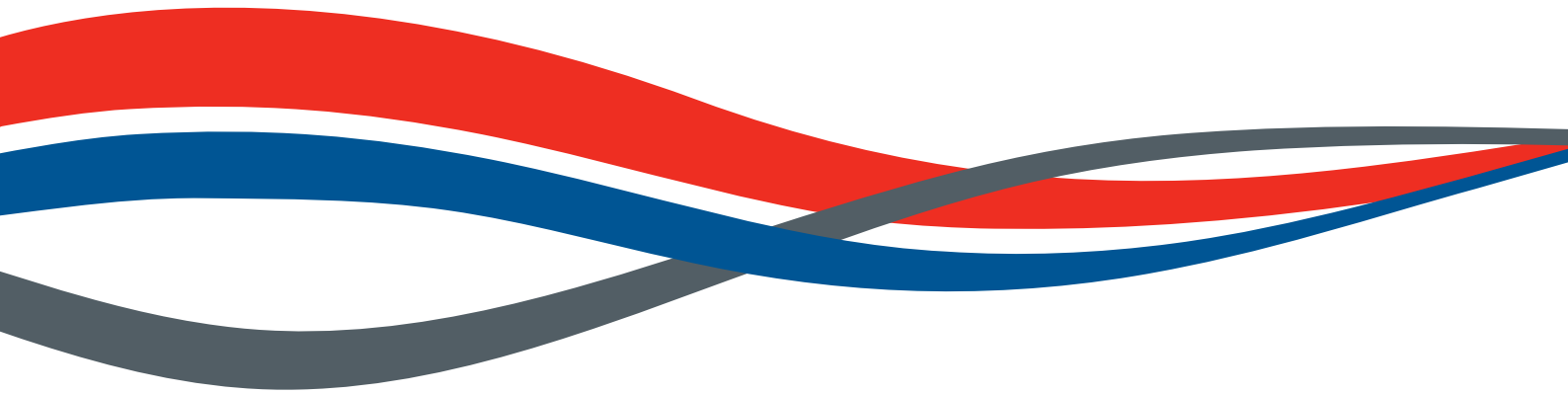


**CONSOLIDATED INTERIM
FINANCIAL REPORT
AT 31 MARCH 2009**



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

1 Report on operations at 31 March 2009

1.1 Introduction

The Ansaldo STS Group recorded at 31 March 2009 net profit of EUR 15,641 thousand, a sharp increase from EUR 10,508 thousand for the same period of 2008. Revenues at 31 March 2009 amounted to EUR 259,757 thousand from EUR 219,230 thousand at 31 March 2008. Group production profitability went from 9.15% at 31 March 2008 to 9.30% of 31 March 2009.

Orders at 31 March 2009 amounted to EUR 528,289 thousand from EUR 193,556 thousand at 31 March 2008. The increase (EUR 334,733 thousand) is attributable to the exceptionally large amount of orders acquired for the first quarter of 2009, both in the Transport Systems and the Signalling Business Units.

To that regard, acquisitions of EUR 304,105 thousand are recorded for the Transport Systems Business Unit, mainly related to the Taipei Metro (EUR 214,200 thousand) and the contract for the designing and execution of the electrical/rail systems of the Naples Metro Line 1 (EUR 53,700 thousand); acquisitions of EUR 224,184 thousand are recorded for the Signalling Business Unit, mainly attributable to the maintenance of the Madrid-Lerida (Spain) HSL (EUR 31,200 thousand), the contracts acquired in Germany and for Italy the contract for the detailed engineering and execution of the Computer-Based Interlocking System (ACC) of the Palermo station for a total EUR 36,000 thousand and the contracts acquired in the US and Australia for EUR 70,500 thousand. The value of the backlog at 31 March 2009, equal to EUR 3,427 million, further increased from the significant amount posted at 31 December 2008 (EUR 3,136 million), which had already risen in comparison with EUR 2,924 million at 31 March 2008.

The data outlined above are evidence of the first three months of 2009 that can be considered satisfactory overall from the standpoint of the Company's growth, profitability, capital and financial solidity.

The actions undertaken and the results achieved in the prior year have paved the way for the continuation of a positive trend for the Company also for the near future.

More specifically, as regards the Transport Systems Business Unit, due to the exceptionally large orders acquired in the previous years, together with a good level of acquisitions for the period, the backlog exceeded the already significant amount of the end of 2008 standing at EUR 2,069 million, equal to 10 years of productive activity. This paves the way for significant development of this business over the next three years. As far as the Signalling Business Unit is concerned, in line with the previous year, the first three months were marked by a sizeable geographic expansion of the potential market, which has already yielded important results in terms of the acquisition of new orders in particularly important business segments and countries.

The solid knowledge already acquired (ERTMS and ATC driverless) and the expertise being consolidated (CBTC) in the strategic technologies of the sector, the peculiar geographic distribution of the Group business at global level, and the additional efforts of commercial penetration in the new areas characterised by high growth rates (Central and Eastern Europe, and Middle and Far East) confirm the Company's favourable competitive position and make it possible to look to the future with reasonable serenity.

In the period from **2 January 2009 - 31 March 2009**, the official share price went from EUR 10.02 to EUR 11.96, with an increase of 19.36%, within a market that is slowly recovering in comparison with the previous quarter, but still dropping (-18.42 % for the S&P/MIB index and -5.62% the ALLSTAR segment).

The factors which determined this further strengthening of the Ansaldo STS stock include the positive results of 2008 and the guidance of further growth for 2009.

Starting from 23 March, the stock was included in the S&P/MIB listing.

The following should also be noted:

- starting from 1 January 2009 the merger of Ansaldo STS SpA and the Italian subsidiaries Ansaldo Segnalamento Ferroviario SpA and Ansaldo Trasporti Sistemi Ferroviari SpA, became effective. It was approved on 20 June 2008 and the deed was executed on 26 September 2008;
- on 1 January 2009, the Consolidated taxation mechanism was interrupted for the purposes of the application of the IRES tax (Corporate Income Tax). It was opted for on 15 June 2007. Interrupting the adoption of this mechanism does not change the benefits acquired when the option was exercised, as Article 124 of the Income Tax Code does not apply here.
- from the financial statements 2008 the Balance Sheet, Income Statement and cash flow statement are compliant and disclose related party transactions as required by IAS 1, IAS 24 and the (Italian securities regulator) Consob regulation;
- from January 2009 the American subsidiaries changed their company names:
 - Union Switch & Signal Inc. into Ansaldo STS USA Inc;
 - Union Switch & Signal International Co. into Ansaldo STS USA International Co.;
 - Union Switch & Signal International Projects Co. into Ansaldo STS USA International Projects Co.;
 - Transcontrol Corporation into Union Switch & Signal Inc.

1.2 Group key figures for the first quarter of 2009

(EUR 000)	31.03.2009	31.03.2008	Change	31.12.2008
Orders	528,289	193,556	334,733	1,296,609
Order backlog	3,427,066	2,924,370	502,696	3,136,430
Production Revenues	259,757	219,230	40,527	1,105,515
EBIT	24,160	20,055	4,105	117,562
Adjusted EBITA	25,645	20,055	5,590	119,197
Net Profit (Loss)	15,641	10,508	5,133	77,599
Net working capital	(160,901)	(194,386)	33,485	(166,322)
Net invested capital	47,495	8,830	38,665	42,882
Net financial position (liquidity)	(215,608)	(171,948)	(43,660)	(195,870)
Free Operating Cash Flow	19,412	(12,782)	32,194	43,242
R.O.S.	9.30%	9.15%	+0.15 p.p.	10.63%
R.O.E.	37.2%	37.8%	-0.60 p.p.	37.27%
E.V.A.	14,231	10,125	4,106	71,401
Research and Development	9,249	10,079	(830)	44,512
Employees (no.)	4,333	4,258	75	4,352

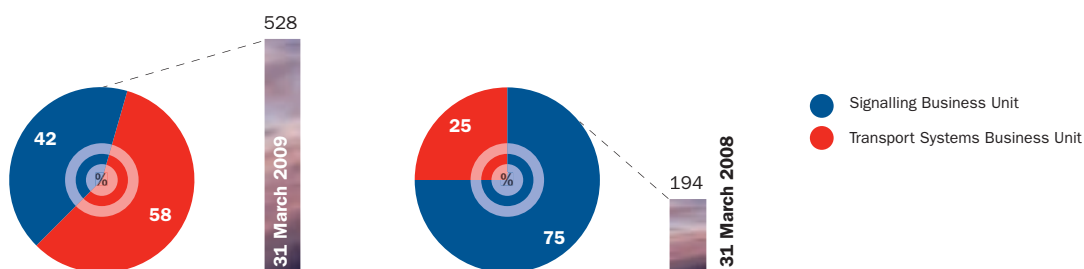
The first quarter of 2009 closed with consolidated net profit of EUR 15,641 thousand compared with net profit of EUR 10,508 thousand for the same period of the year 2008.

The overall increase of EUR 5,133 thousand is attributable to the increase in EBIT, which rose by EUR 4,105 thousand, to the slight decrease in net financial income of EUR 19 thousand and the decrease in taxes of EUR 1,047 thousand.

Taxes for the first quarter amounted to EUR 8,844 thousand (EUR 9,891 thousand in the first quarter of 2008) and relate to IRES (EUR 5,343 thousand), IRAP - regional tax on productive activities - (EUR 1,591 thousand) and taxes of foreign companies and deferred taxes (EUR 1,910 thousand).

Orders acquired by the Ansaldo STS Group in the first quarter 2009 amounted to EUR 528,289 thousand from EUR 193,556 thousand in the same period of the prior year, an increase of EUR 334,733 thousand, as pointed out above.

Orders by Business Unit of the first quarter 2009-2008 (EUR millions)



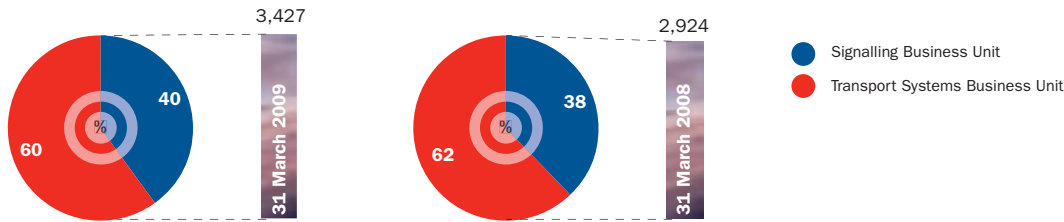
The **order backlog** at 31 March 2009 amounted to EUR 3,427,066 thousand, an increase of EUR 290,636 thousand (+9.27%) compared with 31 December 2008 (EUR 3,136,430 thousand) and EUR 502,696 thousand (17.19%) compared with 31 March 2008 (EUR 2,924,370 thousand).

The order backlog of the Signalling Business Unit at 31 March 2009 amounted to EUR 1,603,641 thousand (including transactions with the Transport Systems Business Unit), and the main amounts, including the inter-BU eliminations, are: EUR 884,005 thousand of the Italian Group Parent Ansaldo STS, EUR 360,108 thousand of the subsidiary Ansaldo STS USA, EUR 236,172 thousand of the French subsidiary Ansaldo STS France and EUR 94,046 thousand of the companies of the Asia/Pacific region.

The order backlog of the Transport Systems Business Unit at 31 March 2009 amounted to EUR 2,069,449 thousand and mainly regard these projects:

- Taipei Metro (EUR 214,200 thousand);
- High Speed (EUR 79,645 thousand);
- Copenhagen Metro (EUR 66,371 thousand);
- Construction of the Naples and Genoa Metros (EUR 595,343 thousand);
- Brescia and Milan driverless metros (EUR 280,653 thousand);
- Rome Line C driverless metro (EUR 320,476 thousand);
- Thessaloniki driverless metro (EUR 147,912 thousand);
- Alifana (EUR 132,741 thousand)
- Malaysia, North Ipoh - Pedang Besar railway line (EUR 135,000 thousand)
- Other projects (EUR 97,108 thousand).

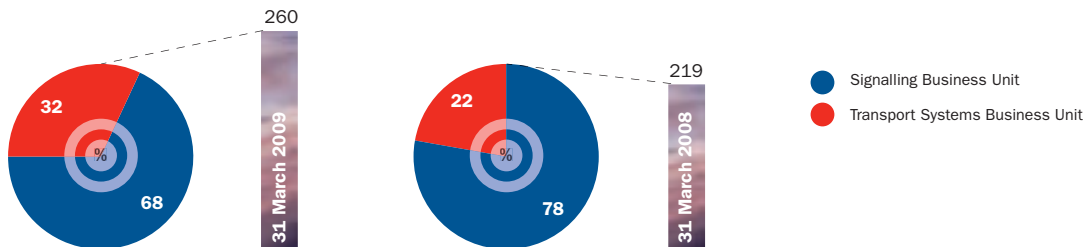
Order backlog by Business Unit at 31 March 2009-2008 (EUR millions)



Production Revenues for the first quarter amounted to EUR 259,757 thousand, an increase of EUR 40,527 thousand (+18.49%) from the same period of the prior year (EUR 219,230 thousand); the increase is mainly attributable to the Transport Systems Business Unit in the two periods in comparison:

- Signalling (with the exclusion of the transactions with the Transport Systems Business Unit) rose by EUR 5,878 thousand from the same period of the prior year (EUR 175,687 thousand at 31 March 2009, EUR 169,809 thousand at 31 March 2008);
- Transport System (with the exclusion of the transactions with the Signalling Business Unit) rose by EUR 34,649 thousand from the same period of the prior year (EUR 84,070 thousand at 31 March 2009, EUR 49,421 thousand at 31 March 2008).

Production Revenues by Business Unit 1st Quarter 2009 – 1st Quarter 2008 (EUR millions)



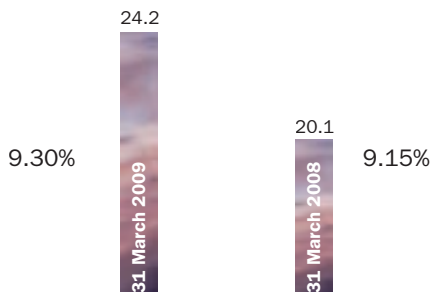
EBIT for the first quarter of 2009 amounted to EUR 24,160 thousand, compared with EUR 20,055 thousand of the first quarter of 2008, an increase of EUR 4,105 thousand.

The EBIT margin was 9.30% in 2009, a sharp increase from 9.15% in 2008.

It is thus noted that:

- Signalling closed the first quarter of 2009 with operating profit of EUR 17,833 thousand, an increase of EUR 2,369 thousand from the same period of the prior year (EUR 15,464 thousand);
- Transport System posted operating profit of EUR 8,375 thousand for the first quarter of 2009, with an increase of EUR 3,265 thousand from the same period of the prior year (EUR 5,110 thousand).

