

**Connecting Pieces  
of Your World**

CONSOLIDATED INTERIM  
FINANCIAL REPORT  
AT **31 MARCH 2014**



**Ansaldo STS**

A Finmeccanica Company



**Directors' report**

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

# Directors' report at 31 March 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.

The group's performance was satisfactory in the first quarter of 2014. Thanks to the actions taken to acquire new customers and penetrate new markets, the group obtained considerable commercial success by winning the contract for the Lima metro.

## Key performance indicators

(€'000)	31.03.2014	31.03.2013* <i>restated</i>	Change
New orders	<b>146,850</b>	119,692	27,158
Order backlog	<b>5,446,317</b>	5,537,780	(91,463)
Revenue	<b>263,112</b>	247,860	15,252
Operating profit (EBIT)	<b>21,604</b>	20,442	1,162
Adjusted EBIT	<b>23,004</b>	20,442	2,562
Profit for the period	<b>13,977</b>	12,109	1,868
Net working capital	<b>74,995</b>	42,890	32,105
Net invested capital	<b>298,380</b>	265,051	33,329
Net financial position	<b>(214,673)</b>	(221,394)	6,721
Free operating cash flow	<b>(31,664)</b>	(60,640)	28,976
ROS	<b>8.2%</b>	8.2%	- p.p.
ROE	<b>15.3%</b>	16.5%	-1.2 p.p.
EVA	<b>7,890</b>	7,267	623
Research and development	<b>6,222</b>	7,262	(1,040)
Headcount (no.)	<b>3,916</b>	3,942	(26)

\* 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 €146.9 million compared to restated €119.7 million for the first three months of 2013; the order backlog amounted to €5,446.3 million (restated €5,567.3 million at 31 December 2013, restated €5,537.8 million at 31 March 2013).

Revenue came to €263.1 million, up by €15.3 million on the restated €247.9 million of the first quarter of 2013. The increase is mainly due to a different mix as a result of commencement of the new contracts acquired in recent years.

Operating profit (EBIT) came to €21.6 million, compared to restated €20.4 million for the corresponding period of the previous year. The €1.2 million increase is due to larger volumes. ROS was 8.2%, in line with the first quarter of 2013 (restated).

The profit for the period came to €14.0 million (€12.1 million for the corresponding period of 2013).

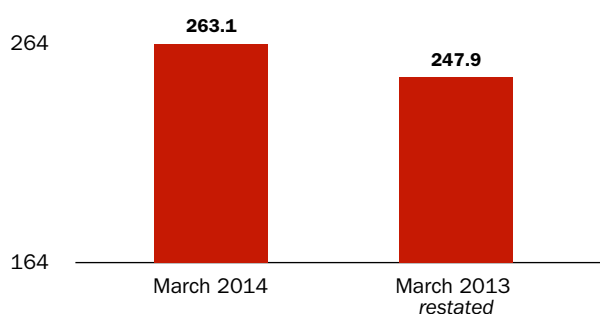
The group's net financial position decreased from restated €245.5 million at 31 December 2013 to €214.7 million.

Research and development expense recognised in profit or loss amounted to €6.2 million, down from the €7.3 million expense recognised in the corresponding period of the previous year.

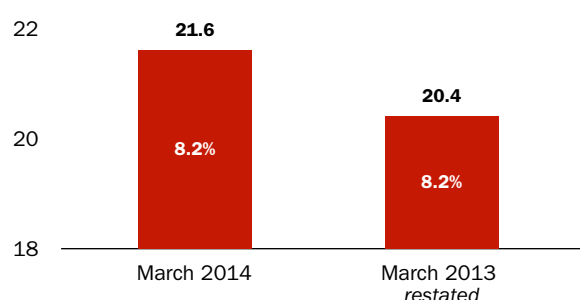
The group's headcount decreased by a net 26 employees to 3,916 from restated 3,942 at 31 March 2013 and restated 3,929 at 31 December 2013.

The average headcount of 3,884 employees is in line with the restated 2013 figures (3,882 for the first quarter of 2013 and 3,899 for 2013).

#### Revenue for the quarters ended 31 March 2014 and 2013 (€m)



#### EBIT and ROS for the quarters ended 31 March 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 quarter of	
	2014	2013 restated
<b>Revenue</b>	<b>263,112</b>	<b>247,860</b>
Purchases and personnel expense (*)	(239,574)	(226,937)
Amortisation, depreciation and impairment losses	(3,671)	(4,117)
Other net operating income (**)	1,160	1,605
Change in work-in-progress, semi-finished products and finished goods	1,977	2,031
<b>Adjusted EBIT</b>	<b>23,004</b>	<b>20,442</b>
Restructuring costs	(1,400)	-
<b>Operating profit (EBIT)</b>	<b>21,604</b>	<b>20,442</b>
Net financial income (expense)	7	(1,193)
Income taxes	(7,644)	(7,140)
Profit from non-current assets held for sale	10	-
<b>Profit for the period</b>	<b>13,977</b>	<b>12,109</b>
attributable to the owners of the parent	13,997	12,090
attributable to non-controlling interests	(20)	19
<b>Earnings per share</b>		
Basic and diluted	0.08	0.07 <sup>^</sup>

<sup>^</sup> Recalculated following the bonus issue of 15 July 2013

Reconciliation between the reclassified income statement and the income statement included in the condensed interim 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).

Thanks to the larger revenue attained in the reporting period, the group's operating profit and net financial income improved, which, net of the increase in income taxes, led to a rise in the profit for the period.

The group's reclassified statement of financial position as at 31 March 2014 is set out below:

<b>Reclassified statement of financial position</b> (€'000)	<b>31.03.2014</b>	31.12.2013 <i>restated</i>
Non-current assets	274,115	273,175
Non-current liabilities	(50,730)	(50,363)
	<b>223,385</b>	<b>222,812</b>
Inventories	113,873	111,270
Contract work in progress	329,139	288,607
Trade receivables	581,941	625,493
Trade payables	(347,797)	(355,185)
Progress payments and advances from customers	(598,490)	(635,232)
<b>Working capital</b>	<b>78,666</b>	<b>34,953</b>
Provisions for risks and charges	(14,614)	(14,825)
Other assets, net (*)	10,943	10,535
<b>Net working capital</b>	<b>74,995</b>	<b>30,663</b>
<b>Net invested capital</b>	<b>298,380</b>	<b>253,475</b>
Equity attributable to the owners of the parent	512,237	498,714
Equity attributable to non-controlling interests	1,053	346
<b>Equity</b>	<b>513,290</b>	<b>499,060</b>
Non-current assets held for sale	237	87
<b>Net financial position</b>	<b>(214,673)</b>	<b>(245,498)</b>

Reconciliation between the reclassified statement of financial position and the statement of financial position included in the condensed interim consolidated financial statements:

(\*) Includes "Tax assets", "Other current assets" and "Derivative assets", net of "Tax liabilities", "Other current liabilities" and "Derivative liabilities".

Net invested capital totalled €298.4 million compared to restated €253.5 million at 31 December 2013 (restated €265.1 million at 31 March 2013). The €44.9 million increase is due to the rise in net working capital from restated €30.7 million at 31 December 2013 to €75.0 million at the reporting date (restated €42.9 million at 31 March 2013).

Specifically, the above increase is due to the greater volume of work in progress and the reduction in progress payments and advances from customers, partially offset by the decrease in trade receivables.

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

(€'000)	<b>31.03.2014</b>	31.12.2013 <i>restated</i>
Current loans and borrowings	9,805	7,616
Cash and cash equivalents	(155,818)	(191,521)
<b>BANK LOANS AND BORROWINGS</b>	<b>(146,013)</b>	<b>(183,905)</b>
Related party loan assets	(34,796)	(34,011)
Other loan assets	(33,864)	(30,046)
<b>LOAN ASSETS</b>	<b>(68,660)</b>	<b>(64,057)</b>
Other current loans and borrowings	-	2,464
<b>OTHER LOANS AND BORROWINGS</b>	<b>-</b>	<b>2,464</b>
<b>NET FINANCIAL POSITION</b>	<b>(214,673)</b>	<b>(245,498)</b>

At 31 March 2014, the group's net financial position (greater loan assets and cash and cash equivalents than loans and borrowings) was €214.7 thousand, compared to restated €245.5 thousand at 31 December 2013 and restated €221.4 thousand at 31 March 2013.

