense for the period reduced by €4,175 thousand on the corresponding period of the previous year, due to lower exchange rate losses and interest on operating items. Specifically:

	First nine months of	
(€'000)	**2014**	2013 *restated*
Accruals to the provisions for risks and charges	1,068	485
Membership fees	681	692
Losses on sales of property, plant and equipment and intangible assets	22	10
Exchange rate losses on operating items	4,300	5,332
Losses to complete contracts	(2,768)	(2,454)
Interest and other operating expense	1,001	4,538
Indirect taxes	2,130	1,954
Other operating expense	1,827	1,735
Total other third party operating expense	**8,261**	**12,292**
Other related party operating expense	**24**	**168**
Total other operating expense	**8,285**	**12,460**

Internal work capitalised

Internal work capitalised mainly relates to the parent, Ansaldo STS S.p.A., with respect to the *Satellite and Rail Telecom* project (€2,505 thousand) and the French subsidiary Ansaldo STS France S.A.S. (intangible assets of €256 thousand).

	First nine months of	
(€'000)	**2014**	2013 *restated*
Internal work capitalised	2,791	1,693

Net financial expense

Net financial expense is broken down in the following table. The decrease is mainly attributable to exchange rate gains and lower interest and fee expense.

	First nine months of					
	2014			2013 *restated*		
(€'000)	**Income**	**Expense**	**Net**	Income	Expense	Net
Interest and fees	230	1,214	(984)	342	1,653	(1,311)
Exchange rate gains and losses	20,396	19,995	401	11,492	11,810	(318)
Fair value gains and losses	681	1,581	(900)	729	1,208	(479)
Interest on Italian post-employment benefits	-	362	(362)	-	366	(366)
Interest on other defined benefit plans	-	284	(284)	-	270	(270)
Other financial income and expense	-	719	(719)	683	776	(93)
Total net financial expense	**21,307**	**24,155**	**(2,848)**	**13,246**	**16,083**	**(2,837)**
Net related party financial income (expense)	**361**	**28**	**333**	**210**	**208**	**2**
Total	**21,668**	**24,183**	**(2,515)**	**13,456**	**16,291**	**(2,835)**

The share of profits (losses) of equity-accounted investees of €1,643 thousand (€634 thousand for the first nine months of 2013 restated) comprises the profit of the investees International Metro Service S.r.l. (€1,811 thousand), Metro 5 S.p.A. (€863 thousand) and Metro Brescia S.r.l. (€26 thousand) which was partly offset by the loss of Balfour Beatty Ansaldo Systems JV SDN BHD (€1,057 thousand). For additional information, reference should be made to note 2.5.

	First nine months of					
	2014			2013 *restated*		
(€'000)	**Income**	**Expense**	**Net**	Income	Expense	Net
Share of profits (losses) of equity-accounted investees	2,700	1,057	1,643	764	130	634
Total	**2,700**	**1,057**	**1,643**	**764**	**130**	**634**

Income taxes

Income taxes came to €28,745 thousand and are made up as follows:

	First nine months of	
(€'000)	**2014**	2013 *restated*
IRES	6,050	5,107
IRAP	3,354	3,123
Other taxes	20,337	16,200
Net deferred tax (income) expense	(996)	1,099
Prior year taxes	-	(830)
Total	**28,745**	**24,699**

Income taxes increased by €4,046 thousand over the corresponding period of the previous year, due to larger income taxes of the foreign subsidiaries caused by a different geographical mix of the pre-tax profit.

The tax rate at 30 September 2014 is 36.0% (32.7% at 30 September 2013).

5. Earning Per Share

Earnings per share ("EPS") are calculated by:

- dividing the profit for the period attributable to holders of ordinary shares by the average number of ordinary shares outstanding in the period, net of treasury shares (basic EPS);
- dividing the profit for the year by the average number of ordinary shares and those that could arise from the exercise of all options under stock option plans, net of treasury shares (diluted EPS).

Basic EPS	**30.09.2014**	30.09.2013
Average shares outstanding during the year	186,738,606	186,738,927
Profit for the year	51,051	50,829
Basic and diluted EPS	**0.27**	**0.27***

*Recalculated following the bonus issue of 14 July 2014.

6. Financial risk management

The group's operations expose it to the following financial risks:

- market risks, related to currency risk, operations in currencies other than the functional currency, interest rate risk;
- liquidity risks, related to the availability of financial resources and access to the credit market;
- credit risk, arising from normal trading transactions or financing activities.

The group specifically monitors each of these financial risks and acts promptly to minimise them including via hedging derivatives. Ansaldo STS group's approach to managing these risks, in line with internal policies, is described below.

Hedges are mainly undertaken with banks. The group has contracts in place for the following notional foreign currency amounts at the reporting date:

local currency '000	Sell 09 14	Buy 09 14	**30.09.2014**	Sell 12 13 restated	Buy 12 13 restated	31.12.2013 restated
Euro	80,632	63,282	**143,914**	88,262	74,249	162,511
US dollar	107,686	71,042	**178,728**	114,537	58,210	172,747
Pound sterling	10,218	-	**10,218**	8,878	-	8,878
Swedish krona	878	28,420	**29,298**	1,312	26,057	27,369
Australian dollar	6,559	43,596	**50,155**	-	53,427	53,427
Hong Kong dollar	269	17	**286**	248	-	248
South African rand	-	-	**-**	1,397	-	1,397
Indian rupee	4,741	-	**4,741**	4,331	-	4,331
Abu Dhabi dirham	6,415	-	**6,415**	15,399	-	15,399

The net fair value of the derivatives in place (both fair value and cash flow hedges) at 30 September 2014 is a positive €5,130 thousand.

7. Significant non-recurring events and transactions

There were no significant non-recurring events or transactions during the reporting period.

8. Atypical and/or unusual transactions

During the reporting period, no atypical and/or unusual transactions took place.

9. Outlook

2014 production volumes and profitability are expected to be in line with those of 2013.

10. Disclosure on the opt-out regime

Pursuant to article 70.8 of the Issuer regulation, we note that, in their meeting of 28 January 2013 and as permitted by articles 70.8 and 71.1-bis of the Issuer regulation, the parent's directors resolved to opt out of the requirement to publish the relevant documents for transactions such as mergers, demergers, share capital increases via contributions in kind, acquisitions and sales.

Genoa, 30 October 2014

On behalf of the board of directors
The Chairman
Sergio De Luca
(signed on the original)

Annex A: Statement pursuant to article 154-bis.2 of Legislative Decree no. 58/1998

In accordance with the provisions of article 154-bis.2 of the Consolidated Finance Act, the undersigned, Roberto Carassai, manager in charge of financial reporting of Ansaldo STS S.p.A., states that the interim financial report at 30 September 2014 is consistent with the accounting evidence, ledgers and records.

Genoa, 30 October 2014

The Manager in charge of financial reporting

Roberto Carassai
(signed on the original)

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A Finmeccanica Company

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