EBIT and ROS 1st Quarter 2009 - 1st Quarter 2008 (EUR millions)



At 31 March 2009 consolidated **net invested capital** is equal to EUR 47,495 thousand as compared with consolidated net invested capital of EUR 42,882 thousand at 31 December 2008; the difference of EUR 4,613 thousand is principally attributable to the change in **net working capital** by EUR 5,421 thousand from a negative EUR 166,322 thousand at 31 December 2008 to a negative EUR 160,901 thousand at 31 March 2009. The worsening was only partially offset by the lower balance of the non-current portion (net positive balance) which went from EUR 209,204 thousand at 31 December 2008 to EUR 208,396 thousand at 31 March 2009, a change of EUR 808 thousand. The change in net working capital is due to the increase in inventories, work in progress less advances, and trade receivables, which were only partially offset by the increase in trade payables, provisions and net liabilities.

The Group's **net financial position** (mainly financial receivables and cash and cash equivalents on borrowings) at 31 March 2009 was EUR 215,608 thousand compared with liquidity of EUR 195,870 thousand at 31 December 2008, an increase of EUR 19,738 thousand. The main events involved in the change in the Group's financial position are summarised below:

- principal collections of the Signalling Business Unit attributable to Ansaldo STS SpA for these projects: On Board SCMT (EUR 19,100 thousand), Milan - Bologna, Bologna - Florence and Novara - Milan high-speed rail lines (EUR 18,000 thousand), Automated Control System (ACS) for the Naples, Trento - Malè and Pisa Junctions (EUR 16,500 thousand), Automated Control System for Turkey's Mersin Toprakkale (EUR 11,998 thousand), On Board SCMT (EUR 15,200 thousand); to the Australian subsidiary for the ARTC Alliance and Projects projects, KfW Funded Project and FMG Infrastructure and other (EUR 24,250 thousand); to the American subsidiary for these components supply projects: Chengdu line 1, Shanghai Line 2 East Extension and Shenyang Line 2 (EUR 23,445 thousand); to the French subsidiary and its subsidiaries for these projects: TGV Rhin Rhone SEI, Cambrian Stage 2 - 3, HSL Seoul Busan Phase 2, Rotem bi standard, Perpignan Figueras, Madrid Lerida maintenance, Madrid Los Gavillanes and other (EUR 25,400 thousand);
- principal collections of the Transport Systems Business Unit from the following projects: Copenhagen (EUR 8,300 thousand), Genoa Metro, Brescia Metro and Milan Metro (EUR 20,404 thousand) and high-speed train lines (EUR 9,089 thousand);
- payment of taxes (EUR 2,266 thousand);
- payments for investments in property, plant and equipment and intangible assets (EUR 1,000 thousand);
- receipt of financial income (EUR 8,179 thousand).

The cash and cash equivalents at 31 March 2009 came to EUR 82,874 thousand.

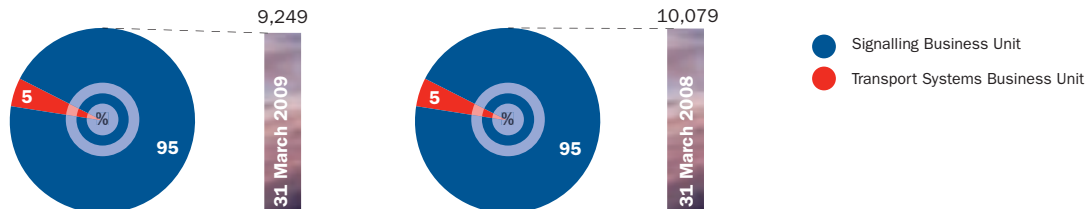
The Free Operating Cash Flow (FOCF) before strategic investments for the period at issue shows cash generated of EUR 19,412 thousand from cash used of EUR 12,782 thousand at 31 March 2008; this is mainly due to the change in working capital and lower ordinary investments during the two periods.

R&D spending for the first quarter of 2009 stood at EUR 9,249 thousand, compared with EUR 10,079 thousand of the first quarter of 2008, a decrease of EUR 830 thousand.

The activities developed by the Signalling Business Unit, for a total value of EUR 8,508 thousand, equal to 95% of the total amount, mainly relate to the development for the CBTC project which involves the American and the French subsidiaries.

The activities developed by the Transport System Business Unit amounted to EUR 439 thousand, a decrease of EUR 28 thousand from the first quarter of 2008 (EUR 467 thousand).

Research & Development by Business Unit - 1st Quarter 2009 - 1st Quarter 2008 (EUR 000)



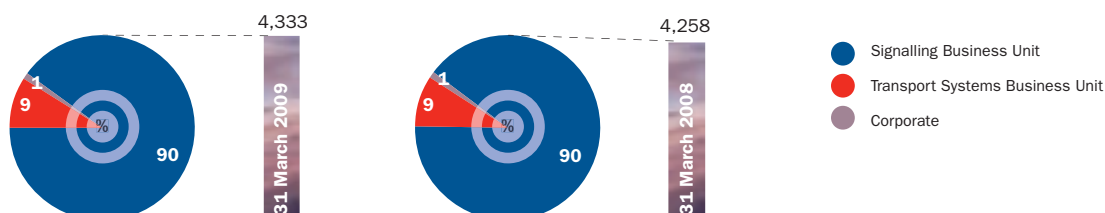
Group **workforce** at 31 March 2009 stood at 4,333 with an increase of 75 employees (+1.76%) from 4,258 employees at 31 March 2008. A breakdown by Business Unit is as follows:

- Signalling Business Unit: 3,883 employees
- Transport Systems Business Unit: 377 employees
- Other Activities (Corporate): 73 employees

Group **average workforce** at 31 March 2009 stood at 4,332, broken down by these categories:

- Executives: 131
- Middle managers: 362
- White-collar workers: 3,281
- Blue-collar workers: 558

Workforce by Business Unit at 31 March 2009-2008 (no.)



2 Market conditions and business climate

2.1 Signalling Business Unit

The orders acquired in the first quarter of 2009 came to EUR 528,289 thousand and reflect an increase of EUR 334,733 thousand from the same period of the prior period (EUR 193,556 thousand).

The value of the backlog at 31 March 2009 came to EUR 3,427,066 thousand from EUR 3,136,430 thousand for the prior period.

The most significant events of the first quarter 2009 referring to the Signalling Business Unit are outlined below.

ANSALDO STS - ITALY REGION

In the domestic market, the standstill of investments commenced about two years ago is ending. The FS group (RFI, Italferr and Trenitalia) is recovering its investments, but they are expected to stand at definitely lower levels (some 50%) than those prior to the standstill. The market recovery can also be found for the Regional Railways and the Metros.

RFI's liquidity is mainly focused on the completion of the high-speed, high-capacity (HS/HC) lines linking Turin, Milan, Bologna, Florence, Rome, and Naples and the programme for the rail traffic safety through the rail traffic management system (SCMT) and secondary command and control system (SSC).

The first tenders in relation to new investments (multi-station computer-based interlocking systems, European interoperable railway corridors with ERTMS, technological updating of the main junctions, and extension of the HS/HC network) are commencing.

The current opportunities lie in the completion of the FS programmes in process; these programmes still offer significant volumes, such as changes/supplements to the HS/HC, service and maintenance for the HS/HC and the SCMT, and unification of the departmental Central Control Points and of the traffic control systems in the large stations already equipped with computer-based interlocking (ACC).

For the regional railways and metro systems, the accent is still being placed on promoting the wayside and onboard SCMT system already supplied to FS, thereby providing for continuity in production, even though with substantially lower volumes, for (RFI and Trenitalia).

Some developments are still being carried out with regard to innovative products and components and new market segments (such as diagnostics and homeland security).

It should also be noted that new companies have entered these market segments and have achieved positive results, thereby increasing the competition in the domestic market.

Outside of Italy, the railway sector is markedly oriented to the adoption of the ERTMS solution, as also is the metro segment, which mainly required CBTC solutions with driverless alternatives.

Ansaldo STS is also continuing to develop business in the German market, where it is necessary to record an order for Level 2 ERTMS onboard equipment for Siemens high-speed new-generation trains (Velaro D) of the value of EUR 16.8 million. This is particularly relevant because it allows Ansaldo STS to be the first company in Germany holding contracts for the entire ERTMS range (wayside and onboard).

In Austria negotiations are under way regarding the offer for the ERTMC Level 2 equipment for the Vienna - St. Poelten sections and the Brennero main line, and for a prequalification for the supply of 432 onboard level 2 ERTMS ATCs for OBB.

In Libya an offer was presented for the supply of a Signalling system (Interlocking, CTC, ATP and Level 1 and level 2 ERTMS) and Telecommunications to the Libyan railways for the Al Khums - Sirt (320 km) and Al Hishah - Sabha (755 km) lines.

Despite the crisis that slowed down some projects in Russia, negotiations are continuing between Ansaldo STS and RZD and VNIAS for the implementation of the pilot project on the new ITARUS railway signalling system based on ERTMS solutions and the negotiation with RZD for the supply of the signalling, automation and security system for the Sirth - Benghazi (550 Km) line in Libya, where the Russian Railways have already signed a contract for the turnkey delivery of the entire line. Offers are being prepared for railway systems using the ERTMS technology in Poland, Slovenia and Bosnia.

In Egypt the company is expecting the outcome of the prequalification for two important railway tenders (Cairo - Alessandria and Cairo - High Dam Corridors) to be launched in the coming months.

Orders acquired at 31 March 2009 amounted to EUR 88,5 million from the prior period (EUR 43.8 million at 31 March 2008). At the reporting date **order backlog** was EUR 884 million, while it was EUR 680.6 million at 31 March 2008.

ANSALDO STS - FRANCE REGION

In the reference markets of this area, Ansaldo STS is a pioneer in ETCS installations in the UK (Cambrian pilot line) and Sweden (Ester pilot line). This ensures a leading position in the ETCS market to be developed in the coming years in Northern Europe (future pilot line in Norway, ETCS migration programme in Denmark in the 2010 - 2020 period) and in the UK, where Network Rail is finetuning projects for a plan for the network's migration to ETCS commencing 2010.

Together with the ETCS implementation on Signalling infrastructures, UK and Sweden's Train operators are finalizing projects for the installation on railway tracks of ATP devices compliant with level 1 or 2 ETCS and Ansaldo STS adopted aggressive marketing and commercial strategies to catch a part of this important market.

Competition is fierce and tries to use contracts for the supply of all onboard sub-systems. In many cases our competitors supply rolling stock as well and negotiations come with ETCS-type ATP equipment.

The ERTMS-regional concept that is developing in France, Northern Europe and Northern Africa will have to be carefully reviewed and analysed.

Tenders are under preparation for the renewal of the Signalling systems in the Stockholm, Amsterdam and London Metros. The renewal of the four Metronet bus lines in London is also being re-planned.

In France the railway political support will speed up the extension of the TGV-Est. In the next months the RBC tender for the Rhin-Rhône line will be launched. For the new Tours - Bordeaux (SEA) high speed line, the offers presented to the three tendering consortia (Bouygues, Eiffage and Vinci) are being evaluated; the decision is expected by the end of 2009.

The prequalifications for the Nîmes-Montpellier line and the TGV-Bretagne have already been launched.

With regard to the metro systems, the proposal for the renewal of the ATP devices of the Marseille Metro was presented on the last 27 March.

In Spain, where negotiations are under way with Thales and ADIF, the offer for the update of the RBC on the Madrid - Lerida high speed line, several opportunities were identified in the short-term for railway lines and an offer for the Granada tram lines was presented last month.

In Portugal, REFER and RAVE are strengthening their plans for installations giving priority to a project for the pilot line and a new high-speed line which connects the main cities to the Spanish border. Tenders are expected during the year.

In Sweden offers have been presented for ATP onboard equipment to track constructors Stadler and Alstom and Bombardier (the latter two are of the ETCS-type).

In the Maghreb countries, especially in Algeria, Ansaldo STS is involved in an intense phase of tender bids and negotiations with the civil main contractors for bids already awarded. The five ongoing negotiations include the one for the Lev.1/2 ERTMS systems for Line 10 in Algeria presented by the Italian Group Condotte in February 2009.

In Asia, the ongoing strong alliance in Korea ensures with continuity new orders; several opportunities are also being followed which will mature in the medium-term in the high-speed lines and inter-urban transport.

In China, the first interlocking of the SEI family adapted to the CTCS-2 Chinese standard (Shitai project) will enter operations in April 2009, opening up new business opportunities.

In South America, even if the contract for the Valencia Metro (with CBTC system) was signed in December 2008, administrative problems are delaying its inception.

Orders acquired at 31 March 2009 amounted to EUR 44.5 million and mainly refer to Ansaldo STS France. The relevant region also includes these subsidiaries of Ansaldo STS Italia: Ansaldo STS Ireland, Ansaldo STS Sweden and Ansaldo STS United Kingdom. At 31 March 2008 the value of orders amounted to EUR 36 million, with an **order backlog** standing at EUR 250.8 million. At 31 March 2009 this was EUR 236.2 million.

ANSALDO STS - AMERICAS REGION

More than 5,000 cargo transport engines are stationary in a depot house in North America. The number of cargo wagons in circulation significantly decreased. All this is having a negative impact on the sale of equipment and components in the country.

Class I Railways in the USA are focusing on the development of plans for the implementation of the PTC system. The final detailed rules are still being expected by the FRA (Federal Railroad Administration).

The State US Rail Transit Agencies have now become aware of the money they will receive for the Stimulus Package of the federal government. These sums will have to be spent within 18 months. A great part of the allocations will be used to reduce the budget deficit that is affecting the Transit Agencies. This should stabilise the present levels of expenditures of Agencies in 2009; however, some projects might be delayed until the end of the year.

With the new Stimulus Package and the recently approved budget, the US federal government assigned USD 13 billion to High-Speed railway projects. The Department of Transportation (DOT) identified 12 projects and an analysis is being carried out to identify the first ones to be funded. The first projects are estimated to be assigned in 2010.

However, in the first quarter of 2009 Ansaldo STS USA obtained significant orders in the Mass Transit segment, by the Metropolitan Companies of Washington, New York and Pittsburgh.

In China an additional order was also acquired for the Xi'an Metro with the innovative CBTC system.

Total **orders acquired** at 31 March 2009 amounted to EUR 62.5 million (equal to USD 82 million), up EUR 11.3 million from the prior period (USD 16.9 million). The value of the **backlog** at 31 March 2009 is equal to EUR 360.1 million (USD 479.2 million) from EUR 260.3 million (USD 411.6 million).

ANSALDO STS - ASIA PACIFIC REGION

The long-lasting world economic crisis and in particular a reduced demand for raw materials are having a negative impact on our major clients that extract and transport minerals.

Notwithstanding, offering activities are continuing in this area with projects of different sizes to be tendered in the next quarters.

Australia enjoys a stable political and economic system and opportunities will come up in the transport segment to increase security levels and services offered and to improve their reliability. The federal government funded works for level crossings in every State, also within the context of the Stimulus Package.