The reclassified statement of cash flows for the period ended 31 March 2014 follows:

Reclassified statement of cash flows (€'000)	First quarter of 2014	First quarter of 2014 <i>restated</i>
<b>Opening cash and cash equivalents</b>	<b>191,521</b>	<b>141,921</b>
Gross cash flows from operating activities	26,011	25,537
Changes in other operating assets and liabilities	(8,988)	(13,211)
<b>Funds from operations</b>	<b>17,023</b>	<b>12,326</b>
Change in working capital	(46,779)	(70,309)
<b>Cash flows used in operating activities</b>	<b>(29,756)</b>	<b>(57,983)</b>
Cash flows used in ordinary investing activities	(1,908)	(2,657)
<b>Free operating cash flow</b>	<b>(31,664)</b>	<b>(60,640)</b>
Strategic transactions	-	(598)
Other changes in investing activities	19	(70)
<b>Cash flows used in investing activities</b>	<b>(1,889)</b>	<b>(3,325)</b>
Dividends paid	-	-
Cash flows from (used in) other financing activities	(3,940)	11,233
<b>Cash flows from (used in) financing activities</b>	<b>(3,940)</b>	<b>11,233</b>
<b>Net exchange rate gains (losses)</b>	<b>(118)</b>	<b>1,005</b>
<b>Closing cash and cash equivalents</b>	<b>155,818</b>	<b>92,851</b>

Cash and cash equivalents increased to €155.8 million at the reporting date from restated €92.9 million at 31 March 2013.

The free operating cash flow (FOCF) used in the reporting period before strategic transactions totalled €31.7 million, compared to restated €60.6 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.

The components of each indicator are described below as required by communication CESR/05 - 178b:

- **EBIT:** earnings before interest and taxes, before any adjustment. EBIT excludes gains or losses on unconsolidated equity investments and securities, as well as any gains or losses on sales of consolidated equity investments, which are classified under “*financial income and expense*” or “*share of profits (losses) of equity-accounted investees*” if related to equity-accounted investments.
- **Adjusted EBIT:** is the EBIT as described above, net of:
  - any impairment of 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 quarter of	
	2014	2013 restated
EBIT	21,604	20,442
Restructuring costs	1,400	-
<b>Adjusted EBIT</b>	<b>23,004</b>	<b>20,442</b>

- **Free operating cash flow (FOCF):** the sum of cash flows from (used in) operating activities and cash flows from (used in) investing and disinvesting in property, plant and equipment, intangible assets and equity investments, net of cash flows from acquisitions or sales of equity investments which are deemed “strategic” due to their nature or importance. The reclassified statement of cash flows set out in paragraph 8 shows how FOCF is arrived at for the current reporting period and corresponding period of the previous year.
- **Funds from operations (FFO):** the cash flows from (used in) operating activities, net of changes in working capital. The reclassified statement of cash flows set out in paragraph 8 shows how FFO is arrived at for the current reporting period and corresponding period of the previous year.
- **Economic value added (EVA):** the difference between EBIT net of income taxes and the cost of the average invested capital of the current reporting period and the corresponding period of the previous year measured on the basis of the weighted average cost of capital (WACC).
- **Operating working capital:** comprises trade receivables and payables, inventories, work in progress, progress payments and advances from customers and provisions for risks and charges.
- **Net working capital:** operating working capital less 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:** is calculated in compliance with paragraph 127 of the CESR/05-054b recommendations implementing Regulation (EC) no. 809/2004.



- **New orders:** the sum of the contracts agreed with customers during the reporting 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 (including the change in contract work in progress). This difference is added to the backlog for the previous reporting period.
- **Headcount:** the number of employees recorded in the relevant register on the reporting date.
- **Return on Sales (ROS):** the ratio of EBIT 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 approximated €146.9 million (€119.7 million in the corresponding period of 2013).

Specifically, the key events of the reporting period are described by geographical segment below:

### ITALY

New orders totalled approximately €30 million, including that relating to the trial site for the HDTS system in Florence (roughly €11 million) and that relating to the full service maintenance of on-board equipment for the ERT 500 high-speed trains (roughly €10 million).

### REST OF EUROPE

New orders approximating €22 million mainly relate to contracts in France (roughly €13 million), including that with RATP to maintain the Paris metro (approximately €6 million) and project variations and components for conventional and high speed railway lines (approximately €4 million).

The main sales activities include those relating to the *Aarhus Light Rail Transit System* project.

### NORTH AFRICA AND THE MIDDLE EAST

Sales activities in this region include those relating to the Lusail tramway in Qatar featuring the cable-free “*Tramwave®*” vehicles and to the Doha metro, again in Qatar.

### AMERICAS

New orders in the United States of America totalled €52 million in the reporting period, including €14 million relating to the sale of components, maintenance and renovation of freight railways, roughly €19 million relating to the Red line project of the Washington DC metro (WMATA) and approximately €7 million relating to the supply of on-board equipment for the AnsaldoBreda trains for the Miami (Florida) metro.

### ASIA PACIFIC

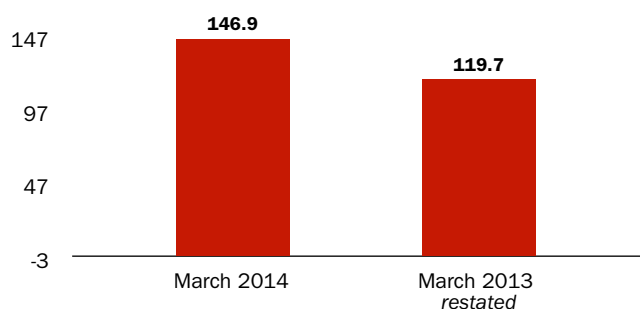
New orders came to €43 million for the reporting period and were acquired in Australia for mining and freight transport railway lines (roughly €26 million) and in China (approximately €15 million), including the supply of 184 on-board devices featuring “C3 Chinese high speed” technology (roughly €11 million).

Sales activities relating to the Navi Mumbai metro project in the Indian State of Maharashtra continued during the reporting period.

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

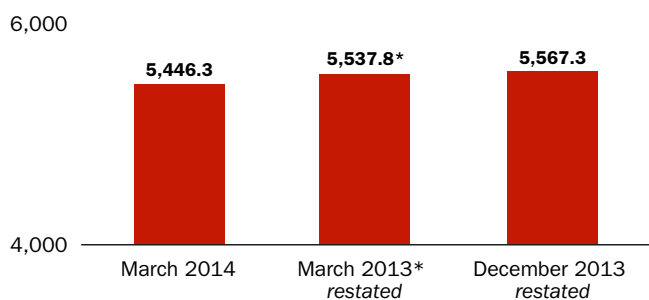
Country	Project	Customer	Amount (€M)
Australia	Rio Tinto (various contracts)	Rio Tinto	22.3
USA	WMATA Red line ATP Track Module Replacement	WMATA	18.9
Italy	Florence HDTS trial site	Rete Ferroviaria Italiana (RFI)	10.7
China	184 C3 on-board devices	Hollysys	10.6
Italy	SSB ETR500 maintenance	Trenitalia	9.8
USA	Miami Cab	AnsaldoBreda	7.4
France	2014 RATP maintenance	RATP	5.5
Australia	Other <i>Freight</i> contracts	Various	3.4
Morocco	Tangiers ONCF Atelier	ONCF	3.0
USA	Components, services and maintenance	Various	14.1
Various Europe	Components, services and maintenance	Various	6.0
Australia	Components, services and maintenance	Various	1.0

### New orders for the first quarters of 2014 and 2013 (€m)



The order backlog at 31 March 2014 amounted to €5,446.3 million compared to restated €5,567.3 million at 31 December 2013, down by €121.0 million (restated €5,537.8 million at 31 March 2013).

### Order backlog at 31 March 2014 and 2013 (€m)



\* The order backlog at 31 March 2013 included the residual amount of the Libyan contract signed with the Russian customer Zarubezhstroytehnology (ZST), which was decreased by roughly €172 million in December 2013 following the dispute.

## 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 installation 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, at the San Pasquale station, involved by the collapse of part of a building in March 2013, the group completed the structural works while continuing to work inside the station shaft under the supervision of the experts appointed by the public prosecutor.

With reference to the area outside the Arco Mirelli station, the group drafted the project for the implementation for safety measures on the areas in front of the buildings on Riviera di Chiaia 66 and 72.

The public prosecutor ordered the temporary release from seizure of such areas on 10 April 2014, in order to commence the above activities.