In the next five years Ansaldo STS is expecting further orders of AUD 170 million from the new Synergy Alliance in the context of the Queensland Rail Alliance. Moreover, some AUD 300 million (EUR 153 million) are expected for the next three years from the ARTC Alliance, where activities will be developed for both the ATMS system and the new ARTC Ansaldo STS Network Control Systems Alliance.

In March 2009 an offer was presented to Gorgon Gas Field Communications in Western Australia, where the high value (more than AUD 100 million) adds up to the strategic relevance of an access to the new market.

The transport system in **India** continues to present opportunities, also thanks to an economically strong and politically stable situation.

In the two-year period 2009-2010 the Indian Railways intend to upgrade 500 interlockings and protect lines for 1,800 kms with signal repetition systems (onboard and wayside). Ansaldo STS should therefore continue to benefit from a large amount of the station upgrading projects, which have so far provided the local subsidiary with a continuous and repetitive workload. Even the project for the Dedicated

Cargo Corridor should be formalised in the last quarter of 2009 with two separate tenders for the civil works and systems packages. An application for financing from the German bank, KfW, is still pending with regard to an important change in the scope of the Ghaziabad-Kanpur project for the installation of signalling equipment on a new third track, and overlaying axle counters on the CdB AF train recognition system that Ansaldo STS is already supplying.

As to passenger transport, besides negotiations in process between Ansaldo STS Malaysia and the general contractor, SCOMI, for signalling systems for the Mumbai monorail network, similar projects are in process for Bangalore, Mysore, Chandigarh and Pune, as well as classical metro projects in Chandigarh, Pune, Lucknow and Ahmedabad which should be finalised in the 2009/2010 two-year period. In the emerging market of **South Africa** the South African Rail Commuter Corporation (SARCC) will launch mid-year a bid for upgrading signalling systems.

The **orders acquired** at 31 March 2009 for the Signalling Business Unit came to EUR 42.1 million (AUD 83 million), for an increase of more than 15% compared with the same period of the prior year (AUD 60.2 million). The **order backlog** at 31 March 2009 amounted to EUR 94.5 million (AUD 180.7 million) from the prior period (AUD 224 million).

2.2 Transport Systems Business Unit

The orders acquired in the first quarter of 2009 came to EUR 304,105 thousand and reflect an increase of 529% from the same period of the prior year (EUR 48,314 thousand).

The value of the backlog at 31 March 2009 came to EUR 2,069,449 thousand from EUR 1,808,766 thousand for the prior period.

The most significant events of the first quarter 2009 referring to the Transport Systems Business Unit are outlined below.

ANSALDO STS - ITALY REGION

The financial crisis of 2008 is beginning to appear incisively in the real economy with a phase of uncertainty in the development of the infrastructure plans of the countries in the Italy Area.

In the short- and medium-term the use of bonds in some national economies which are still healthy seems to be possible, in an attempt to restart industrial and productive growth.

In other cases, as in general Eastern Europe, where national economies do not seem to be able to react independently to the economic crisis and whose financial resources in the world credit system are poor, project financing and PPPs are very difficult to achieve.

In the macroeconomic scenario several projects are expected to be delayed in the coming years, in particular in the Eastern Europe area, where the development programmes driven by the European Community do not seem adequate to fully finance the major expansion projects for transport networks), in Russia (where the strong depreciation of the rouble downsized the various project budgets of the public authorities) and in the United Arab Emirates (which have been seriously affected by the crisis). Projects with close delivery date, such as the driverless metros in Prague, Dubai and Abu Dhabi, the LRT in St. Petersburg, the High-Speed Buenos Aires - Mar del Plata line and the part of the High-Speed line planned in the UAE, in addition to the Persian Gulf Railway and the Dublin Metro, reveal weak prospects for a short-term implementation.

In partial contradiction with the above, the constant growth trend in the Turnkey Systems market in the Italy Area, defined in the latest years in the medium-term, seems to be confirmed in the growth estimates for the next five years, thanks to the rising of several infrastructure initiatives and projects in the Middle East (Kuwait, Oman, Qatar, Saudi Arabia, Jordan), whose actual development possibility has to be checked in the months to come, given the situation of the world economy.

In Italy, expectations should be confirmed regarding expansion programmes, in the medium- and long-term, of the transport network for all the main Italian cities, which help keep steady the development estimates of the System market in the area of Ansaldo STS Italia. In the next 5/10 years Milan, Turin, Rome, Naples, and Palermo will commence the construction of new metro lines. At the end of this period, a declining phase should start in the level of expansion of the Italian railway transport market.

Expectations of a continuous growth trend in the Turnkey System demand are also driven by the continuation of the remaining programmes for the expansion of the Turkish transport network and the coming up of new initiatives in Libya linked to the Tripoli Metro and to the development of the National Railway Network, as well as in the Middle East, in both the mass transit segment and the railway, traditional and High Speed market.

A further business opportunity is now standing by, with strong probability of being delayed. It is Russia's transport development programme, which embraces projects for the electrification of the national rail network and development of metro and suburban transport systems in the Moscow and the St. Petersburg areas. Among these is the Sochi Project, planned by the community that will host the 2014 Winter Olympic Games. This is a dual track 2x25 kV rail line of 58 km, with transport features similar to a metro (30,000 pphpd, headway 2 min). Ansaldo STS could be involved in the supply of signalling technologies, telecommunications and security (contractual terms are to be defined). Ansaldo STS might also play the role of system integrator with Signalling systems using the ITARUS-ATC technology.

The demand in driverless metros is constant (driverless CBTC), in particular in Italy, Central and Northern Europe and in the Middle East. Apart from some countries, Eastern Europe together with Turkey is excluded in this segment, probably due to the need for strong expansion programmes with very limited resources which might affect the technology chosen, selecting the less expensive and with lower innovative content, and the price level (low). Due to this, the conventional heavy metro segment might remain substantially relevant in this area over the next years. The features of these markets strongly increase the aggressivity of competitors able to offer a product with a limited technological content at very competitive prices.

In terms of prospects, the worldwide Transport System market is expected to maintain the growth trend, which however is the result of the dynamics of the various national markets, each with its own cycles.

At product level, the driverless metro segment is increasingly revealing its importance, and not only in Europe, and is becoming a relevant element of competition on the overall urban transport market, allowing an important advantage, in terms of image as well, for the owners of the technological know-how and the related system skills.

As regards acquisitions, the main event of the first three months of the year was the award worth EUR 214 million of the construction of the First Stage of the 16.5 km long Taipei Circular Line, with 14 stations and, and the main line depot.

In February the contract with Metropolitana di Napoli Spa, licensee for the Municipality of Naples, was signed for the construction designing and construction of the electrical/rail systems of Line 1 of the Naples Metro for the piazza Dante - piazza Garibaldi line. The value of the job order is EUR 54 million. Ansaldo STS will take care of the works for the contact line, power supply, telecommunications, signalling and automation and the protection systems on the 5-km line entirely in the tunnel. The works completion is expected by July 2012 and the works assigned to Ansaldo STS are part of the fourth application contract to the master agreement for the construction of Line 1 of the Naples Metro.

In the period the orders for Operational Lot 2 on the High-Speed Rome-Naples line were formalised. The company posted acquisitions for the participation in Consorzio Iricav Uno for civil works and equipment and direct orders from Consorzio Saturno for technological works, for a total value of EUR 32.8 million.

The **orders acquired** at 31 March 2009 for the Systems Business Unit came to EUR 300.2 million compared with the same period of the prior period (EUR 48.3 million). The **order backlog** at 31 March 2009 amounted to EUR 1,896.3 million from the prior period (EUR 1,808.7 million).

ANSALDO STS - ASIA PACIFIC REGION

In **Australia** in the next months prequalifications and tenders for the Gold Coast Light Rail and the North West Rail Link (Sydney) will take place. These investments mark the commencement of the construction of turnkey transport systems in the Australian market.

The systems integration and risk management for these projects, which had been directly managed by the contractor in the past, are part of the Transport Systems Business Unit's core business and will be strategic to us being turnkey contractors.

The orders acquired at 31 March 2009 for the Systems Business Unit came to EUR 3.9 million (AUD 7.7 million). The **order backlog** at 31 March 2009 amounted to EUR 173.1 million (AUD 332.6 million).

3 Alternative non-GAAP performance indicators

Ansaldo STS' management assesses the Group's earnings and financial performance and that of its business segments based on a number of indicators that are not envisaged by the IFRSs.

As required by Communication CESR/05-178b, below is a description of the components of each of these indicators:

- **EBIT:** the aggregate signifies earnings before taxes and financial income and costs, with no adjustments. EBIT also does not include costs and income resulting from the management of unconsolidated equity investments and other securities, nor the results of any sales of consolidated shareholdings, which are classified on the financial statements either as "financial income (costs)" or, for the results of equity investments accounted for with the equity method, under "effects of the valuation of equity investments accounted for using equity method".
- **Adjusted EBITA:** It is arrived at by eliminating from EBIT (as defined above) the following items:
 - any impairment in goodwill;
 - amortisation of the portion of the purchase price allocated to intangible assets in relation to business combinations, as required by IFRS 3;
 - restructuring costs that are a part of significant, defined plans;
 - other exceptional costs or income, i.e. connected to particularly significant events that are not related to the ordinary performance of the business.

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

(EUR 000)	2009	2008
Earnings before income taxes, net financial income and costs and share of results of equity accounted investments (EBIT)	24,160	20,055
Impairment of goodwill	-	-
Amortisation of intangible assets acquired through a business combination	-	-
Restructuring costs	(1,485)	-
Total exceptional costs (income)	-	-
Adjusted EBITA	25,645	20,055

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

4 Performance by business segment

4.1 Signalling Business Unit

(EUR 000)	31.03.2009	31.03.2008	Change	31.12.2008
Orders	238,072	145,864	92,208	963,569
Order backlog	1,603,641	1,339,497	264,144	1,526,383
Production Revenues	175,869	170,149	5,720	824,497
EBIT	17,833	15,464	2,369	96,980
Adjusted EBITA	19,318	15,464	3,854	98,615
Net working capital	(47,967)	(53,260)	5,293	(37,216)
R.O.S.	10.14%	9.09%	1.05 p.p.	11.76%
Research and Development	8,508	9,213	(705)	41,618
Employees (no.)	3,883	3,840	43	3,901

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

The Signalling Business Unit operates at an international level, designing and building railway and urban railway signalling components and systems worldwide mainly through four companies: the Italian company, Ansaldo Segnalamento Ferroviario SpA, with offices in Genoa, Naples, Turin, and Tito; the American subsidiary, Ansaldo STS USA, with branches in Pittsburgh (Pennsylvania) and Batesburg (South Carolina); Ansaldo STS France, a French company with offices in Paris and Riom; and the Australian company, Ansaldo STS Australia, based in Eagle Farm (Australia).

The Group also has small and medium-sized companies in Germany, Sweden, Finland, Ireland, the United Kingdom, Spain, China, India, Malaysia, South Africa and Botswana. The Group also has a large number of long-standing collaboration agreements with organisations in other countries such as Korea, Brazil and Turkey.

Most of the Group's work is carried out by companies headquartered in Italy, the USA, France and Australia, which together account for about 96% of the Business Unit's revenue.

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

- the installation of computerised interlocking systems at the stations of Rome Termini, Manchester South, and the Sandbach-Winslow link (United Kingdom),
- the building the signalling systems for the driverless metros in Copenhagen and Brescia, for the New York and Los Angeles (Green Line) subways, and the metros of Shanghai (Line 2) and Tianjin/Binhai (China),
- the building of electrical/rail systems for the Milan Metro (Line 3) and complete signalling systems for the railways of Rawang Ipoh (Malaysia) and Hammersley Iron (Australia),
- the design, production and installation of signalling systems on high-speed trains on French (TGV) lines, the Madrid-Lerida line in Spain, the Seoul-Taegu line in Korea, and the Qinhuangdao-Shenyang line in China; in Italy, the Group is currently participating in the design, production and installation of the Milan-Bologna and Turin-Novara high-speed sections, supplying signalling systems via the Saturno Consortium.

The **orders acquired** in relation to the Signalling Business Unit at 31 March 2009 came to EUR 224,184 thousand (less transactions with the Transport Systems Business Unit) and reflect an increase over the same period of 2008 of EUR 145,242 thousand equal to EUR 78,942 thousand (+54.35%), most of which is mainly attributable to the HSL Madrid-Lerida (Spain) maintenance (EUR 31,200 thousand), to contracts acquired in Germany and for Italy the contract for the detailed engineering and construction of the Computer-based Interlocking System of the Palermo station for a total EUR 36,000 thousand and the contracts acquired in the United States and Australia for EUR 70,500 thousand.

Below are the principal orders acquired by the Signalling Business Unit:

Country	Project	Customer	Value (EUR mln)
Spain	Maintenance HSL Madrid - Lerida	ADIF	31.2
Italy	ACS Palermo	RFI	19.0
USA	NYCT Lexington and 5th Avenue	NYCT	18.0
Germany	ATC On Board n.30 Velaro Train	Siemens	16.8
Australia	Clearways 3 Kingsgrove to Revensby	TIDC	10.8
Italy	Total Components / Service & Maintenance	Various	10.4
USA	Total Components / Service & Maintenance	Various	10.3
USA	PAAC North Shore Connector	PAAC	9.9
USA	WMATA Silver Springs	WMATA	8.9
Italy	SCMT On Board (3rd AIM frame)	Trenitalia	8.8
Italy	HSL To-Mi & Rm-Na (variation)	CAV To - Mi IRICAV	8.7
Brazil	CPTM CAB	CAF	8.1
Australia	Deepdale ICSS Gap	Rio Tinto	7.2
China	Xian Line 2	Insigma	6.8
Australia	Signalling Site System Works	FMG	5.4
France	Total Components / Service & Maintenance	Various	3.3
France	RBC East Europe HSL	RFF	2.8
Italy	SCMT On Board for regional lines	FIREMA	2.7
Italy	SCMT Wayside (variations)	RFI	2.0

The **order backlog** of the Signalling Business Unit at 31 March 2009 amounted to EUR 1,357,617 thousand (including transactions with the Transport Systems Business Unit):

The order backlog is principally made up of projects in relation to the onboard and wayside SCMT, automated control systems (ACS), high-speed rail lines, signalling connection control (SCC), metro systems and maintenance/service.

Production Revenues at 31 March 2009 in relation to the Signalling Business Unit amounted to EUR 175,869 thousand and reflect an increase of EUR 5,720 thousand (3.36%) with respect to the prior period (EUR 170,149 thousand).

The most significant production activities for the first quarter of 2009 are summarised below:

ANSALDO STS - ITALY REGION **HIGH-SPEED RAILWAYS**

Production was mainly developed through the contracts in relation to the Milan-Bologna, Bologna-Florence, Turin-Milan, and Rome-Naples stretches, and the ZhengXi project in China with a total increase of some 20% compared with the first quarter of 2008.

The activities linked to the additional interconnections of the Milan-Bologna section, the sub-section Novara-Milan, the Operational Lot 2 of the Rome-Naples and the entire Bologna-Florence section are a particular challenging commitment for the present year, as the commercial operation of the entire High Speed network linking Turin, Milan, Rome and Naples is expected to occur during the year.

With regard to the Paris-Ostfrankreich-Sudwestdeutschland (POS) North project in Germany, during the year a deep review of the scope of work is expected, also due to DB's changed strategy for the implementation of the level 2 ERTMS to the German railways.

With regard to the ZhengXi project in China, in 2009 the activation of the line with limited operational functionality (they will be completed in 2010) but adequate to start commercial traffic is expected.

WAYSIDE SCMT

Production regarded the completion of works and reconfiguration of systems that have already been built and activated.

During the period activities were initiated for the introduction of SCMT technology in the Circumvesuviana railway operated under concession.

The programme for the installation of the Train Speed Control System on the railway network was in effect concluded, with the outfitting of the last kilometres during the prior year.

Work continued on the delineation of the Addendums to the individual contracts that will be used for defining the final amount of the works executed and the final basis for the works in application of the original contractual provisions; this effort is expected to continue for the entire current year.

ONBOARD SCMT/ERTMS

In the quarter at issue, there were significant orders for the supply of Cab Radio devices for Trenitalia and the railways under concession, due to greater works (mechanical predispositions) included in the last orders received.

The main activities of the quarter regard the implementation of software versions intended for the ETR500 rolling stock suitable for activation of the Bologna - Florence line as well. Activities for the Check and validation of the new SSC signalling system for secondary systems were completed; therefore the permit for operation of the first rolling stock is expected to be obtained in the next months. The completion of this activity will enable the compliance with activation deadlines of the first engines of the Umbrian Central Railways.

The operation and check and validation activities have become remarkably important due to the coming of the ministerial deadlines (30 June 2009) which require the engines and wagons of all the Railways Companies to be equipped with last generation onboard equipment.

AUTOMATED CONTROL SYSTEMS (ACS)

Production mostly developed on the Rogoredo, Pisa, Rebaudengo, Rho/Pero and Rho, an overall 22.7% increase over the corresponding volume for the previous year. There have been no activations in the quarter. Activities abroad continue for the contracts acquired in Romania, Tunisia and Turkey.

SIGNALLING CONNECTION CONTROL (SCC) LARGE NETWORKS

Production slightly increased over the previous year and was developed mostly on the contracts for the Palermo systems, the Bologna-Brenner line, the Genoa junction and the various Centralised Traffic Control systems. The main activities performed relate to the Palermo contract, whose new control room was activated last year; the works needed for the activation of the second tract in the next months were also developed.

ANSALDO STS - FRANCE REGION

ATP ON BOARD CHINA

In accordance with the commitments undertaken by Ansaldo STS France with MOR and notwithstanding the scarcity of test sites built, 49 trains have been equipped and are ready to be put into service, using the new Chinese standard CTCS. The I.64 software version was released to the satisfaction of MOR in November 2008. In order to resolve several malfunctions of the BTM, the supplier decided to substitute 140 sets; the substitution of a first tranche of 80 sets is already in process on the Chinese trains, while a second tranche of 60 sets was sent at the beginning of December 2008 and will be installed on the trains within May 2009. Actions are still under way to make up for the delay in payment due to recent technical problems. The project is currently 86% completed; the next important milestone, relating to the installation of the BTM retrofit on the trains, is currently contemplated for May 2009, as noted above.

KOREAN HIGH-SPEED TAEJU - BUSAN LINE

In December 2006 Ansaldo STS France acquired a contract from Korea Rail Network Authority (KRNA), as part of a Korean consortium, related to the Stage 2 of High Speed for the 125 km-long line linking Taegu to Busan. The original value of the contract was some EUR 38 million, which has now become EUR 47 million.

The contract also covers the "Command Control System" of the two main stations of this line, Osong and Kimcheon.

This project confirms and strengthens the more than ten-year-long partnership with the Korean railway Authorities, which started with the contract for the first stage awarded in 1994 for the supply of wayside and onboard signalling for the 250 Km of the high speed line linking Seoul and Taegu, which was inaugurated in March 2004.

SHITAI CHINA

In November 2007 Ansaldo STS France acquired from the Chinese Ministry of Railways a contract for the supply of railway signalling systems for a new line in the northern part of the country. The contract, of the overall value of some EUR 32 million, relates to the designing and installation of the new system of the CTCS (Chinese Train Control System) 2 type, thanks to which passenger trains can be controlled up to 300 Km/h on the new Shijiazhuang - Taijuan line, which is 190 km long, and to the previously existing railway line in the area. Commercial operations are expected to commence in May 2009, with partial opening made in April.

ANSALDO STS - AMERICAS REGION

UP CADX

The project, which is highly important for the US subsidiary Ansaldo STS USA, involves the development and installation of a 'Next Generation Computer Aided Dispatch (CAD) System' and an 'Optimising Traffic Planner System'. These systems must be installed among all 33 000 miles of the Union Pacific's North American railway network. The contract also covers maintenance of the CAD system through 2021.

With regard to the development of the OTP, it is noted that a contractual change was agreed and signed with the customer on 29 December 2008, whose two most important points can be summarised as follows: 1) pro-rata payment of USD 5.4 million as compensation for the project team's significant technical and performance-related progress on the OTP application; and 2) the re-setting of the contractual milestones for payment on the basis of quarterly releases.

As far as the "CADX Office" is concerned, it is noted that the process requested by Ansaldo STS USA's management through which a "Core CADX" and "Full CADX" version is defined was approved by the customer during 2008. The reason for that is the speeding up of the implementation of the elements that are mostly required by the system planned on the customer site. As of today, 92% of requirements, or 26 documents, have been classified as Core, with early delivery as compared with the remainder. Of these 26 documents, 9 have been completed, 3 will be completed by the end of February 2009, and 14 by the end of July 2009.

As to system maintenance activities, the system is continuing to show a high level of stability, and the monthly maintenance hours and related revenues increased by contract during 2009, in line with the activities requested mainly for the migration of the system.

CTA DEARBORN

On this project, Ansaldo STS USA is a subcontractor of Aldridge Electric Inc. (AE). The contract calls for the design, supply and testing of a new automatic train control system and an optional communication system to replace the system currently installed on Chicago's Blue Line/Dearborn-Congress from the Forest Park Terminal to the Jefferson Park station on the O'Hare Service/Kennedy Line.

This project involves wayside equipment for 22 miles of line, which is expected to be completed in September 2009.

With regard to the work status, it should be noted that 21 out of the 24 foreseen locations were completed, and are currently operating.

All the engineering designing will be completed by the end of April 2009. All equipment will be on site by the end of May. The 22nd location will be operating by the end of April, the 23rd by the end of May. Regarding the 24th location relating to the Washington interlocking, it will be delivered but not installed, as the CTA customer requested to remove the latest installation from the scope of the contract. The main reason for this decision is linked to the fact that the new location inside the tunnel will not be ready.

Overall, the project is on target with regard to the supply of materials and circuit designing: all 24 locations will be completed and placed into service by 31 May 2009, with the exception noted above.

NYCT CHAMBERS STREET

On this project, Ansaldo STS USA is a subcontractor of RWKS Comstock. The supply relates to the modernization of the signalling system of three interlockings and the construction of station equipment in Chambers Street, World Trade Center and Canal Street on the NYC Eighth Avenue line.

The work is expected to be completed by April 2010. The contractual value for Ansaldo STS USA is USD 15.9 million.

Regarding the WTC station, the "Relay Room" is operating since February 2009. With regard to Chambers Street, "Vital relay" tests were carried out at the end of March 2009. As regards Canal Street station, the delivery of equipment was completed in December 2008. Ground equipment is being completed as planned as well.

The "5th & Lexington" project, which has been awarded recently, will use the same technology as that used for Chambers Street.

The **EBIT** in relation to the Signalling Business Unit came to EUR 17,833 thousand at 31 March 2009 compared with EUR 15,464 thousand at 31 March 2008 and reflects an increase of EUR 2,369 thousand, or 15.32%.

This change is mainly attributable to the French subsidiary, Ansaldo STS France due to greater production for the Shitai, Seoul Busan Phase 2 and Cambrian Stage 2 & 3 projects and components. The first two are marked by greater profitability.

The paragraphs below relate to company figures and, as a result, include transactions among companies of the Signalling Business Unit.

With regard to the contribution margin for the period, the following should be reported:

- the Italian Signalling Business Unit shows a slight increase in volumes by some EUR 3 million over March 2008 (+5%). Productive activities were essentially developed on contracts made with the main national customer, in particular on the High Speed segment. The Metro business production almost doubled from the first quarter of 2008, while the production for the Wayside SCMT sub-system decreased. Production for the Maintenance & Service business increased due to greater activities in the spare parts segment. At the level of average profitability, the period saw a slight worsening compared with the prior year, due to a different mix of job orders and in particular to the lower amount of Wayside SCMT job orders, which are being completed;
- the French Signalling Business Unit markedly increased in terms of volumes by some EUR 11 million from March 2008 (+39%), somewhat equally distributed between systems and components contracts, with an increase of average profitability for the period essentially due to the favourable mix of systems contracts, which are more profitable, and to greater profitability for the period of the Service & Maintenance orders;
- the US Signalling Business Unit showed production volumes in local currency slightly above those for the same period of the previous financial year (some USD 2 million, equal to +4%), substantially due to a good level of Transport Systems orders, which offsets the negative trend of orders for components. Average profitability for the period improved from March 2008, due to the favourable mix effect on the Signalling System orders, which enables the absorption of lower volumes and lower profitability of orders for components;
- the Signalling Asia Pacific Business Unit realised a sizeable decrease in production volumes (about AUD 10 million, equal to -15%), mainly due to delays in various orders, which is expected to be recovered during 2009. Average profitability for the period also worsened compared with the first quarter of 2008, for the same reasons that determined the contraction in volumes.

As regards other structure costs, the rise over March 2008 about 10% is mostly due to the increase in supply activities and commercial operations in general. Administrative costs slightly increased from the same period of the prior year; however it is markedly lower than the increase in production volumes for the period.

Net working capital of the Signalling Business Unit at 31 March 2009 amounted to a negative EUR 47,967 thousand and reflect an increase of a negative EUR 10,751 thousand (EUR 53,260 thousand at 31 March 2008) compared with 31 December 2008 (a negative EUR 37,216 thousand). This effect is mainly due to the Group Parent Ansaldo STS SpA because of the advance collected in the period for the Turkey Mersin Toprakkale ACS project for EUR 11,998 thousand.

Research and development spending at 31 March 2009 stood at EUR 8,508 thousand, compared with EUR 9,213 thousand at 31 March 2008.

The projects in which the companies of the Signalling Business Unit were involved regard the following market segments:

- HSL/ERTMS Level 2
- Main Lines/ERTMS Level 1 & 3
- Wayside
- Mass Transit
- Components
- Security/New initiatives

The **workforce** at 31 March 2009 came to 3,883, an increase of 43 compared with the same period of the prior year (3,840), a decrease of 18 compared with 31 December 2008 (3,901).

This decrease is mainly attributable to the reduction of 53 employees of the American subsidiary, due to the ongoing reorganisation plan (whose main objective is to streamline the Batesburg production facility) which generated restructuring charges that were partially offset by new employees hired in China, France and Italy.

4.2 Transport Systems

(EUR 000)	31.03.2009	31.03.2008	Change	31.12.2008
Orders	304,105	48,314	255,791	342,467
Order backlog	2,069,449	1,808,766	260,683	1,843,542
Production Revenues	84,070	49,421	34,649	301,583
EBIT	8,375	5,110	3,265	28,070
Adjusted EBITA	8,375	5,110	3,265	28,070
Net working capital	(110,820)	(129,222)	18,402	(122,930)
R.O.S.	9.96%	10.34%	(0.38 p.p.)	9.31%
Research and Development	439	467	(28)	2,894
Employees (no.)	377	365	12	376

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

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

The main projects in which the Transport Systems Business Unit is participating, or in which it has participated, are as follows:

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

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

The **orders acquired** by the Transport Systems Business Unit came to EUR 304,105 thousand at 31 March 2009 and principally regard:

Country	Project	Customer	Value (EUR mln)
Taiwan	Taipei Circular Line phase 1	SEMPO	214.2
Italy	Naples Metro L 1: Dante - Garibaldi	Municipality of Naples	53.7
Italy	HSL Italy - variation	IRICAV - SATURNO	32.9
Australia	Digital Link & VHF Upgrade	BHP Billiton	3.3

During the same period of the prior year, the orders acquired came to a total of EUR 48,314 thousand.

The **order backlog** of the Transport Systems Business Unit came to EUR 2,069,449 thousand at 31 March 2009 (compared with EUR 1,843,542 thousand at 31 December 2008).

The backlog principally regards the following projects:

- Taipei Metro (EUR 214,200 thousand);
- High-speed trains (EUR 79,645 thousand);
- Copenhagen Metro (EUR 66,371 thousand);
- Construction of the Naples Metro and Genoa Metro (EUR 595,343 thousand);
- Driverless metro for Brescia and Milan (EUR 280,653 thousand);
- Rome Line C driverless metro (EUR 320,476 thousand);
- Thessaloniki driverless metro (EUR 147,912 thousand);
- Alifana (EUR 132,741 thousand)
- Malaysia, North Ipoh - Padang Besar railway line (EUR 135,000 thousand)
- Other projects (EUR 97,108 thousand).

Production Revenues of the Transport Systems Business Unit at 31 March 2009 came to EUR 84,070 thousand (EUR 49,421 thousand at 31 March 2008); the pronounced increase of EUR 34,649 thousand compared with the same period of the prior year is attributable to the development of important order backlog. The volumes were developed in Italy (81%) and abroad (19%), with 90% regarding the metro rail sector. Production developed in relation to the contracts for high-speed trains, the Rome Metro Line C, Copenhagen Metro, Brescia Metro, Genoa Metro, Alifana and Naples Metro Line 6.

The most significant production activities are as follows:

ANSALDO STS - ITALY REGION

HIGH-SPEED RAILWAYS

With reference to the Rome-Naples tract, for the works carried out through the Saturno consortium, the customer required the activation for the energy systems of the line for the Operational Lot 2 within June, so that testing of the train on the line can be carried out in order to pursue the objective of having the T.U.S. by the end of October and perform pre-operations.

The T.U.S. for the Novara-Milan section is expected for next June. Commercial operations for the Milan-Bologna section started in December 2008; the Parma POC is expected to be completed by June. Finally, the T.U.S. for the Bologna-Florence section is expected in June.