Moreover, after having completed a first stage of the excavation of the station shaft at the Arco Mirelli station under construction, the shaft areas at the level where the 4 March 2013 event occurred are still seized.

With reference to the Rome metro line C, the dynamic tests of subsystems in the Centocelle-Lodi section are being completed, after which the general contractor will carry out the system integration tests and will roll out the pre-operational stage on the entire Pantano-Lodi section.

In February 2014, the group operated the Isola and Garibaldi stations of the Milan metro line 5, which completed the Bignami-Garibaldi first section.

## 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 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) has been pushed back to the end of 2014 due to an additional variation requested by the customer.

Activities in Germany for the Paris-Ostfrankreich-Südwestdeutschland and Rostock-Berlin projects have been down scaled, pending the revision of the contract due to a redefinition of the contractual requirements. The group agreed an extension to the scope of work relating to the new Eurostar V3 system for the Velaro project to supply equipment for high-speed trains.

In Turkey, production continued solely on the Northern section of the Mersin-Toprakkale project, where commissioning and installation activities for multistation equipment, ready to be activated, were completed. Works to deliver another device nearby are under completion.

The M3 and M2 lines of the Ankara metro were rolled out in DTP mode in February and March 2014, respectively. Installation activities continued for the Gebze-Kosekoy project and the line is expected to become operational in May 2014.

In Denmark, the group completed the preliminary design of the power supply subsystem for the Copenhagen Cityringen project and is continuing the other design activities.

## AMERICAS

The group continued the third and last design stage 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. The review of the work scheduled caused by the new timetable for access to the site provided by the customer is currently being finalised: 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 during the quarter.

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

## **NORTH AFRICA AND THE MIDDLE EAST**

The dispute ongoing with the customer in Tunisia continued and the arbitration panel was appointed at the end of March 2014.

It is presently difficult to say when production for the Libyan railway project will resume. The international arbitration procedures have been commenced for the dispute with the Russian customer Zarubezhstroytechnology (ZST).

In the United Arab Emirates, section 1 (Habshan-Ruwais) of the Abu Dhabi (Shah-Habshan-Ruwais line) project is nearing completion and will be delivered at the end of June 2014.

The group launched the design stage for the Riyadh Metro System project.

## **ASIA PACIFIC**

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, RCE333, where commissioning has already commenced, and ECP, for which commissioning is nearing completion.

In Taiwan, the group is currently involved in the preliminary 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 a project extension to December 2014 was approved, following the many updates and variations made, and the Calcutta metro project, with respect to which the customer officially notified a one-year delay for civil works in 2013.

In China, the group commenced activities for the newly-acquired contracts, namely, the Dalian metro and Zhuhai tramway projects.

## Key events of and after the reporting period

ProlInversion, - 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 Métró 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 Métró de Lima consortium comprises Iridium Concesiones de Infraestructura SA, Vialia Sociedad Gestora de Concesiones de Infraestructura 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.

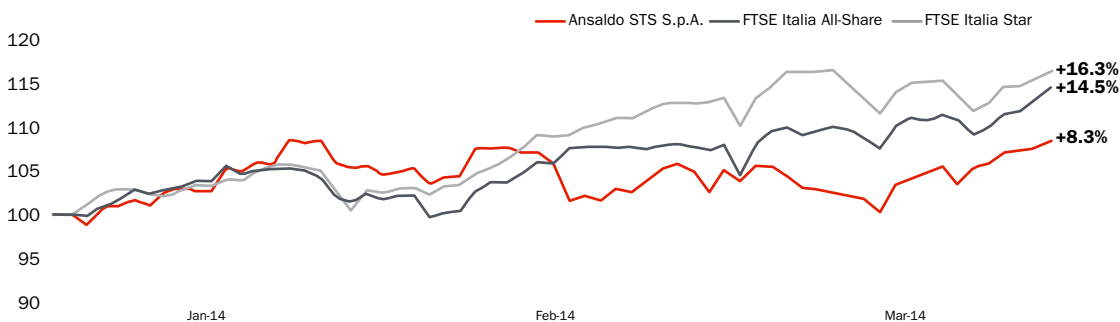
With this contract, Ansaldo STS has reached its 250 km of fully-automated metro lines worldwide and has consolidated its presence in the important Peruvian market over the long-term.

## Financial disclosure

The official share price in the 31 December 2013 to 31 March 2014 period rose by 8.3%, from €7.85 to €8.50. The share's period high of €8.52 was recorded on 21 January 2014 and its low of €7.76 on 2 January 2014. An average 1,193,685 shares were traded daily in the period, compared to 1,480,560 shares traded in the corresponding period of the previous year. The FTSE Italia All-Share index gained 14.5%, while the FTSE Italia STAR rose 16.3%.


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 considers 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  
Financial Statements at  
**31 March 2014**

# 1. Condensed interim consolidated financial statements

## 1.1 Income statement

(€'000)	First quarter of			
	2014	of which, related parties	2013 <i>restated</i>	of which, related parties
Revenue	263,112	39,857	247,860	43,797
Other operating income	5,729	14	5,865	4
Purchases	(54,760)	(4,967)	(49,340)	(2,827)
Services	(109,819)	(13,734)	(101,902)	(16,196)
Personnel expense	(79,487)	-	(77,830)	-
Amortisation, depreciation and impairment losses	(3,671)	-	(4,117)	-
Other operating expense	(2,260)	(21)	(2,643)	(23)
Changes in finished goods, work-in-progress and semi-finished products	1,977	-	2,031	-
(-) Internal work capitalised	783	-	518	-
<b>Operating profit</b>	<b>21,604</b>		<b>20,442</b>	
Financial income	8,093	113	8,862	-
Financial expense	(8,349)	(10)	(10,306)	(26)
Share of profits of equity-accounted investees	263	-	251	-
<b>Pre-tax profit</b>	<b>21,611</b>		<b>19,249</b>	
Income taxes	(7,644)	-	(7,140)	-
Profit from non-current assets held for sale	10	-	-	-
<b>Profit for the period</b>	<b>13,977</b>		<b>12,109</b>	
<i>attributable to the owners of the parent</i>	<i>13,997</i>		<i>12,090</i>	
<i>attributable to non-controlling interests</i>	<i>(20)</i>		<i>19</i>	
<b>Earnings per share</b>				
<i>Basic and diluted</i>	<i>0.08</i>		<i>0.07<sup>^</sup></i>	

<sup>^</sup>Recalculated following the bonus issue of 15 July 2013.

## 1.2 Statement of comprehensive income

(€'000)	First quarter of	
	2014	2013 <i>restated</i>
Profit for the year	13,977	12,109
Items that will never be reclassified to profit or loss:		
- Net actuarial losses on defined benefit plans	(737)	(13)
- Income tax	203	522
	<b>(534)</b>	<b>509</b>
Items that will or may be reclassified to profit or loss:		
- Net change in fair value of cash flow hedges	(2,881)	(1,300)
- Net exchange rate gains	874	5,993
- Income tax	870	(795)
	<b>(1,137)</b>	<b>3,898</b>
<b>Other comprehensive income/(expense), net of taxes</b>	<b>(1,671)</b>	<b>4,407</b>
<b>Total comprehensive income for the year</b>	<b>12,306</b>	<b>16,516</b>
Attributable to:		
- the owners of the parent	12,356	16,408
- non-controlling interests	(50)	108