As regards works made through the Iricav Uno Consortium on the Rome-Naples section, the truck laying works of the Operational Lot 2 and finishing, grinding, finetuning, check of the truck geometry and speed uphill test. Moreover, all the Civil Works regarding the Railway Platform have been completed, except for Anti-noise Barriers.

Regarding alleged delays and non-compliance claimed by the Final Customer to the General Contractor, specific meetings are still under way with customers to check whether there are conditions to define an agreement, remanding the TUS date to the Arbitration Board.

GENOA METRO

The activities carried out in the first quarter refer to the civil works. In January excavation works for the tunnelling work between the De Ferrari and the Brignole stations and the restoration (consolidation and construction of inverted arch) of the latest part of the old Grazie Tunnels to wire them up to the two line wards. The activities concerning the construction of the foundation and the concrete slab. In February works finished for the piled bulkhead at the Brignole station, necessary to the construction of the extension of the railway underpasses of the FS station and the structural works of the station of the same metro.

In March 2009 the town council approved a technical and economic variation for the construction of the extension of 2 underpasses already existing in the RFI area for the connection with the future station of the Brignole metro, the entirely new construction of a third underpass on the left bank of the Bisagno torrent, the construction of the ventilation chamber of Largo Lanfranco between the De Ferrari and Corvetto stations, works for the upgrade and implementation of safety measures for the systems of the Corvetto station for the operation of the operational section without the construction of this station.

Activities continue with the Authority in preparation with an addendum for the new Dinegro Depot.

ALIFANA REGIONAL LINE

The construction of the entire second Functional Action is completed except for the implementation of the Integrated Telecommunications system, which was the subject-matter of an Addendum signed in 2008, which will be completed by the end of 2009.

The internal testing with the Works Management and the USTIF has been completed and pre-operation has begun. The outfitting of MA100 trains for the Northeast Campania Metro with ATPc/d and TELOC 2500 equipment, needed for their placement into service was completed on six traction units which will allow for the public operation of two trains with a triple configuration. The external works to the Giugliano stations which are covered by the addendum signed in 2008 are nearing completion.

Activities are under way for the completion of the Scampia Underpass, which was also contractually agreed in 2008, and the related link to the Piscinola Station to be completed in 2009. The opening of the public operation of the tract will occur the next month of April 2009, and the completion of the works above, together with the implementation of the Integrated Telecommunications system, do not condition its functionality.

NAPLES METRO LINE 6

The first quarter was contractually marked by the approval by the Grantor Municipality of Naples of the technical and economic variation to the final project for the construction of the Mostra/Mergellina - S.Pasquale - Municipio section, which is the subject-matter of the Sixth Addendum. This variation does not involve an expense increase for the Municipal Authority. The technical and economic variation for the financial coverage of EUR 30.0 million is still under inquiry with the Works Management and the Grantor.

With regard to the operating activities on the individual sites, during the first three months of the year the execution of the containment walls of the station's shafts and the works necessary to the start of the excavation of the line tunnel between Mergellina and Municipio. In particular, for the building site of the Arco Mirelli station the bulkheads of the two shaft heads on the Mergellina side and the Municipio side have been completed. The station well using a hydromill on the Villa Comunale side is being completed near the present sites. The new motor traffic device is expected to be implemented soon on the Chiaia coast. This will allow the construction of sites in the areas of the Buildings side and the start of the relevant structural works.

Likewise, for the San Pasquale station site, the first quarter saw the continuation of the works for the construction of the station's shaft. For the Chiaia station, all the containment piles have been made and in March works commenced for building the curb around the head of the piles of the local shaft. The archaeological excavation will then commence.

Finally, as regards the Mergellina site, works for the site construction continued. These works are functional to the entrance and starting of the tunnel boring machine (TBM), which is being pre-assembled in a dedicated area in the Naples port.

BRESCIA METRO

With reference to the Company's works, the development of construction planning is continuing. Tests continued on the electrical supply systems, depot equipment, the third-rail sub-system, the ATC and telecommunications sub-systems. The final assembly of telecommunications and signalling are in process in the depot, while end-of-assembly checks are being carried out.

Installation activities started for cable paths in the technical rooms of Sant'Eufemia station, and during the second week of April this activity will also commence in the Sanpolino station.

Regarding the civil works to be carried out by the partner, the shield tunnel boring machine (TBM) is at the end of its route and has arrived at the mining shaft in April. The line and station building activities along the line are proceeding, while the finishing work is just about to be completed at the depot area, and the first level finishing work is being carried out in the stations where the TBM does not pass. Track laying along the first two kilometres of the viaduct is almost completed. Non-system plants will then be installed. Later, Ansaldo STS's activities will begin, also on-line activities.

With reference to the rolling stock for which AnsaldoBreda is responsible, testing on the first vehicle is being carried out. It should arrive in Brescia in the second half of June. Carriages for the first seven trains are available at the Naples facility and engines are being fitted out and built, and the carpentry work on the carriages is in process at the Reggio Calabria plant.

With regard to the dispute between ATI with particular reference to the civil partner, Astaldi) and Brescia Mobilità, meetings have continued to find a way to resolve the dispute.

COPENHAGEN

Production during the period was almost exclusively marked by activities relating to the operation & maintenance of the system.

ROMA METRO LINE C

With regard to the activities of the METRO C consortium company, tunnel excavation works are in progress with the first two TBMs, and the other two TBMs to be entered during the year have arrived at the site. Works continued for the rib pillars and bulkheads on Tracts T6-T5-T4 and in the Pantano Depot. Track laying has started in the Depot in the part relating to the Concessionaire and the supply of the technological works and the construction of the first three vehicles at the workshop of AnsaldoBreda of Reggio Calabria started.

As regards the activities directly pertaining to Ansaldo STS the supply of the first three SERs started, as well as of the Depot SER, and the supplies of the Manoeuvring Carriages and Track circuits of the Depot and the entire T7 tract also commenced. Wi-Fi, Onboard Telecommunications and ATC Assembly orders are in the definition process. The final project for the T3 was delivered. Approval is expected in September 2009.

THESSALONIKI METRO

During the first quarter of the year technical and managerial meetings were held between the Management of Ansaldo STS and the Customer. At these meetings an evolution of the technical solution formerly presented was proposed, in order to settle the dispute on the architecture of the signalling system.

The Customer accepted the proposed solution and the company commenced the detailed study of this solution. The settlement of the dispute led the Customer to unblock the process of the revision of the General Final Design 2 of almost all of the other fields. The process was blocked last August.

MILAN METRO

In the first quarter the activities of the company were performed in compliance with those planned at the end of 2008. The development of the detailed engineering is continuing. At the moment it is substantially approved. The construction designing started in January 2009 and continues without relevant problems. The production of this first quarter is strictly linked to the testing of material, in particular for the TLC subsystem. At the moment, the issue of a new work programme is being discussed by the ATI partners, and will then be subject to the customer's approval.

Regarding the civil works to be carried out by the partner, the TBM performed well and passed through three of the four stations planned. The TBM should arrive at the fourth and last station in the first ten days of April and will then move on to the mining shaft.

EBIT for the Transport Systems Business Unit at 31 March 2009 came to EUR 8,375 thousand (9.96% of the value of revenues) compared with EUR 5,110 thousand at 31 March 2008; this increase is the consequence of the incremental volumes developed.

Net working capital of the Transport Systems Business Unit at 31 March 2009 amounted to a deficit of EUR 110,820 thousand, and reflects deterioration of EUR 12,110 thousand compared with the deficit of EUR 122,930 thousand, essentially due to an increase of the differential between trade receivables and payables and a decrease in advances from contractors.

Research and development spending came to EUR 439 thousand at 31 March 2009, with a decrease equal to EUR 28 thousand over the prior year when the balance equalled EUR 467 thousand.

The **workforce** at 31 March 2009 amounted to 377, a slight increase of 12 compared with the same period of the prior year and of 1 compared with 31 December 2008 (376).

4.3 Main transactions during the quarter and events subsequent to 31 March 2009

On 18 April 2008 the Board of Directors of the company approved the new Group company organization which envisages:

- the merger by incorporation into the Group Parent Ansaldo STS SpA (ASTS) of the two subsidiaries Ansaldo Trasporti - Sistemi Ferroviari SpA (ATSF) and Ansaldo Segnalamento Ferroviario SpA (ASF);
- the liquidation and dissolution of the Dutch sub-holding company Ansaldo Signal NV (ASNV), transferring to ASTS the equity investments and all the other existing assets and legal relations.

The date of efficacy of the merger by incorporation of ATSF and ASF into Ansaldo STS SpA was 1 January 2009 for civil law, accounting and tax purposes. It was made by cancelling all the shares of Ansaldo Trasporti Sistemi Ferroviari and Ansaldo Segnalamento Ferroviario with no share capital increase by the merging company Ansaldo STS since it is a company wholly owned by it. The goal pursued with the merger is the rationalization of the operating activities performed by the Group in Italy by concentrating in one single company, the simplification of the current chain of control over the subsidiaries and the decrease of the costs associated with the group's company structure.

Regarding the dismissal of Ansaldo Signal N.V., since on 27 June 2008 the Dutch legislator implemented the Directive on cross-border merger operations with the issue of Deed no. 260/261, determined to proceed with the merger by incorporation of the subsidiary ASNV into Ansaldo STS SpA. The merger will be completed in compliance with Directive 2005/56/EC regarding cross-border merger operations of limited liability companies, implemented in Italy by Legislative Decree no. 108/2008 and, in the Netherlands, by Legislative deed no. 260/261 of 27 June 2008 and, residually, by the relevant national regulations.

The proposed merger project was approved on 5 May 2009 by the Board of Directors of ASNV and on 6 May 2009 by the Board of Directors of Ansaldo STS.

The merger will be achieved by cancelling all the shares making up the share capital of ASNV and with no share capital increase of the merging company Ansaldo STS, as it is a wholly-owned company of Ansaldo STS. The purpose of the merger is the simplification of the current chain of control of Ansaldo STS, reducing costs and duplicates connected with middle subholding companies in the Group's corporate structure companies, as ASNV is presently. This merger is also consistent with Ansaldo STS's role and business strengthening process. The concentration in only one company of the management of equity investments at present performed by ASNV allows a clear decrease in the costs connected with the group business structure and prevents duplicates of company skills, time delays and complications deriving from the application of two separate regulations.

The transaction will be performed during 2009 based on the financial statements of the two companies at 31 December 2008. The real legal effects of the transaction will be effective from the date of registration of the merger deed with the Register of Enterprises of the merging company, or any other date as may be indicated in the merger deed.

From 1 January 2009 the rebranding process of Group companies was completed with the change of the company name of the American subsidiary into "Ansaldo STS USA", of its subsidiaries into "Ansaldo STS USA International Co.", "Ansaldo STS USA International Projects Co." and "Ansaldo STS Canada Inc.". In order to keep a historical trademark in the US, such as "Union Switch & Signal", Transcontrol Co., a subsidiary of Ansaldo STS USA Inc., changed its company name into "Union Switch & Signal Inc.".

In March 2009 Ansaldo STS, through the subsidiary Ansaldo STS Malaysia Sdn Bhd, acquired 40% of the share capital of Balfour Beatty Ansaldo Systems Jv Sdn Bhd, a company organised under the laws of Malaysia with the purpose of performing the contract for the supply and operation of signalling, telecommunications and electrification systems on the new railway line linking Ipoh to Padang Besar in North Malaysia.

In the reporting period, Ansaldo STS obtained:

- (i) a contract for the construction designing and building of electrical/rail systems for the Naples Metro (Line 1) for EUR 53.7 million.
The achievement of these additional projects will allow Ansaldo STS to increase significantly the overall value of the orders for the construction of the works of the Naples Metro. Ansaldo STS is already a Concessionaire for the Municipality of Naples of the designing and construction of all the civil and technological works of the entire Line 6, including the signalling and automation system and the relevant rolling stock, for an overall countervalue of EUR 533 million;
- (ii) an order for the Taipei Metro with a value of EUR 214.2 million for the supply of electromechanical systems of the transport system.
The project, which includes the related concern AnsaldoBreda for the supply of vehicles, has an overall economic value of EUR 334 million. The customer is DORTS (Department Of Rapid Transit Systems), expression of the local government of the Municipality of Taipei. The agreement covers the first stage of Taipei Metro Circular Line and envisages a turnkey integrated system for the construction of the electromechanical works and the supply of the rolling stock for a 15.5 km-long line, with 14 stations (13 in viaduct and one underground), 17 vehicles and one depot. The line will be constructed using driverless technology with the CBTC (Communications - Based Train Control) radio system, the most advanced signalling system for metropolitan transport. The contract between the customer and the grouping of Ansaldo STS and AnsaldoBreda is expected to be signed in the first days of April, and operations are expected to begin within the end of 2015;

- (iii) as Group parent agent of the Temporary Business Grouping formed with SIELTE SpA and SITE SpA, contract with Rete Ferroviaria Italiana SpA for the detailed and construction engineering and for the implementation of the Central Calculator System in the Palermo station. The overall amount of the new contract amounted to more than EUR 25 million of which Ansaldo's share is EUR 19 million;
- (iv) a contract for the supply to Siemens of ERMTS Level 2 onboard equipment for an overall value of EUR 16.8 million. ERMTS level 2 onboard equipment will be installed on 15 high-speed new-generation trains (Velaro D), built by Siemens and property of Deutsche Bahn AG, and will allow to manage the international passenger transport among Germany, Belgium and France. Thanks to the new contract, Ansaldo STS is now the only Company in Germany to having been awarded contracts for the supply of wayside ERTMS systems (through High Speed signalling systems) and onboard ERTMS systems (through the supply of safety equipment). The new order acquired represent to Ansaldo STS a further important step to strengthen its presence in Germany, the European market with the widest railway network.

In the reporting period, Ansaldo STS also made through the subsidiary Ansaldo STS Australia an alliance agreement with Australian Rail Track Corporation to implement projects for signalling systems aiming at improving capacity, reliability and efficiency of corridors for coal transportation owned or managed by ARTC in New South Wales and Victoria. Revenues expected by Ansaldo STS for orders issued in pursuance of this agreement amounted to some EUR 153 million for the next three years.

With efficacy from the market closure of Friday 20 March 2009, following the ordinary six-month review of the stock making up the S&P/MIB index, Standard & Poor's added the shares of Ansaldo STS in the S&P/MIB basket. The S&P/MIB index is representative of the trend of the main 40 stock listed on the MTA, selected on the basis of their being representative of the segment, stock liquidity and capitalisation floating securities.

4.4 Atypical and/or unusual operations

During the first quarter of 2009, the Ansaldo STS Group did not take any positions or enter into transactions resulting from atypical and/or unusual operations.

5 Analysis of the Income Statement, Balance Sheet and Cash Flow of the Group

5.1 Financial statements

5.1.1 Income Statement (EUR 000)	31.03.2009	of which from related parties	31.03.2008	of which from related parties	31.12.2008	of which from related parties
Revenues	259,757	23,535	219,230	25,082	1,105,515	151,683
Other operating income	2,634		1,827	146	21,689	282
Costs for purchases	(52,510)	(376)	(49,600)	(853)	(247,572)	(8,889)
Costs for services	(115,116)	(8,692)	(86,285)	(6,139)	(464,368)	(80,131)
Cost of labour	(67,600)		(65,569)		(266,608)	
Amortisation, depreciation and write-downs	(2,903)		(2,528)		(14,233)	
Other operating costs	(2,430)	(3)	(3,366)	(2)	(15,146)	(4)
Changes in inventories of work in progress, semi-finished and finished goods	2,169		6,162		(2,578)	
(-) Capitalised costs for internally produced assets	159		184		863	
EBIT	24,160		20,055		117,562	
Financial income	14,657	774	4,762	1,198	22,938	4,903
Financial costs	(14,332)	(182)	(4,360)	(42)	(18,323)	(321)
Effects of valuation of equity investments accounted for using equity method			(58)		(150)	
Profit (Loss) before taxes	24,485		20,399		122,027	
Income taxes	(8,844)		(9,891)		(44,428)	
Net Profit (Loss)	15,641		10,508		77,599	
Group	15,639		10,506		77,544	
Minority interests	2		2		55	
Earnings per share						
Basic and Diluted	0.16		0.11		0.78	

5.1.2 Balance Sheet (EUR 000)	31.03.2009	of which from related parties	31.12.2008	of which from related parties	31.03.2008	of which from related parties
Non-current assets						
Intangible Assets	46,921		48,922		47,285	
Tangible Assets	97,114		97,155		93,752	
Equity investments	28,959		30,037		29,098	
Receivables	12,212		11,517		10,181	
Deferred taxes	44,933		40,400		41,478	
Other assets	25,585		26,020		27,544	
	255,724		254,051		249,338	
Current assets						
Inventories	91,137		92,874		105,579	
Contract work in progress	171,103		145,681		184,958	
Trade receivables	372,627	74,542	370,014	88,609	270,972	28,471
Income tax receivables	9,730		14,081		4,295	
Financial receivables	149,028	149,028	139,509	139,509	110,194	110,194
Derivatives	12,394		7,922		723	
Other current assets	29,977	2,218	36,782	2,232	25,046	2,359
Cash and cash equivalents	82,874		71,536		82,428	
	918,870		878,399		784,195	
Total assets	1,174,594		1,132,450		1,033,533	
Shareholders' equity						
Share capital	49,257		49,257		49,668	
Reserves	213,330		189,002		130,736	
Group's shareholders' equity	262,587		238,259		180,404	
Minority interests	516		493		374	
Total shareholders' equity	263,103		238,752		180,778	
Non-current liabilities						
Borrowings	5,644		5,747		7,197	
Severance pay and other employee liabilities	30,313		31,505		31,248	
Provisions for risks and charges			-			
Deferred taxes	8,555		4,740		6,793	
Other liabilities	8,460		8,602		8,081	
	52,972		50,594		53,319	
Current liabilities						
Advances from customers	501,636		502,405		490,095	
Trade payables	230,655	22,101	213,501	23,523	158,295	10,746
Borrowings	10,650	134	9,428	152	13,477	1,383
Income tax payables	4,351		7,247		15,184	
Provisions for risks and charges	28,811		28,541		26,862	
Derivatives	542		751		13,568	
Other current liabilities	81,874	3,249	81,231	3,979	81,955	4,805
	858,519		843,104		799,436	
Total Liabilities	911,491		893,698		852,755	
Total Liabilities and Shareholders' Equity	1,174,594		1,132,450		1,033,533	

5.1.3 Cash Flow (EUR 000)	31.03.2009	of which from related parties	31.03.2008	of which from related parties	31.12.2008	of which from related parties
Cash flow from operating activities:						
Gross cash flow from operating activities	29,096		24,399		131,484	
Change in working capital	(12,260)	12,667	(42,166)	19,174	(16,265)	(28,528)
Changes in other operating items	1,537	(716)	7,262	(7)	(11,407)	(706)
Net financial costs paid	688	592	190	1156	6,540	4,249
Income taxes paid	(2,266)				(53,771)	
Cash flow from (used in) operating activities	16,795		(10,315)		56,581	
Cash flow from investing activities:						
Company acquisitions, net of cash acquired	2,515		(100)		623	
Investments in tangible and intangible fixed assets	(1,737)		(2,374)		(14,389)	
Sale of tangible and intangible fixed assets	1,838		7		94	
Dividends received					333	
Other investments					(2,075)	
Cash flow from (used in) investing activities	2,616		(2,467)		(15,414)	
Cash flow from financing activities:						
Net change in other financing activities	(8,940)	(9,537)	33,698	31,894	(33,478)	1,348
Capital increases						
Dividends paid to minority shareholders						
Cash flow from (used in) financing activities	(8,940)		33,698		(33,478)	
Net increase (decrease) in cash and cash equivalents	10,471		20,916		7,689	
Foreign exchange translation differences	867		(1,873)		462	
Cash and cash equivalents - opening balance	71,536		63,385		63,385	
Cash and cash equivalents - closing balance	82,874		82,428		71,536	

5.1.4 "Statement of recognised income and expenses" (SORIE) (EUR 000)	31.03.2009	31.03.2008
Net Profit (Loss) for the period	15,641	10,508
Other income statement elements		
- Actuarial gains (losses) related to defined-benefit plans	619	(515)
- Changes in cash-flow hedge	4,804	(4,098)
- Tax effect on expense/(income) recognised in equity	(3,012)	1,675
- Foreign exchange translation differences	4,260	(2,755)
Other income statement elements net of tax effect	6,671	(5,693)
Total income and expense for the period	22,312	4,815
Attributable to:		
- of which Group	22,288	4,825
- of which minority interests	24	(10)

5.2 General information

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

The Ansaldo STS Group is a major player in the signalling and rail transport systems market segments. Ansaldo STS SpA, as Parent company, carries out the functions of business and strategic management, coordinating the operations of its subsidiaries (which together are known as the "Ansaldo STS Group" or the "Group"), which operate in the signalling and rail transport systems sectors.

The Ansaldo STS Group grew out of the transport signalling and systems operations which, until the second half of the 1990s, were carried out by Ansaldo Trasporti within the Finmeccanica Group. The formation of Ansaldo Signal NV in 1996 and of Ansaldo Trasporti Sistemi Ferroviari SpA in 2000 (together with the formation of AnsaldoBreda, for the vehicles segment, the same year) produced a reorganisation of the entire Transport Systems Business Unit, as a result of which Finmeccanica held a 100% stake in Ansaldo Signal NV, Ansaldo Trasporti Sistemi Ferroviari SpA and AnsaldoBreda.

Meanwhile, in 1996 Finmeccanica SpA had acquired S.I.C. Società Italiana Comunicazioni Srl, renamed EuroSkyway Srl in 1997; the company was put into liquidation in April 2005.

Following Finmeccanica's strategic decision in the second half of 2005 to list its signalling and transport systems companies on the stock exchange (having previously put in place a unitary management structure to enhance their business and commercial synergies) the EuroSkyway Srl shareholders' meeting, through its sole shareholder, Finmeccanica SpA, decided at the end of 2005 to revoke the company's state of liquidation and transform it into a company limited by shares, to change its own name to Ansaldo STS SpA, and to change its business object, focusing on signalling and transport systems for railways and urban rail systems.

To complete the above reorganisation, in February 2006 Ansaldo STS SpA, as already stated, acquired from Finmeccanica SpA the entire share capital of Ansaldo Signal NV and Ansaldo Trasporti Sistemi Ferroviari SpA and since 29 March 2006 Ansaldo STS SpA has been listed on the stock exchange.

Finmeccanica SpA placed on the market 60 million shares of the Company, equal to 60% of its share capital, at EUR 7.80 per share, retaining the remaining 40 million, equal to 40% of the share capital. The so-called greenshoe option was exercised to the full, in view of the extremely large number of requests to purchase the shares.

Upon the acquisition of stakes in Ansaldo Signal NV and in Ansaldo Trasporti Sistemi Ferroviari SpA (24 February 2006), all the companies operating worldwide in the Signalling sector were headed by Ansaldo Signal NV, while the Transport Systems activities were centred on Ansaldo Trasporti Sistemi Ferroviari SpA.

Subsequently, a process for the corporate reorganisation of the Group was put into action in order to (i) reduce and rationalise the current control chain of the subsidiaries and (ii) reduce the costs connected with the Group's corporate structure.

In the Asia Pacific area, the reallocation of a few equity investments in Group companies was finalised in consideration of the ever-increasing importance that those markets are assuming for the Group and of the close industrial and commercial interaction among these companies. Consequently, since 1 January 2008 Ansaldo STS Australia PTY, which is responsible for the management of the Asia Pacific area, has been controlling the Indian and Malaysian operating companies and has been put under the direct control of the Group parent Ansaldo STS SpA. Furthermore, two other companies have been established: Ansaldo STS Southern Africa (Botswana) and Ansaldo STS - InfraDEV South Africa, which, under the control of Ansaldo STS Australia PTY, operate on the expanding markets of Southern Africa.

In Italy, the two companies which operate in the two different business units (Signalling and Transport Systems) have merged, ex art. 2505 of the Italian Civil Code, into the listed Parent company, through incorporation of Ansaldo Segnalamento Ferroviario SpA and of Ansaldo Trasporti Sistemi Ferroviari SpA into Ansaldo STS SpA. The merger through incorporation, as set forth in the merger deed stipulated by Ansaldo STS SpA, Ansaldo Trasporti Sistemi Ferroviari SpA and Ansaldo Segnalamento Ferroviario SpA on 26 September 2008, has had legal, accounting and tax effective date since 1 January 2009.

In the scope of this corporate reorganisation, on 16 June 2008 the Dutch sub-holding Ansaldo Signal NV was put into liquidation; all the equity investments held by Ansaldo Signal NV in liquidation will be transferred to Ansaldo STS SpA by means of the merger through incorporation. The merger plan was approved on 5 March 2009 and 6 March 2009 respectively by the Supervisory Board of Ansaldo Signal N.V. in liquidation and by the Board of Directors of Ansaldo STS. Since this is a cross-border merger through incorporation, the same will be executed in accordance with directive 2005/56/EC relating to the cross-border mergers of stock companies so as it is implemented in Italy through Legislative Decree no. 108/2008 and in Holland through Legislative Deed no. 260/261 of 27 June 2008, as well as with the related national regulations. The merger will be executed through the cancellation of all the shares forming the entire capital of Ansaldo Signal NV in liquidation and without any capital increase on the part of the incorporating company Ansaldo STS in as much as the incorporated companies were wholly owned subsidiaries.

The merger is aimed at the simplification of the Ansaldo STS current chain of control, with the elimination of the costs and duplications connected with the presence within the group of intermediate sub-holdings, such as Ansaldo Signal. The merger under review is also consistent with the path of strengthening the role and business carried out by Ansaldo STS. The concentration in a single company of the activity for the management of equity investments currently carried out by Ansaldo Signal implies a clear reduction in the costs connected with the Group's corporate structure and avoids duplications of corporate competencies, waste of time and complications deriving from the application of two separate set of rules.

The actual juridical effects of the transaction will start from the date on which the merger deed is recorded in the Registrar of Companies of the incorporating company or from the different date eventually indicated in the merger deed.

As already said, the Ansaldo STS Group operates through two business units: Signalling and Transport Systems.

The "Signalling" Business Unit - whose reference main operating companies are Ansaldo Segnalamento Ferroviario SpA (Italy), Ansaldo STS France SA (France), Ansaldo STS Australia PTY (Asia Pacific) and Ansaldo STS USA Inc. (Americas) - designs and builds signalling systems, subsystems and components.

The "Transport Systems" Business Unit - being developed in all the group companies - designs and builds integrated transport systems, of which signalling is an essential part. In more detail, this activity studies, designs and plans how to integrate the activities of designing and building the technological equipment that goes to make up a system - that is, the track, signalling, power supply, telecommunications, and vehicles (whether for inter-city or urban railways) as well as any other technological works which, collectively, constitute an integrated transport system. The final product - an integrated transport system, whether an inter-city line or an urban one - is then delivered as a "turnkey" project to the customer. However, the Group can also offer the expertise of the Signalling or Transport Systems Business Units separately, according to specific customer needs.

5.3 Basis of preparation

The Consolidated Interim Financial Report of the Ansaldo STS Group at 31 March 2009 has been prepared in compliance with Art. 154 ter paragraph 5 of Legislative Decree no. 58/98 - T.U.F. and integrations and amendments thereof. The Consolidated Interim Financial Report is prepared in accordance with IAS 34 "Interim Financial Reporting", on the basis of the IASs/IFRSs endorsed by the European Commission at 31 March 2008 and supplemented with the related interpretations issued by the International Accounting Standard Board ("IASB").

The explanatory notes, in accordance with IAS 34, are reported in abridged form and do not include all the information required for the preparation of the annual report, being referred exclusively to those components, which by amount, composition or variations result to be fundamental to the comprehension of the financial position of the Group. Therefore, this report should be read in conjunction with the Consolidated financial statements as at 31 December 2008.

Similarly, the Balance Sheet and the Income Statement are published in abridged form when compared with the annual report. The reconciliation with the year-end statements is given in the related explanatory notes, for the items presented in the abridged statements.

The accounting standards and criteria used in the preparation of this quarterly report are the same as used in the preparation of the consolidated annual report at 31 December 2008 and of the quarterly report at 31 March 2008.

All figures are in thousands of euros unless otherwise indicated.

This Consolidated Interim Financial Report was not subject to audit.

5.4 Effects of the changes in the accounting principles adopted

5.4.1 Changes in the financial statements

With regard to the financial statements, it is necessary to mention the changes introduced at 31 March 2009 on the basis of the instructions and clarifications received from the Parent company. For comparative purposes, the data at 31 March 2008 has been reclassified:

- the balances pertaining to related parties included in the Balance Sheet and in the Income Statement are shown in a separate column and no more as a distinct item of the same schedules. Therefore, for each Balance Sheet and Income Statement item, the related schedule indicates the overall amount, while the portion of the amounts pertaining to related parties is shown separately. In a separate column is also provided the portion pertaining to related parties of a few items relative to the Cash Flow Statement.