## 1.3 Statement of financial position

(€'000)	31.03.2014	of which, related parties	31.12.2013 <i>restated</i>	of which, related parties
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	49,944	-	49,977	-
Property, plant and equipment	87,615	-	88,376	-
Equity investments	45,088	-	44,858	-
Loans and receivables	34,908	14,495	31,105	11,775
Deferred tax assets	35,507	-	37,118	-
Other non-current assets	21,053	-	21,741	-
	<b>274,115</b>		<b>273,175</b>	
<b>Current assets</b>				
Inventories	113,873	-	111,270	-
Contract work in progress	329,139	-	288,607	-
Trade receivables	581,941	133,090	625,493	140,422
Tax assets	28,509	-	28,796	-
Loan assets	68,660	34,796	64,057	34,011
Other current assets	76,829	1,519	78,570	1,516
Cash and cash equivalents	155,818	-	191,521	-
	<b>1,354,769</b>		<b>1,388,314</b>	
Non-current assets held for sale	237	-	87	-
<b>Total assets</b>	<b>1,629,121</b>		<b>1,661,576</b>	
<b>EQUITY AND LIABILITIES</b>				
<b>Equity and liabilities</b>				
Share capital	89,999	-	89,998	-
Reserves	422,238	-	408,716	-
<i>Equity attributable to the owners of the parent</i>	<i>512,237</i>		<i>498,714</i>	
<i>Equity attributable to non-controlling interests</i>	<i>1,053</i>	-	<i>346</i>	-
<b>Total equity</b>	<b>513,290</b>		<b>499,060</b>	
<b>Non-current liabilities</b>				
Employee benefits	30,652	-	29,980	-
Deferred tax liabilities	10,984	-	11,213	-
Other non-current liabilities	9,094	-	9,170	-
	<b>50,730</b>		<b>50,363</b>	
<b>Current liabilities</b>				
Progress payments and advances from customers	598,490	-	635,232	-
Trade payables	347,797	51,946	355,185	57,211
Loans and borrowings	9,805	-	10,080	-
Tax liabilities	4,580	-	5,691	-
Provisions for risks and charges	14,614	-	14,825	-
Other current liabilities	89,815	597	91,140	629
	<b>1,065,101</b>		<b>1,112,153</b>	
<b>Total liabilities</b>	<b>1,115,831</b>		<b>1,162,516</b>	
<b>Total liabilities and equity</b>	<b>1,629,121</b>		<b>1,661,576</b>	

## 1.4 Statement of cash flows

(€'000)	First quarter of 2014	of which, related parties	First quarter of 2013 <i>restated</i>	of which, related parties
<b>Cash flows from operating activities:</b>				
Gross cash flows from operating activities	26,011	-	25,537	-
Change in working capital	(46,779)	547	(70,309)	47,844
Changes in other operating assets and liabilities	(5,275)	(2,755)	(11,017)	(46)
Net interest paid	400	103	217	(26)
Income taxes paid	(4,113)	-	(2,411)	-
<b>Cash flows used in operating activities</b>	<b>(29,756)</b>		<b>(57,983)</b>	
<b>Cash flows from investing activities:</b>				
Acquisitions/coverage of losses of investees, net of cash acquired	(2)	-	(103)	-
Investments in property, plant and equipment and intangible assets	(1,908)	-	(2,657)	-
Cash flows used for strategic transactions	-	-	(598)	-
Sales of property, plant and equipment and intangible assets	21	-	-	-
Other investing activities	-	-	33	-
<b>Cash flows used in investing activities</b>	<b>(1,889)</b>		<b>(3,325)</b>	
<b>Cash flows from financing activities:</b>				
Net change in other financing activities	(3,940)	660	11,235	23,237
Other changes	-	-	(2)	-
<b>Cash flows from (used in) financing activities</b>	<b>(3,940)</b>		<b>11,233</b>	
Net decrease in cash and cash equivalents	(35,585)	-	(50,075)	-
Net exchange rate gains (losses)	(118)	-	1,005	-
Opening cash and cash equivalents	191,521	-	141,921	-
<b>Closing cash and cash equivalents</b>	<b>155,818</b>		<b>92,851</b>	

## 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
<b>Equity at 1 January 2013</b>	<b>79,998</b>	<b>347,008</b>	<b>(5,101)</b>	<b>1,490</b>	<b>4,279</b>	<b>41,065</b>	<b>468,739</b>	<b>427</b>	<b>469,166</b>
Change in consolidation scope	-	(103)	-	-	-	-	(103)	-	(103)
Net change in stock grant reserve	-	-	-	869	-	-	869	-	869
Other comprehensive income, net of taxes	-	-	(1,300)	-	5,904	(286)	4,318	89	4,407
Other changes	-	2,150	-	-	-	(2,150)	-	-	-
Net change in treasury shares	-	-	-	-	-	-	-	-	-
Changes in consolidation reserves	-	-	-	-	-	-	-	(2)	(2)
Profit for the period ended 31 March 2013	-	12,090	-	-	-	-	12,090	19	12,109
<b>Equity at 31 March 2013</b>	<b>79,998</b>	<b>361,145</b>	<b>(6,401)</b>	<b>2,359</b>	<b>10,183</b>	<b>38,629</b>	<b>485,913</b>	<b>533</b>	<b>486,446</b>
<b>Equity at 1 January 2014</b>	<b>89,998</b>	<b>395,208</b>	<b>(469)</b>	<b>2,453</b>	<b>(17,599)</b>	<b>29,123</b>	<b>498,714</b>	<b>346</b>	<b>499,060</b>
Change in consolidation scope	-	1,773	31	-	(1,093)	(8)	703	757	1,460
Net change in stock grant reserve	-	-	-	463	-	-	463	-	463
Other comprehensive expense, net of taxes	-	-	(2,881)	-	904	336	(1,641)	(30)	(1,671)
Net change in treasury shares	1	-	-	-	-	-	1	-	1
Profit for the period ended 31 March 2014	-	13,997	-	-	-	-	13,997	(20)	13,977
<b>Equity at 31 March 2014</b>	<b>89,999</b>	<b>410,978</b>	<b>(3,319)</b>	<b>2,916</b>	<b>(17,788)</b>	<b>29,451</b>	<b>512,237</b>	<b>1,053</b>	<b>513,290</b>

## 2. Notes to the condensed interim consolidated financial statements at 31 March 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.

On 15 July 2013, the company carried out the fourth instalment of the bonus issue approved by the shareholders in their extraordinary meeting of 23 April 2010.

Following the issue of this fourth instalment, the parent's share capital now equals €90,000,000.00, comprising 180,000,000 ordinary shares of a nominal amount of €0.50 each.

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").

### 2.2 Basis of preparation

Ansaldo STS group's interim financial report at 31 March 2014 is drafted in accordance with article 154-ter.2 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 6 May 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 include the interim financial statements at 31 March 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)	3,612,915	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)	50,000	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.

During the reporting period, the investment in Ansaldo STS-Sinosa Rail Solutions South Africa PTY LTD was reclassified to non-current assets held for sale as a result of the preliminary sale agreement signed with an independent third party, which was yet to be concluded at the date of preparation of this report.

## 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 31/03/2014	Average rate for the quarter ended 31/03/2014	Spot rate at 31/03/2013	Average rate for the quarter ended 31/03/2013
USD	1.37580	1.37008	1.27680	1.31953
CAD	1.52620	1.51078	1.29840	1.33089
GBP	0.82770	0.82791	0.84515	0.85135
HKD	10.67300	10.63204	9.91140	10.23449
SEK	8.91910	8.85745	8.30200	8.49104
AUD	1.48990	1.52717	1.22340	1.27031
INR	83.01780	84.62338	69.54100	71.49925
MYR	4.52640	4.51989	3.95510	4.06777
BRL	3.15530	3.24228	2.58380	2.63475
CNY	8.54450	8.35994	7.93400	8.21456
VEB	8,656.67000	8,620.57667	8,033.75000	6,881.16000
BWP	12.14740	12.20981	10.52800	10.62542
ZAR	14.72950	14.89006	11.87250	11.82575
KZT	250.52500	234.00195	192.56300	198.84072
JPY	140.75000	140.83239	120.30000	121.78817
AED	5.05332	5.03223	N/A	N/A
KRW	1,472.86000	1,465.46663	1,420.67000	1,433.05122

## 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 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 accounting policy is set out below.