5.4.2 Scope of consolidation

Below is a list of the companies included in the scope of consolidation and the relevant Group ownership percentage (direct or indirect):

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

Company	Direct/ in direct control	Registered office	Share Capital (/000)	Currency	Share owned %
ANSALDO SIGNAL NV IN LIQUIDATION	Direct	Amsterdam (Holland)	100	EURO	100
ANSALDO STS AUSTRALIA PTY LTD	Direct	Eagle Farm (Australia)	5,026	\$AUS	100
ANSALDO STS SWEDEN AB	Indirect	Solna (Sweden)	4,000	SEK	100
ANSALDO STS FINLAND OY	Indirect	Helsinki (Finland)	10	EURO	100
ANSALDO STS UK LTD	Indirect	London (United Kingdom)	1,000	GBP	100
ANSALDO STS IRELAND LTD	Indirect	Tralee (Ireland)	100	EURO	100
ACELEC SA	Indirect	Les Ulis (France)	168	EURO	100
ANSALDO STS ESPANA SA	Indirect	Madrid (Spain)	1,500	EURO	100
ANSALDO STS BEIJING LTD	Indirect	Beijing (China)	837	EURO	80
ANSALDO STS HONG KONG LTD	Indirect	Hong Kong (China)	100	\$ HK	100
ANSALDO STS FRANCE SA	Indirect	Les Ulis (France)	5,000	EURO	100
UNION SWITCH & SIGNAL INC	Indirect	Greenville (Delaware USA)	1	\$	100
ANSALDO STS MALAYSIA SDN BHD	Indirect	Kuala Lumpur (Malaysia)	3,000	RM	100
ANSALDO STS CANADA INC ¹	Indirect	Kingstone (Canada)	0	\$CAN	100
ANSALDO STS USA INC	Indirect	Wilmington (Delaware USA)	0,1	\$	100
ANSALDO STS USA INTERNATIONAL CO	Indirect	Wilmington (Delaware USA)	1	\$	100
ANSALDO STS USA INT. PROJECTS CO	Indirect	Wilmington (Delaware USA)	25	\$	100
ANSALDO STS TRANSPORTATION SYSTEMS INDIA PVT LTD	Indirect	Bangalore (India)	12,915	RUPIA	100
ANSALDO STS DEUTSCHLAND GMBH	Direct	Berlin (Germany)	26	EURO	100
ANSALDO RAILWAY SYSTEM TECHNICAL SERVICE (BEIJING) Ltd	Direct	Beijing (China)	1,500	USD	100

1. On 5 February 2009 the company changed its corporate name from "Union Switch & Signal Inc. (Canada)" to "Ansaldo STS Canada Inc."

List of companies accounted for using the equity method

Company	Direct/ indirect control	Registered office	Share capital (/000)	Currency	Share owned %
ECOSEN CA	Indirect	Caracas (Venezuela)	1,310	VBF	48.00
ALIFANA SCARL	Direct	Naples (Italy)	26	EURO	65.85
ALIFANA DUE SCARL	Direct	Naples (Italy)	26	EURO	53.34
PEGASO SCRL	Direct	Rome (Italy)	260	EURO	46.87
METRO 5 SpA	Direct	Milan (Italy)	25,000	EURO	24.60
INTERNATIONAL METRO SERVICE Srl	Direct	Milan (Italy)	700	EURO	49.00

List of companies accounted for at cost

Company	Direct/ indirect control	Registered office	Share capital (/000)	Currency	Share owned %
I.M. INTERMETRO SpA	Direct	Rome (Italia)	2,461	EURO	16.67
SOCIETÀ TRAM DI FIRENZE SpA	Direct	Florence (Italia)	7,000	EURO	3.80
METRO C ScpA	Direct	Rome (Italia)	150,000	EURO	14.00
ANSALDO STS INFRA DEV SOUTH AFRICA	Indirect	Johannesburg (South Africa)	2	ZAR	50.70
ANSALDO STS SOUTHERN AFRICA	Indirect	Gaborone (Botswana)	0,1	BWP	100
BALFOUR BEATTY ANSALDO SYSTEMS JV SDN BHD	Indirect	Malaysia	10,000	MYR	40

5.4.3 Exchange rates adopted

The exchange rates applied in the translation of financial statements and balances in currencies other than the euro at 31 March 2009 and 2008 were as follows:

	At 31.03.2009	At 31.03.2008	12-month average at 31.03.2009	12-month average at 31.03.2008
US\$	1.3308	1.5812	1.3122	1.4998
CAD	1.6685	1.6226	1.6306	1.5040
GBP	0.9308	0.7958	0.9102	0.7577
HK\$	10.3140	12.3075	10.1731	11.6897
SEK	10.9400	9.3970	10.9655	9.3992
AU\$	1.9216	1.7334	1.9715	1.6538
INR	67.3920	63.3040	64.7198	59.2404
MYR	4.8510	5.0575	4.7413	4.8364
BRL	3.0767	2.7554	3.0448	2.6028
CNY	9.0940	11.0874	8.9710	10.7361
VEF	2.8576	3.3950	2.7967	3.2215
BWP	10.3520	10.4690	10.3086	9.5451

6 Segment reporting

6.1 Primary segment

The Group operates in two different business sectors: Signalling (railway and urban), through the **Signalling Business Unit** and transport systems through the **Transport Systems Business Unit**. For more detailed analysis of the main programmes, outlook, and management indicators for each unit, see the report on operations by segment.

The results of the business units in the first quarter of 2009, compared with those for the same period of the previous year, are as follows:

EBIT by Business Unit

At 31.03.2009					
(EUR 000)	Signalling Business Unit	Transport Systems Business Unit	Other operations	Eliminations	Total
Revenues	175,869	84,070	-	(182)	259,757
Other operating income	2,609	6	4,279	(4,260)	2,634
Costs for purchases	51,849	5,264	-	(4,603)	52,510
Costs for services	51,250	60,638	3,067	161	115,116
Cost of labour	55,235	9,403	2,962		67,600
Changes in inventories of work in progress, semi-finished and finished goods	(2,278)	109	-	-	(2,169)
Amortisation, depreciation and write-downs	2,589	204	110	-	2,903
Other operating costs	2,159	83	188	-	2,430
(-) Capitalised costs for internally produced assets	(159)	-	-	-	(159)
EBIT	17,833	8,375	(2,048)	-	24,160

EBIT by Business Unit

At 31.03.2008					
(EUR 000)	Signalling Business Unit	Transport Systems Business Unit	Other operations	Eliminations	Total
Revenues	170,149	49,421	4,083	(4,423)	219,230
Other operating income	1,777	1,145	859	(1,954)	1,827
Costs for purchases	(48,144)	(1,610)	(10)	164	(49,600)
Costs for services	(54,346)	(36,153)	(2,432)	6,646	(86,285)
Cost of labour	(55,524)	(7,418)	(2,196)	(431)	(65,569)
Changes in inventories of work in progress, semi-finished and finished goods	6,162	-	-	-	6,162
Amortisation, depreciation and write-downs	(1,892)	(168)	(468)	-	(2,528)
Other operating costs	(2,902)	(107)	(355)	(2)	(3,366)
(-) Capitalised costs for internally produced assets	184	-	-	-	184
EBIT	15,464	5,110	(519)	-	20,055

Working capital by Business Unit

At 31.03.2009

(EUR 000)	Signalling Business Unit	Transport Systems Business Unit	Other operations	Eliminations	Total
Inventories	75,737	15,400	-	-	91,137
Contract work in progress, net	(202,552)	(127,981)	-	-	(330,533)
Trade receivables	226,341	170,380	6,403	(30,497)	372,627
Trade payables	(110,032)	(145,059)	(6,029)	(30,465)	(230,655)
Working capital	(10,506)	(87,260)	374	(32)	(97,424)
Provisions for risks and charges	(25,820)	(861)	(2,130)	-	(28,811)
Other net assets (liabilities)	(11,641)	(22,699)	(358)	32	(34,666)
Net working capital	(47,967)	(110,820)	(2,114)	-	(160,901)

Working capital by Business Unit

At 31.12.2008

(EUR 000)	Signalling Business Unit	Transport Systems Business Unit	Other operations	Eliminations	Total
Inventories	74,581	18,877	-	(584)	92,874
Contract work in progress, net	(211,945)	(145,364)	-	585	(356,724)
Trade receivables	250,395	144,700	4,391	(29,472)	370,014
Trade payables	(114,643)	(121,396)	(6,935)	29,473	(213,501)
Working capital	(1,612)	(103,183)	(2,544)	2	(107,337)
Provisions for risks and charges	(25,541)	(872)	(2,130)	2	(28,541)
Other net assets (liabilities)	(10,063)	(18,875)	(1,504)	(2)	(30,444)
Net working capital	(37,216)	(122,930)	(6,178)	2	(166,322)

As a result of the merger through incorporation between Ansaldo STS SpA and its subsidiaries Ansaldo Segnalamento Ferroviario SpA and Ansaldo Trasporti Sistemi Ferroviari SpA effective from 1 January 2009 and taking also into consideration the restructuring underway in the Group, the same starting from the first quarter of 2009 will present in the segment reporting an income statement targeted to the EBIT and where necessary the Adjusted EBIT, and a Balance Sheet showing the working capital, with full details of all its components.

6.2 Secondary segment

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

Production Revenues (EUR 000)	31.03.2009	31.03.2008	31.12.2008
Italy	128,829	93,749	532,665
Rest of Western Europe	53,900	49,094	215,422
North America	20,092	23,794	87,005
Asia Pacific	54,210	50,536	250,709
Others	2,726	2,057	19,714
	259,757	219,230	1,105,515

Assets are broken down on the basis of their location as follows:

Assets (EUR 000)	31.03.2009	31.12.2008	31.03.2008
Italy	521,070	653,914	451,263
Rest of Western Europe	463,942	300,298	424,457
North America	79,134	66,361	60,012
Asia Pacific	96,280	99,017	93,345
Others	14,168	12,860	4,456
	1,174,594	1,132,450	1,033,533

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

Capital expenditure (EUR 000)	31.03.2009	31.12.2008	31.03.2008
Italy	404	4,255	935
Rest of Western Europe	418	4,024	756
North America	550	3,129	431
Asia Pacific	365	2,885	252
Others	-	96	-
	1,737	14,389	2,374

7 Explanatory notes to the Consolidated interim Financial Report at 31 March 2009

In order to provide additional information on the Group's operating results, financial condition and cash flow, the restated "Income Statement", "Balance Sheet", "Net financial debt", and "Cash flow" are provided below.

The following table gives consolidated profit and loss amounts for the first quarter of 2009 and of 2008 and the amounts at 31 December 2008:

Income Statement (EUR 000)	31.03.2009	31.03.2008	31.12.2008
Revenues (*)	259,757	219,230	1,105,515
Production Revenues	259,757	219,230	1,105,515
Costs for purchases and cost of labour (**)	(233,582)	(201,270)	(976,050)
Amortisation and Depreciation	(2,903)	(2,499)	(10,505)
Write-downs	-	(29)	(3,728)
Other net operating income (costs) (***)	204	(1,539)	6,543
Changes in inventories of work in progress, semi-finished and finished goods	2,169	6,162	(2,578)
Adjusted EBITA	25,645	20,055	119,197
Restructuring costs	(1,485)	-	(1,635)
EBIT	24,160	20,055	117,562
Net financial income (costs)	325	344	4,465
Income taxes	(8,844)	(9,891)	(44,428)
Net Profit (Loss)	15,641	10,508	77,599
<i>Group</i>	<i>15,639</i>	<i>10,506</i>	<i>77,544</i>
<i>Minority interests</i>	<i>2</i>	<i>2</i>	<i>55</i>
Earnings per share			
<i>Basic and Diluted</i>	<i>0.16</i>	<i>0.11</i>	<i>0.78</i>

Notes for reconciling the reclassified Income Statement and the Income Statement:

(*) Includes "Revenues" and "Revenues from related parties".

(**) Includes "Costs from related parties", "Costs for purchases", "Costs for services" and "Cost of labour", net of "Capitalised costs for internally produced assets".

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

"Production revenues" for the first quarter of 2009 totalled EUR 259,757 thousand, broken down as follows: EUR 175,687 thousand (net of transactions with the Transport Systems Business Unit) attributable to the Signalling Business Unit and EUR 84,070 thousand to the Transport Systems Business Unit.

Production revenues showed an increase of EUR 40,527 thousand compared with EUR 219,230 thousand recorded in the same period of the previous year.

"Costs for purchases and cost of labour" amount to EUR 233,582 thousand and refer to the costs incurred for the purchases of materials and services for EUR 167,626 thousand, increasing by EUR 31,741 thousand (+ 23.35%) over EUR 135,885 thousand recorded in the same period of the previous financial year, in line with the growth in production revenues for the period.

Cost of labour is relative to 4,333 units at 31 March 2009 and amounts to EUR 67,600 thousand with an increase of EUR 2,031 thousand.

Cost of labour includes EUR 555 thousand (EUR 558 thousand at 31 March 2008), amount allocated for 3/12ths of the "Stock grant" plan authorised by the Board of Directors of Ansaldo STS SpA on 13 February 2008.

"Restructuring costs" amount to EUR 1,485 thousand and refer to the "Reorganisation Plan" carried out by the American subsidiary Ansaldo STS USA, which aims at a rationalization of the production structure in the Batesburg factory.

Cost of labour, without taking into consideration these costs, showed an increase of EUR 546 thousand, notwithstanding an increase in the workforce (+ 74 average units) compared with the same period of the previous year; this unchanged level of the per-capita average cost is due partly to the policies of cost containment in force and partly to the distribution of the Group's workforce towards countries with a lower labour cost.

The average workforce at 31 March 2009 came to 4,332, compared with 4,258 at 31 March 2008.

(EUR 000)	31.03.2009	31.03.2008	31.12.2008
Materials	47,557	50,506	234,865
Change in inventory	4,577	(1,759)	3,818
Services	102,231	76,648	366,775
Rent and operating leases	4,193	3,498	17,462
Costs for purchases and services from third parties	158,558	128,893	622,920
Costs for purchases and services from related parties	9,068	6,992	89,020
Total costs for purchases and services	167,626	135,885	711,940

(EUR 000)	31.03.2009	31.03.2008	31.12.2008
Payroll	50,513	49,082	199,173
Costs for stock grant plans	555	558	1,829
Pension and social security expenses	12,014	13,768	48,647
Pension and social security expenses for stock grant	96	-	-
Severance pay provision costs	21	24	126
Costs relating to other defined-benefit plans	85	(1)	96
Costs relating to other defined-contribution plans	786	854	6,647
Recovery of cost of labour	(61)	-	(116)
Disputes with employees	-	-	66
Restructuring costs	1,485	-	1,635
Other costs	2,106	1,284	8,505
Total cost of labour (*)	67,600	65,569	266,608
Capitalised costs for internally produced assets	(159)	(184)	(863)

(*) The total cost of labour also includes restructuring costs

“Amortisation and Depreciation” came to EUR 2,903 thousand and are mainly attributable to the Signalling Business Unit.