<b>Statement of financial position</b> (€'000)	<b>31.12.2013</b>	<b>Effect of change</b>	<b>31.12.2013 restated</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
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
	<b>268,261</b>	<b>4,914</b>	<b>273,175</b>
<b>Current assets</b>			
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
	<b>1,413,344</b>	<b>(25,030)</b>	<b>1,388,314</b>
Non-current assets held for sale	87	-	87
<b>Total assets</b>	<b>1,681,692</b>	<b>(20,116)</b>	<b>1,661,576</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity and liabilities</b>			
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
<b>Total equity</b>	<b>499,060</b>	<b>-</b>	<b>499,060</b>
<b>Non-current liabilities</b>			
Employee benefits	29,980	-	29,980
Deferred tax liabilities	11,243	(30)	11,213
Other non-current liabilities	9,170	-	9,170
	<b>50,393</b>	<b>(30)</b>	<b>50,363</b>
<b>Current liabilities</b>			
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
	<b>1,132,239</b>	<b>(20,086)</b>	<b>1,112,153</b>
<b>Total liabilities</b>	<b>1,182,632</b>	<b>(20,116)</b>	<b>1,162,516</b>
<b>Total liabilities and equity</b>	<b>1,681,692</b>	<b>(20,116)</b>	<b>1,661,576</b>

Income statement (€'000)	First quarter of 2013	Effect of change	First quarter of 2013 restated
Revenue	253,058	(5,198)	247,860
Other operating income	5,865	-	5,865
Purchases	(51,414)	2,074	(49,340)
Services	(103,686)	1,784	(101,902)
Personnel expense	(78,844)	1,014	(77,830)
Amortisation, depreciation and impairment losses	(4,196)	79	(4,117)
Other operating expense	(2,646)	3	(2,643)
Changes in finished goods, work-in-progress and semi-finished products	2,031	-	2,031
(-) Internal work capitalised	518	-	518
<b>Operating profit</b>	<b>20,686</b>	<b>(244)</b>	<b>20,442</b>
Financial income	9,015	(153)	8,862
Financial expense	(10,320)	14	(10,306)
Share of profits of equity-accounted investees	-	251	251
<b>Pre-tax profit</b>	<b>19,381</b>	<b>(132)</b>	<b>19,249</b>
Income taxes	(7,272)	132	(7,140)
<b>Profit for the period</b>	<b>12,109</b>	<b>-</b>	<b>12,109</b>
<i>attributable to the owners of the parent</i>	12,090		12,090
<i>attributable to non-controlling interests</i>	19		19
<b>Earnings per share</b>			
<i>Basic and diluted</i>	0.07 <sup>^</sup>		0.07 <sup>^</sup>

<sup>^</sup> Recalculated following the bonus issue of 15 July 2013.

### 3. Segment reporting

A breakdown of revenue by geographical segment is as follows:

(€'000)	First quarter of 2014	First quarter of 2013 <i>restated</i>
Italy	60,286	75,039
Rest of Europe	77,354	56,738
North Africa and the Middle East	15,940	7,683
Americas	32,012	33,222
Asia/Pacific	77,520	75,178
<b>Total</b>	<b>263,112</b>	<b>247,860</b>

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

(€'000)	31.03.2014	31.12.2013 <i>restated</i>
Italy	78,773	79,060
Rest of Europe	45,380	45,613
Americas	10,624	10,717
Asia/Pacific	2,782	2,963
<b>Total</b>	<b>137,559</b>	<b>138,353</b>

## 4. Notes to the condensed interim consolidated financial statements at 31 March 2014

### Related party assets and liabilities

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.

<b>FINANCIAL ASSETS AT 31.03.2014</b> (€'000)	<b>Non-current loan assets</b>	<b>Other non-current financial assets</b>	<b>Current loan assets</b>	<b>Trade receivables</b>	<b>Other current financial assets</b>	<b>Total</b>
<b>Ultimate parent</b>						
Finmeccanica S.p.A.	-	-	30,452	23	154	<b>30,629</b>
<b>Subsidiaries</b>						
Alifana S.c.r.l.	-	-	-	128	-	<b>128</b>
Alifana Due S.c.r.l.	-	-	-	302	-	<b>302</b>
Ansaldo STS Sinosa Rail Solutions South Africa (PTY) Ltd	-	-	1,382	79	-	<b>1,461</b>
<b>Joint ventures</b>						
Balfour Beatty Ansaldo Syst. JV SDN BHD	-	-	-	6,342	-	<b>6,342</b>
<b>Associates</b>						
International Metro Service S.r.l.	-	-	-	3,436	-	<b>3,436</b>
Metro 5 S.p.A.	-	12,768	-	1,411	-	<b>14,179</b>
Metro 5 Lilla S.r.l.	-	-	-	22,878	-	<b>22,878</b>
Metro Brescia S.r.l.	-	1,545	-	151	-	<b>1,696</b>
Metro Service S.p.A.	-	-	-	713	-	<b>713</b>
<b>Consortia</b>						
Saturno consortium	-	-	-	3,845	1,361	<b>5,206</b>
M4 consortium	-	-	2,962	162	-	<b>3,124</b>
Ascosa Quattro consortium	-	-	-	1,157	-	<b>1,157</b>
Ferroviano Vesuviano consortium	-	-	-	14,113	-	<b>14,113</b>
MM4 consortium	-	182	-	5,449	-	<b>5,631</b>
San Giorgio Volla Due consortium	-	-	-	494	4	<b>498</b>
San Giorgio Volla consortium	-	-	-	1,421	-	<b>1,421</b>
<b>Other group companies</b>						
AnsaldoBreda S.p.A.	-	-	-	3,637	-	<b>3,637</b>
Selex ES S.p.A.	-	-	-	429	-	<b>429</b>
I.M. Intermetro S.p.A. (in liq.)	-	-	-	331	-	<b>331</b>
<b>Other – MEF</b>						
Ferrovie dello Stato group	-	-	-	58,104	-	<b>58,104</b>
Eni group	-	-	-	8,485	-	<b>8,485</b>
<b>Total</b>	<b>-</b>	<b>14,495</b>	<b>34,796</b>	<b>133,090</b>	<b>1,519</b>	<b>183,900</b>
<b>% of the total corresponding condensed interim consolidated financial statements caption</b>						
		<b>42%</b>	<b>51%</b>	<b>23%</b>	<b>2%</b>	

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
<b>Ultimate parent</b>						
Finmeccanica S.p.A.	-	-	31,093	38	151	<b>31,282</b>
<b>Subsidiaries</b>						
Alifana S.c.r.l.	-	-	-	123	-	<b>123</b>
Alifana Due S.c.r.l.	-	-	-	442	-	<b>442</b>
<b>Joint ventures</b>						
Balfour Beatty Ansaldo Systems JV Sdn Bhd	-	-	-	5,363	-	<b>5,363</b>
<b>Associates</b>						
International Metro Service S.r.l.	-	-	-	3,426	-	<b>3,426</b>
Metro 5 S.p.A.	-	10,048	-	2,122	-	<b>12,170</b>
Metro Service S.p.A.	-	-	-	2,715	-	<b>2,715</b>
M4 Società di progetto Consortile per azioni	-	-	2,918	162	-	<b>3,080</b>
Metro 5 Lilla S.r.l.	-	-	-	22,942	-	<b>22,942</b>
Metro Brescia S.r.l.	-	1,545	-	121	-	<b>1,666</b>
<b>Consortia</b>						
Saturno consortium	-	-	-	5,191	1,361	<b>6,552</b>
Ascosa Quattro consortium	-	-	-	1,157	-	<b>1,157</b>
Ferrovio Vesuviano consortium	-	-	-	14,113	-	<b>14,113</b>
MM4 consortium	-	182	-	7,357	-	<b>7,539</b>
San Giorgio Volla Due consortium	-	-	-	2,009	4	<b>2,013</b>
San Giorgio Volla consortium	-	-	-	1,421	-	<b>1,421</b>
<b>Other group companies</b>						
AnsaldoBreda S.p.A.	-	-	-	7,342	-	<b>7,342</b>
Selex ES S.p.A.	-	-	-	461	-	<b>461</b>
AnsaldoBreda España SLU	-	-	-	17	-	<b>17</b>
I.M. Intermetro S.p.A. (in liq.)	-	-	-	331	-	<b>331</b>
<b>Other – MEF</b>						
Ferrovie dello Stato group	-	-	-	46,214	-	<b>46,214</b>
Eni group	-	-	-	17,258	-	<b>17,258</b>
Ansaldo Energia S.p.A.	-	-	-	97	-	<b>97</b>
<b>Total</b>	-	<b>11,775</b>	<b>34,011</b>	<b>140,422</b>	<b>1,516</b>	<b>187,724</b>
<b>% of the total corresponding condensed interim consolidated financial statements caption</b>						
		<b>38%</b>	<b>53%</b>	<b>22%</b>	<b>2%</b>	

<b>FINANCIAL LIABILITIES AT 31.03.2014</b> (€'000)	<b>Non-current loans and borrowings</b>	<b>Other non-current financial liabilities</b>	<b>Current loans and borrowings</b>	<b>Trade payables</b>	<b>Other current financial liabilities</b>	<b>Total</b>
<b>Ultimate parent</b>						
Finmeccanica Sede S.p.A.	-	-	-	281	-	<b>281</b>
<b>Subsidiaries</b>						
Alifana S.c.r.l.	-	-	-	97	3	<b>100</b>
Alifana Due S.c.r.l.	-	-	-	45	-	<b>45</b>
Ansaldo STS Sinosa Rail Solutions South Africa (PTY) LTD	-	-	-	13	-	<b>13</b>
<b>Joint ventures</b>						
Balfour Beatty Ansaldo Syst. JV SDN BHD	-	-	-	4	-	<b>4</b>
<b>Associates</b>						
Metro Service S.p.A.	-	-	-	9,383	-	<b>9,383</b>
Metro Brescia S.r.l.	-	-	-	27	-	<b>27</b>
Metro 5 S.p.A.	-	-	-	134	-	<b>134</b>
Metro 5 Lilla S.r.l.	-	-	-	1	-	<b>1</b>
Pegaso S.c.r.l. (in liq.)	-	-	-	(325)	-	<b>(325)</b>
<b>Consortia</b>						
Saturno consortium	-	-	-	149	-	<b>149</b>
Ascosa Quattro consortium	-	-	-	131	8	<b>139</b>
San Giorgio Volla Due consortium	-	-	-	20	-	<b>20</b>
Ferroviano Vesuviano consortium	-	-	-	475	8	<b>483</b>
San Giorgio Volla consortium	-	-	-	27	8	<b>35</b>
Cris consortium	-	-	-	1	-	<b>1</b>
<b>Other group companies</b>						
Finmeccanica Group Service S.p.A.	-	-	-	274	-	<b>274</b>
Telespazio S.p.A.	-	-	-	2	-	<b>2</b>
Finmeccanica UK LTD	-	-	-	36	-	<b>36</b>
AnsaldoBreda S.p.A.	-	-	-	2,049	-	<b>2,049</b>
Selex ES S.p.A.	-	-	-	38,049	200	<b>38,249</b>
Fata Logistic System S.p.A.	-	-	-	381	-	<b>381</b>
Fata S.p.A. (in liq.)	-	-	-	54	-	<b>54</b>
DRS Technologies	-	-	-	3	-	<b>3</b>
MetroB S.r.l.	-	-	-	-	370	<b>370</b>
E-Geos S.p.A.	-	-	-	49	-	<b>49</b>
<b>Other – MEF</b>						
Ferrovie dello Stato group	-	-	-	572	-	<b>572</b>
Eni group	-	-	-	6	-	<b>6</b>
Enel group	-	-	-	8	-	<b>8</b>
<b>Total</b>	-	-	-	<b>51,946</b>	<b>597</b>	<b>52,543</b>
<b>% of the total corresponding condensed interim consolidated financial statements caption</b>				<b>15%</b>	<b>1%</b>	

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
<b>Ultimate parent</b>						
Finmeccanica Sede S.p.A.	-	-	-	268	-	<b>268</b>
<b>Subsidiaries</b>						
Alifana S.c.r.l.	-	-	-	97	3	<b>100</b>
Alifana Due S.c.r.l.	-	-	-	262	-	<b>262</b>
<b>Joint ventures</b>						
Balfour Beatty Ansaldo Syst. JV SDN BHD	-	-	-	2	-	<b>2</b>
<b>Associates</b>						
Metro Service S.p.A.	-	-	-	5,343	-	<b>5,343</b>
Metro Brescia S.r.l.	-	-	-	27	-	<b>27</b>
Metro 5 S.p.A.	-	-	-	128	-	<b>128</b>
Metro 5 Lilla S.r.l.	-	-	-	1	-	<b>1</b>
Pegaso S.c.r.l. (in liq.)	-	-	-	134	-	<b>134</b>
<b>Consortia</b>						
Saturno consortium	-	-	-	190	-	<b>190</b>
Ascosa Quattro consortium	-	-	-	143	8	<b>151</b>
San Giorgio Volla Due consortium	-	-	-	124	-	<b>124</b>
Ferroviano Vesuviano consortium	-	-	-	475	8	<b>483</b>
San Giorgio Volla consortium	-	-	-	27	8	<b>35</b>
Cris consortium	-	-	-	1	-	<b>1</b>
<b>Other group companies</b>						
Finmeccanica Global Service S.p.A.	-	-	-	578	-	<b>578</b>
Telespazio S.p.A.	-	-	-	2	-	<b>2</b>
AnsaldoBreda S.p.A.	-	-	-	2,835	33	<b>2,868</b>
Selex ES S.p.A.	-	-	-	45,566	199	<b>45,765</b>
Fata Logistic System S.p.A.	-	-	-	339	-	<b>339</b>
Fata S.p.A.	-	-	-	66	-	<b>66</b>
DRS Technologies	-	-	-	3	-	<b>3</b>
MetroB S.r.l.	-	-	-	-	370	<b>370</b>
E-Geos S.p.A.	-	-	-	49	-	<b>49</b>
<b>Other – MEF</b>						
Ferrovie dello Stato group	-	-	-	530	-	<b>530</b>
Eni group	-	-	-	8	-	<b>8</b>
Enel group	-	-	-	13	-	<b>13</b>
<b>Total</b>	-	-	-	<b>57,211</b>	<b>629</b>	<b>57,840</b>
<b>% of the total corresponding condensed interim consolidated financial statements caption</b>				<b>16%</b>	<b>1%</b>	

The overall volume of financial assets and liabilities with related parties in the reporting period is substantially in line with the corresponding period of the previous year.

**Non-current assets**

Non-current assets totalled €274,115 thousand at 31 March 2014, as follows:

(€'000)	<b>31.03.2014</b>	31.12.2013 <i>restated</i>
Intangible assets	49,944	49,977
Property, plant and equipment	87,615	88,376
Equity investments	45,088	44,858
Loans and receivables	34,908	31,105
Deferred tax assets	35,507	37,118
Other non-current assets	21,053	21,741
<b>Total</b>	<b>274,115</b>	<b>273,175</b>

Specifically:

- intangible assets amount to €49,944 thousand and mainly include goodwill (€34,569 thousand). The group recognised intangible assets of €682 thousand relating to the *Satellite and Rail Telecom* project during the quarter. Amortisation for the period totalled €1,272 thousand;
- property, plant and equipment of €87,615 thousand mainly include the parent's properties. They increased by €101 thousand during the quarter. Depreciation for the period totalled €2,220 thousand;
- equity investments increased by €230 thousand to €45,088 thousand on the restated figure at 31 December 2013, mainly due to the effect of the adoption of IFRS 11 that entailed the measurement of the investment in Balfour Beatty Ansaldo Systems JV SDN BHD using the equity method (see note 2.5);
- non-current loans and receivables rose by €3,803 thousand to €34,908 thousand, mainly relating to the parent, Ansaldo STS S.p.A., for advances paid on behalf of its investees;
- deferred tax assets decreased by €1,611 thousand to €35,507 thousand, principally relating to the parent and the subsidiaries in Asia/Pacific;
- other non-current assets of €21,053 thousand show a decrease of €688 thousand, mostly due to the reduction of the non-current prepaid trademark licence fees.

**Non-current liabilities**

Non-current liabilities of €50,730 thousand at the reporting date are made up as follows:

(€'000)	<b>31.03.2014</b>	31.12.2013 <i>restated</i>
Employee benefits	30,652	29,980
Deferred tax liabilities	10,984	11,213
Other non-current liabilities	9,094	9,170
<b>Total</b>	<b>50,730</b>	<b>50,363</b>

Specifically:

- the employee benefits, which include the Italian post-employment benefits and other employee benefit obligations, rose €672 thousand to €30,652 thousand;
- deferred tax liabilities decreased by €229 thousand to €10,984 thousand.



## Inventories

Inventories totalled €113,873 thousand at the reporting date, as follows:

(€'000)	31.03.2014	31.12.2013 <i>restated</i>
Raw materials, consumables and supplies	18,282	15,565
Work-in-progress and semi-finished products	16,502	15,361
Finished goods	11,653	10,769
Advances to suppliers	67,436	69,575
<b>Total</b>	<b>113,873</b>	<b>111,270</b>

The net increase of €2,603 thousand for the period is due to the increase in raw materials and finished goods, offset by the decrease in 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 €269,351 thousand, as follows:

(€'000)	31.03.2014	31.12.2013 <i>restated</i>
Advances from customers	(71,511)	(64,464)
Progress payments	(1,800,753)	(1,750,256)
Work-in-progress	2,225,969	2,127,625
Provision for expected losses to complete contracts	(15,924)	(10,216)
Allowance for write-down	(8,642)	(14,082)
<b>Work-in-progress (net)</b>	<b>329,139</b>	<b>288,607</b>
Advances from customers	(361,085)	(367,794)
Progress payments	(3,533,098)	(3,546,258)
Work-in-progress	3,313,679	3,297,289
Provision for expected losses to complete contracts	(11,686)	(12,169)
Allowance for write-down	(6,300)	(6,300)
<b>Progress payments and advances from customers (net)</b>	<b>(598,490)</b>	<b>(635,232)</b>
<b>Work-in-progress, net of progress payments and advances from customers</b>	<b>(269,351)</b>	<b>(346,625)</b>

The overall carrying amount increased by €77,274 thousand on 31 December 2013, mainly due to production in excess of revenue.

## Trade receivables and payables

Trade receivables and payables are made up as follows:

(€'000)	31.03.2014		31.12.2013 <i>restated</i>	
	Trade receivables	Trade payables	Trade receivables	Trade payables
Third parties	448,851	295,851	485,071	297,974
Related parties	133,090	51,946	140,422	57,211
<b>Total</b>	<b>581,941</b>	<b>347,797</b>	<b>625,493</b>	<b>355,185</b>

Trade receivables from third parties decreased during the quarter, while trade payables to third parties are in line with the 2013 year-end figure.

## Provisions for risks and charges

Provisions for risks and charges of €14,614 thousand are in line with 31 December 2013.

## Other assets/liabilities

Other current liabilities, net, of €12,986 thousand, are made up as follows:

(€'000)	31.03.2014		31.12.2013 <i>restated</i>	
	Assets	Liabilities	Assets	Liabilities
Prepayments - current portion	8,943	-	11,564	-
Research grants	13,008	-	12,376	-
Employees	1,249	36,668	1,148	28,862
Social security institutions	176	14,194	73	14,450
Indirect and other tax assets	28,686	7,595	23,474	14,795
Derivatives	4,867	4,048	8,288	5,021
Other	18,381	26,713	20,131	27,383
<b>Total third parties</b>	<b>75,310</b>	<b>89,218</b>	<b>77,054</b>	<b>90,511</b>
Related parties	1,519	597	1,516	629
<b>Total</b>	<b>76,829</b>	<b>89,815</b>	<b>78,570</b>	<b>91,140</b>

Details of the main items are set out below:

- prepayments of €8,943 thousand decreased by €2,621 thousand, mainly due to the prepaid insurance premiums and prepaid commissions on sureties reclassified to profit or loss;
- net liabilities to employees of €35,419 thousand rose by €7,705 thousand on 31 December 2013 due to the deferred remuneration recognised in the first quarter of 2014;
- net indirect and other tax assets increased by €12,412 thousand to €21,091 thousand from €8,679 thousand at 31 December 2013;
- other liabilities, net, of €8,332 thousand rose by €1,080 thousand from €7,252 thousand at 31 December 2013.

## Financial disclosure

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

(€'000)	31.03.2014	31.12.2013 <i>restated</i>
A. Cash-in-hand	124	96
B. Other cash and cash equivalents (bank current accounts)	155,694	191,425
C. Securities held for trading	-	-
<b>D. CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>155,818</b>	<b>191,521</b>
<b>E. CURRENT LOAN ASSETS</b>	<b>68,660</b>	<b>64,057</b>
F. Current bank loans and borrowings	9,805	7,616
G. Current portion of non-current loans and borrowings	-	-
H. Other current loans and borrowings	-	2,464
<b>I. CURRENT FINANCIAL DEBT (F+G+H)</b>	<b>9,805</b>	<b>10,080</b>
<b>J. NET CURRENT FINANCIAL POSITION (I-E-D)</b>	<b>(214,673)</b>	<b>(245,498)</b>
K. Non-current bank loans and borrowings	-	-
L. Bonds issued	-	-
M. Other non-current financial liabilities	-	-
<b>N. NON-CURRENT FINANCIAL DEBT/(POSITION) (K+L+M)</b>	<b>-</b>	<b>-</b>
<b>O. NET FINANCIAL POSITION (J+N)</b>	<b>(214,673)</b>	<b>(245,498)</b>

## 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 statement of income statement balances are shown below.

First quarter of 2014 (€'000)	Revenue	Other operating income	Costs	Financial income	Financial expense	Other operating expense
<b>Ultimate parent</b>						
Finmeccanica S.p.A.	-	3	722	24	10	-
<b>Subsidiaries</b>						
Alifana S.c.r.l.	-	-	29	-	-	-
Alifana Due S.c.r.l.	(1,293)	-	(1)	-	-	-
<b>Associates</b>						
Metro 5 S.p.A.	717	-	7	-	-	-
Metro 5 Lilla S.r.l.	1,945	-	62	-	-	-
International Metro Service S.r.l.	-	11	-	-	-	-
Metro Service S.p.A.	-	-	9,602	-	-	-
Metro Brescia S.r.l.	65	-	-	-	-	-
<b>Joint ventures</b>						
Balfour Beatty Ansaldo Syst. JV SDN BHD	4,627	-	2	-	-	-
<b>Consortia</b>						
Saturno consortium	3,295	-	420	-	-	-
Ascosa Quattro consortium	-	-	28	-	-	-
SanGiorgio Volla 2 consortium	113	-	-	-	-	-
Ferrovioario Vesuviano consortium	37	-	-	-	-	-
M4 consortium	-	-	-	89	-	-
Cesit consortium	-	-	-	-	-	21
MM4 consortium	870	-	-	-	-	-
SanGiorgio Volla consortium	4	-	-	-	-	-
<b>Other group companies</b>						
AnsaldoBreda S.p.A.	1,440	-	4,696	-	-	-
AnsaldoBreda España SLU	(5)	-	-	-	-	-
Fata Logistic System S.p.A.	-	-	379	-	-	-
Fata S.p.A.	-	-	54	-	-	-
Finmeccanica Global Service S.p.A.	-	-	96	-	-	-
Finmeccanica U.K. Ltd	-	-	34	-	-	-
Selex ES S.p.A.	6	-	2,172	-	-	-
Ansaldo STS-Sinosa Rail Solutions South Africa (PTY) Ltd	(8)	-	(1)	-	-	-
Electron Italia S.r.l.	4	-	-	-	-	-
<b>Other – MEF</b>						
Ferrovie dello Stato group	22,436	-	368	-	-	-
Eni group	5,604	-	1	-	-	-
Enel group	-	-	31	-	-	-
<b>Total</b>	<b>39,857</b>	<b>14</b>	<b>18,701</b>	<b>113</b>	<b>10</b>	<b>21</b>
<b>% of the total corresponding condensed interim consolidated financial statements caption</b>	<b>15%</b>	<b>0.2%</b>	<b>11%</b>	<b>1.4%</b>	<b>0.1%</b>	<b>1%</b>

First quarter of 2013 <i>restated</i> (€'000)	Revenue	Other operating income	Costs	Financial income	Financial expense	Other operating expense
<b>Ultimate parent</b>						
Finmeccanica S.p.A.	-	-	727	-	26	-
<b>Subsidiaries</b>						
Alifana S.c.r.l.	-	-	(1)	-	-	-
Alifana Due S.c.r.l.	70	-	(1)	-	-	-
<b>Associates</b>						
Metro 5 S.p.A.	2,575	-	7	-	-	-
Metro 5 Lilla S.r.l.	683	-	62	-	-	-
International Metro Service S.r.l.	-	4	-	-	-	-
Metro Service S.p.A.	4,202	-	11,736	-	-	-
Metro Brescia S.r.l.	-	-	(1)	-	-	-
<b>Joint ventures</b>						
Balfour Beatty Ansaldo Syst. JV SDN BHD	3,306	-	(2)	-	-	-
<b>Consortia</b>						
Saturno consortium	1,121	-	240	-	-	-
Ascosa Quattro consortium	5	-	-	-	-	-
SanGiorgio Volla 2 consortium	187	-	(5)	-	-	-
Ferroviano Vesuviano consortium	-	-	48	-	-	-
Cesit consortium	-	-	-	-	-	13
MM4 consortium	-	-	134	-	-	-
SanGiorgio Volla consortium	16	-	1	-	-	-
<b>Other group companies</b>						
AnsaldoBreda S.p.A.	2,564	-	1,642	-	-	-
Fata Logistic System S.p.A.	-	-	414	-	-	-
Fata S.p.A.	-	-	54	-	-	-
Finmeccanica Group Service S.p.A.	-	-	224	-	-	10
Finmeccanica U.K. Ltd	-	-	36	-	-	-
Selex ES S.p.A.	74	-	2,524	-	-	-
Electron Italia S.r.l.	3	-	-	-	-	-
<b>Other – MEF</b>						
Ferrovie dello Stato group	26,278	-	383	-	-	-
Eni group	2,713	-	8	-	-	-
Enel group	-	-	793	-	-	-
<b>Total</b>	<b>43,797</b>	<b>4</b>	<b>19,023</b>	<b>-</b>	<b>26</b>	<b>23</b>
<b>% of the total corresponding condensed interim consolidated financial statements caption</b>	<b>18%</b>	<b>0.1%</b>	<b>13%</b>	<b>-</b>	<b>0.3%</b>	<b>0.9%</b>

The overall volume of revenue and costs with related parties in the reporting period is substantially in line with the corresponding period of the previous year.

## Revenue

Revenue rose €15,252 thousand to €263,112 thousand from restated €247,860 thousand for the corresponding period of the previous year (reference should be made to section 1 of the directors' report for further details).

## Other operating income

Other operating income of €5,729 thousand is in line with the corresponding period of the previous year (€5,865 thousand). Specifically:

(€'000)	First quarter of	
	2014	2013 <i>restated</i>
Reversals of provisions for risks and charges	62	71
Insurance compensation	-	1
Royalties	167	212
Exchange rate gains on operating items	3,316	3,626
Tax asset for R&D	500	525
Other operating income	1,670	1,426
<b>Other third party operating income</b>	<b>5,715</b>	<b>5,861</b>
<b>Other related party operating income</b>	<b>14</b>	<b>4</b>
<b>Total other operating income</b>	<b>5,729</b>	<b>5,865</b>

## Purchases and services

Purchases and services increased by €13,337 thousand as a result of larger production volumes.

(€'000)	First quarter of	
	2014	2013 <i>restated</i>
Materials	52,795	50,854
Change in inventories	(3,002)	(4,341)
Services	90,671	80,751
Rentals and operating leases	5,414	4,955
<b>Total third party purchases and services</b>	<b>145,878</b>	<b>132,219</b>
<b>Total related party purchases and services</b>	<b>18,701</b>	<b>19,023</b>
<b>Total purchases and services</b>	<b>164,579</b>	<b>151,242</b>

## Personnel expense

Personnel expense amounts to €79,487 thousand compared to €77,830 thousand for the first three months of 2013, up by €1,657 thousand, mainly due to the restructuring costs recognised by the parent, Ansaldo STS S.p.A..

(€'000)	First quarter of	
	2014	2013 restated
Wages and salaries	61,794	62,393
Stock grant plans	788	892
Social security and pension contributions	14,123	13,287
Italian post-employment benefits	60	59
Other defined benefit plans	117	129
Other defined contribution plans	939	910
Restructuring costs	1,400	-
Recovery of personnel expense	-	-
Other incentives to employees	-	26
Other costs	266	134
<b>Total personnel expense</b>	<b>79,487</b>	<b>77,830</b>

## Amortisation, depreciation and impairment losses

Specifically:

(€'000)	First quarter of	
	2014	2013 restated
Amortisation of intangible assets	1,272	1,289
Depreciation of property, plant and equipment	2,220	2,465
Impairment losses	179	363
<b>Total amortisation, depreciation and impairment losses</b>	<b>3,671</b>	<b>4,117</b>

The decrease of €446 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 €383 thousand on the corresponding period of the previous year. Specifically:

(€'000)	First quarter of	
	2014	2013 restated
Accruals to the provisions for risks and charges	468	3
Membership fees	241	302
Losses on sales of property, plant and equipment and intangible assets	11	-
Losses to complete contracts	(2,309)	(1,617)
Exchange rate losses on operating items	1,751	2,944
Interest and other operating expense	693	53
Indirect taxes	719	341
Other operating expense	665	594
<b>Total other third party operating expense</b>	<b>2,239</b>	<b>2,620</b>
<b>Other related party operating expense</b>	<b>21</b>	<b>23</b>
<b>Total other operating expense</b>	<b>2,260</b>	<b>2,643</b>

## Internal work capitalised

Internal work capitalised mainly relates to the parent (intangible assets of €682 thousand) and the French subsidiary Ansaldo STS France S.A.S. (property, plant and equipment of €101 thousand).

(€'000)	First quarter of	
	2014	2013 restated
Internal work capitalised	783	518

## 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.

(€'000)	First quarter of					
	2014			2013 restated		
	Income	Expense	Net	Income	Expense	Net
Interest and fees	33	435	(402)	248	1,001	(753)
Exchange rate gains and losses	7,414	6,916	498	8,108	8,443	(335)
Fair value gains and losses	533	637	(104)	506	435	71
Interest on Italian post-employment benefits	-	132	(132)	-	121	(121)
Interest on other defined benefit plans	-	95	(95)	-	90	(90)
Other financial income and expense	-	124	(124)	-	190	(190)
<b>Total net financial expense</b>	<b>7,980</b>	<b>8,339</b>	<b>(359)</b>	<b>8,862</b>	<b>10,280</b>	<b>(1,418)</b>
<b>Net related party financial income/(expense)</b>	<b>113</b>	<b>10</b>	<b>103</b>	<b>-</b>	<b>26</b>	<b>(26)</b>
<b>Total</b>	<b>8,093</b>	<b>8,349</b>	<b>(256)</b>	<b>8,862</b>	<b>10,306</b>	<b>(1,444)</b>

The share of profits of equity-accounted investees came to €263 thousand, in line with the restated figure for the first quarter of 2013, and relates to Balfour Beatty Ansaldo Systems JV SDN BHD (see note 2.5).

(€'000)	First quarter of					
	2014			2013 restated		
	Income	Expense	Net	Income	Expense	Net
Share of profits of equity-accounted investees	263	-	263	251	-	251
<b>Total</b>	<b>263</b>	<b>-</b>	<b>263</b>	<b>251</b>	<b>-</b>	<b>251</b>

## Income taxes

Income taxes came to €7,644 thousand and are made up as follows:

(€'000)	First quarter of	
	2014	2013 restated
IRES	-	966
IRAP	945	990
Other foreign taxes	4,920	4,822
Net deferred tax expense	1,779	362
<b>Total</b>	<b>7,644</b>	<b>7,140</b>

Income taxes increased by €504 thousand over the corresponding period of the previous year. The larger net deferred tax expense of the foreign subsidiaries are offset by the smaller IRES tax expense and the smaller pre-tax profit of the parent.

The tax rate at 31 March 2014 is 35.4% (37.1% at 31 March 2013).

## 5. Earnings 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 reporting 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).

<b>Basic EPS</b>	<b>First quarter of 2014</b>	First quarter of 2013
Average shares outstanding during the period	179,998,567	179,998,576
Profit for the period	13,977	12,109
<b>Basic and diluted EPS</b>	<b>0.08</b>	<b>0.07*</b>

\* Recalculated following the bonus issue of 15 July 2013.

## 6. Financial risk management

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

- market risks, related to operations in areas that use currencies other than the group’s functional currency (currency risk) and the risk of interest rate fluctuations;
- 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:

(€'000)	Sell 03 14	Buy 03 14	<b>31.03.2014</b>	Sell 03 13 <i>restated</i>	Buy 03 13 <i>restated</i>	<b>31.03.2013</b> <i>restated</i>
Euro	86,466	56,846	<b>143,312</b>	96,849	68,864	<b>165,713</b>
US dollar	92,452	57,934	<b>150,386</b>	75,407	21,072	<b>96,479</b>
Pound sterling	8,973	-	<b>8,973</b>	8,212	-	<b>8,212</b>
Swedish krona	1,303	25,073	<b>26,376</b>	460	27,104	<b>27,564</b>
Australian dollar	-	13,894	<b>13,894</b>	4,012	-	<b>4,012</b>
Hong Kong dollar	249	-	<b>249</b>	319	-	<b>319</b>
South African rand	1,382	-	<b>1,382</b>	N/A	N/A	<b>N/A</b>
Indian rupee	4,453	-	<b>4,453</b>	N/A	N/A	<b>N/A</b>
Abu Dhabi dirham	15,435	8,509	<b>23,944</b>	20,257	-	<b>20,257</b>

The net fair value of the derivatives in place (both fair value and cash flow hedges) at 31 March 2014 is a positive €819 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.

Milan, 6 May 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 31 March 2014 is consistent with the accounting evidence, ledgers and records.

Milan, 6 May 2014

The Manager in charge of financial reporting

**Roberto Carassai**

(signed on the original)

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