“Other operating income (costs) from third parties” amounted to EUR 204 thousand, as shown in the table below and are mainly attributable to the Signalling Business Unit:

(EUR 000)	31.03.2009	31.03.2008	31.12.2008
Grants for research and development spending	44	127	1,498
Gains on sale of tangible and intangible fixed assets	-	10	10
Reversals of provision for doubtful accounts	130	-	1,351
Reversals of provisions for risks and charges	986	655	4,369
Insurance reimbursements	-	2	768
Royalties	661	491	3,059
Financial income and foreign exchange gains on operating items	-	157	2,107
Other operating income	813	239	8,245
Other operating income from third parties	2,634	1,681	21,407
Other operating income from related parties	-	146	282
Total	2,634	1,827	21,689

(EUR 000)	31.03.2009	31.03.2008	31.12.2008
Allocations to provisions for risks and charges	845	1,617	6,548
Association dues	202	276	542
Losses on sale of tangible and intangible fixed assets	5	20	26
Foreign exchange charges on realisation of operating items	29	1	111
Exchange rate alignment on operating items	-	133	514
Interest and other operating costs	2	7	286
Indirect taxes	1,127	989	4,664
Other operating costs	217	321	2,451
Other operating costs from third parties	2,427	3,364	15,142
Other operating costs from related parties	3	2	4
Total	2,430	3,366	15,146

EBIT for the first quarter of 2009 came to EUR 24,160 thousand and is mainly attributable to the Signalling Business Unit for EUR 17,833 thousand, to the Transport Systems Business Unit for EUR 8,375 thousand, while other activities, exclusively corporate-related activities, showed a negative operating result of EUR 2,048 thousand.

Total net financial income and costs amounted to EUR 325 thousand, detailed as follows:

(EUR 000)	31.03.2009			31.03.2008			31.12.2008		
	Income	Expense	Net	Income	Expense	Net	Income	Expense	Net
Dividends	-	-	-	-	-	-	333	-	333
Interest and commissions	314	753	(439)	641	897	(256)	2,960	2,273	687
Exchange-rate differences	13,029	13,149	(120)	2,381	2,914	(533)	14,054	14,393	(339)
Income from fair-value measurement recognised in Income Statement	530	13	517	528	27	501	723	277	446
Interest on severance pay provision	-	21	(21)	-	198	(198)	-	676	(676)
Interest on other defined-benefit plans	-	97	(97)	-	96	(96)	-	383	(383)
Other financial income (costs)	10	117	(107)	14	186	(172)	298	-	298
Total financial income (costs)	13,883	14,150	(267)	3,564	4,318	(754)	18,368	18,002	366
Total financial income (costs) from related parties	774	182	592	1,198	42	1,156	4,570	321	4,249
Effects of valuation of equity investments with the net equity method	-	-	-	(58)	-	(58)	(150)	-	(150)
Total	14,657	14,332	325	4,704	4,360	344	22,788	18,323	4,465

"Income taxes" amounted to EUR 8,844 thousand.

Specifically, the entry represents the algebraic sum of:

(EUR 000)	31.03.2009	31.03.2008	31.12.2008
IRES (corporate income tax)	5,343	6,649	28,883
IRAP (regional tax on productive activity)	1,591	1,450	6,882
Income from consolidation	-	-	(641)
Other income tax (foreign companies)	2,032	1,488	10,575
Taxes relating to previous years	-	(27)	365
Provisions for disputes over taxes	-	10	37
Net deferred taxes	(122)	321	(1,673)
Total	8,844	9,891	44,428

Income taxes showed a decrease of EUR 1,047 thousand compared with the same period of the previous financial year, mainly attributable to the lower current taxes relating to IRES of Ansaldo STS SpA for EUR 1,306 thousand, to the lower deferred taxes for EUR 443 thousand partially offset by the increase in the taxes of the Group foreign subsidiaries for EUR 544 thousand and by the higher current tax relating to IRAP for EUR 141 thousand.

The following table gives a breakdown of the consolidated financial position at 31 March 2009:

Balance Sheet (EUR 000)	31.03.2009	31.12.2008	31.03.2008
Non-current assets	255,724	254,051	249,338
Non-current liabilities	(47,328)	(44,847)	(46,122)
	208,396	209,204	203,216
Inventories	91,137	92,874	105,579
Contract work in progress	171,103	145,681	184,958
Trade receivables	372,627	370,014	270,972
Trade payables	(230,655)	(213,501)	(158,295)
Advances from customers	(501,636)	(502,405)	(490,095)
Working capital	(97,424)	(107,337)	(86,881)
Provisions for risks and charges	(28,811)	(28,541)	(26,862)
Other net current assets (liabilities) (*)	(34,666)	(30,444)	(80,643)
Net working capital	(160,901)	(166,322)	(194,386)
Net invested capital	47,495	42,882	8,830
Group's shareholders' equity	262,587	238,259	180,404
Minority interests	516	493	374
Total shareholders' equity	263,103	238,752	180,778
Net financial debt (liquidity)	(215,608)	(195,870)	(171,948)

Notes for reconciling the Reclassified Balance Sheet and the Balance Sheet:

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

"Non-current assets" at 31 March 2009 came to EUR 255,724 thousand, detailed as follows:

(EUR 000)	31.03.2009	31.12.2008	31.03.2008
Intangible Assets	46,921	48,922	47,285
Tangible Assets	97,114	97,155	93,752
Equity investments	28,959	30,037	29,098
Receivables	12,212	11,517	10,181
Deferred taxes	44,933	40,400	41,478
Other assets	25,585	26,020	27,544
Total	255,724	254,051	249,338

Specifically:

- Intangible assets, which mainly refer to the Group goodwill (EUR 37,051 thousand), decreased over 31 December 2008 by EUR 2,001 thousand, mainly due to the effects of the merger through incorporation, that brought to the cancellation of the goodwill of Ansaldo Segnalamento Ferroviario equal to EUR 1,825 thousand, generated by the previous acquisitions of no longer existing business concerns.
- Tangible assets mainly include the value of the premises owned by the parent company, Ansaldo STS, located at Via Mantovani 3/5-16151 in Genoa and purchased in December 2005 from its parent company Finmeccanica SpA for EUR 62,378 thousand. In accordance with IAS 16, the component approach was applied to the above amount using estimates provided by experts and therefore the amount of EUR 9,353 thousand was reclassified among the item "Land". Tangible assets decreased by EUR 41 thousand, detailed as follows: increases for new acquisitions for EUR 1,493 thousand, depreciation for EUR 2,183 thousand, EUR 657 thousand as a result of the exchange-rate differences generated by the translation of the subsidiaries in foreign currency and EUR 8 thousand for dismissals.
- Equity investments at 31 March 2009 came to EUR 28,959 thousand, of which EUR 6,720 thousand (EUR 6,717 thousand at 31 December 2008) valued with the net equity method and EUR 22,239 thousand valued at cost. The equity investments valued at cost showed a negative variation of EUR 1,081 thousand, ascribable for EUR 1,078 thousand to the different consolidation method of the Chinese subsidiary Ansaldo Railway STS (Beijing) Ltd., for EUR 4 thousand to the higher value of the South-African subsidiary as a result of exchange-rate differences and for EUR 1 thousand to the establishment of a company in Malaysia named Balfour Beatty Ansaldo Syst. JV SDN BHD. The carrying value of the investments, consolidated using the equity method, showed an increase of EUR 3 thousand attributable to the exchange-rate differences arising from the valuation of the associated company Ecosen.

- Non-current receivables at 31 March 2009 equal to EUR 12,212 thousand increased by EUR 695 thousand over 31 December 2008; this increase refers to the increase in guarantee deposits for EUR 278 thousand and to the exchange-rate difference for the remaining part.
- “Deferred tax assets” came to EUR 44,933 thousand, an increase of EUR 4,533 thousand over 31 December 2008. This variation is mainly due to the recording of deferred tax assets resulting from the merger through incorporation.
- “Other assets” amounted to EUR 25,585 thousand and are mainly attributable to the non-current portion of the costs incurred to purchase the license to use the “Ansaldo” brand for 20 years from Finmeccanica SpA. On 27 December 2005, Ansaldo STS SpA entered into a licensing agreement with Finmeccanica to use the “Ansaldo” brand under which the Company is known in the market. The agreement gives the Company exclusive use of the brand for the next 20 years in the sectors the Group does business, in exchange for an up-front payment of EUR 32,213 thousand. The same showed a decrease of EUR 435 thousand over December 2008 mainly as a result of the portion pertaining to the period of the license to use the brand.

“Non-current liabilities” totalled EUR 47,328 thousand at 31 March 2009, in particular:

(EUR 000)	31.03.2009	31.12.2008	31.03.2008
Severance pay and other employee liabilities	30,313	31,505	31,248
Deferred taxes	8,555	4,740	6,793
Other liabilities	8,460	8,602	8,081
Total	47,328	44,847	46,122

Severance pay and other employee liabilities, equal to EUR 30,313 thousand, showed a reduction of EUR 1,192 thousand.

- Deferred taxes came to EUR 8,555 thousand with an increase of EUR 3,815 thousand; this change is mainly attributable to the deferred taxes arising from the cash flow hedge transactions used by the Group.
- Other liabilities, equal to EUR 8,460 thousand, decreased by EUR 142 thousand.

“Net working capital” showed a net value of EUR (160,901 thousand), more specifically:

- “Inventories” amounted to EUR 91,137 thousand, broken down as follows:

(EUR 000)	31.03.2009	31.12.2008	31.03.2008
Raw materials, ancillary goods and consumables	35,296	39,365	43,100
Work in progress and semi-finished products	19,640	16,948	23,640
Finished products and goods	11,042	11,697	9,935
Advances to suppliers	25,159	24,864	28,904
Total	91,137	92,874	105,579

- “Contract work in progress” came to EUR 171,103 thousand and “advances from customers” totalled EUR 501,636 thousand:

(EUR 000)	31.03.2009	31.12.2008	31.03.2008
Advances from customers	(20,081)	(21,910)	(17,596)
Invoices of instalments	(990,725)	(750,469)	(721,535)
Work in progress	1,181,909	918,060	924,089
Work in progress (net)	171,103	145,681	184,958
Advances from customers	79,374	55,403	70,725
Invoices of instalments	3,658,413	3,788,137	3,482,535
Work in progress	(3,236,151)	(3,341,135)	(3,063,165)
Advances from customers (net)	501,636	502,405	490,095

- “Trade receivables and payables” in respect of third parties and related parties are broken down as shown in the following table.

(EUR 000)	31.03.2009		31.12.2008		31.03.2008	
	Receiv.	Payables	Receiv.	Payables	Receiv.	Payables
Receivables/payables in respect of customers/suppliers	298,085	208,554	281,405	189,978	242,501	147,549
Total in respect of customers/suppliers	298,085	208,554	281,405	189,978	242,501	147,549
Receivables/payables in respect of related parties	74,542	22,101	88,609	23,523	28,471	10,746
Total	372,627	230,655	370,014	213,501	270,972	158,295

- The “provisions for risks and charges” stood at EUR 28,811 thousand.

As regards provisions for risks, it should be pointed out that the companies of the Ansaldo STS Group operate in sectors and markets where many issues - both when they sue or are sued - are resolved only after a considerable time-lag, especially where the party being dealt with is a government body.

To the best of our current knowledge, the various disputes that could give rise to a liability on the part of the Group that are not covered by a specific provision can be resolved in a satisfactory manner without a significant impact on results.

Provisions have been made for any quantifiable liability that is likely to arise.

It should be also pointed out that after pending tax assessments, specific amounts have been set aside in order to cover potential risks.

As to litigation, the following is noted:

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

- “Other net current assets (liabilities) in respect of third parties” amounted to EUR (51,897 thousand) at 31 March 2009:

(EUR 000)	31.03.2009		31.12.2008		31.03.2008	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Due to employees	476	32,310	697	29,608	494	27,310
Current portion of deferred charges	10,625	69	16,968	1,816	6,909	683
For indirect taxes and other amounts from/due to tax authorities	5,910	11,156	6,989	11,039	5,309	9,166
To social security institutions	1,232	12,467	889	14,318	1,196	13,202
Research grants	3,322	-	3,278	-	3,149	-
Other receivables	6,194	-	5,729	-	5,630	-
Other payables	-	22,623	-	20,471	-	26,789
Total other assets/liabilities	27,759	78,625	34,550	77,252	22,687	77,150
Other assets/liabilities with respect of related parties	2,218	3,249	2,232	3,979	2,359	4,805
Total	29,977	81,874	36,782	81,231	25,046	81,955
Derivatives	12,394	542	7,922	751	723	13,568
Income tax receivables/payables	9,730	4,351	14,081	7,247	4,295	15,184
Total	52,101	86,767	58,785	89,229	30,064	110,707

The details of the main changes are as follows:

- “deferred charges” (EUR 10,625 thousand) at 31 March 2009 increased by EUR 6,343 thousand as a result of the higher insurance premiums paid in the period;
- “income tax receivables” came to EUR 9,730 thousand at 31 March 2009 decreasing by EUR 4,351 thousand as a result of reclassifications from income tax payables made by the Group parent Ansaldo STS SpA upon the merger;
- “income tax payables”, equal to EUR 4,351 thousand, decreased by EUR 2,896 thousand as a result of the aforementioned reclassification and mainly reflected the tax charge for the period, net of the payments made;
- “other payables”, equal to EUR 22,623 thousand, refer to the Transport Systems Business Unit and relate to the liabilities in respect of the residual amounts to be paid for the acquisitions of stakes in Metro C SpA - Rome and Metro 5 - Milan.
- Net derivatives at 31 March 2009 are active and amount to EUR 11,852 thousand increasing by EUR 4,681 thousand as a result of the changes made in the hedge transactions of the American subsidiary of the Signalling Business Unit.

“Net invested capital” was positive for EUR 47,495 thousand and shareholders’ equity stood at EUR 263,103 thousand.

Below is the consolidated net financial position at 31 March 2009 with that at 31 December 2008 for comparison:

(EUR 000)	31.03.2009	31.12.2008	31.03.2008
Short-term borrowings	10,483	8,713	10,075
Medium/long-term borrowings	5,644	3,315	-
Cash and cash equivalents	(82,874)	(71,536)	(82,428)
Bank debt	(66,747)	(59,508)	(72,353)
Financial receivables from related parties	(149,028)	(139,509)	(110,194)
Other financial receivables	-	-	-
Financial receivables	(149,028)	(139,509)	(110,194)
Related parties borrowings	134	152	-
Other short-term borrowings	33	563	3,402
Other medium/long-term borrowings	-	2,432	7,197
Other borrowings	167	3,147	10,599
Net financial debt (liquidity)	(215,608)	(195,870)	(171,948)

The Ansaldo STS Group's net financial liquidity at 31 March 2009 was EUR 215,608 thousand compared with a net financial liquidity at 31 December 2008 of EUR 195,870 thousand with a decrease of EUR 19,738 thousand.

The net financial liquidity showed an increase generally ascribable to higher collections of the Group parent Ansaldo STS SpA, Signalling Business Unit, mainly due to the collection of the contractual advance for the job order acquired in 2008 in Turkey "Project ACS Turchia Mersin - Tropakale" for EUR 11,998 thousand, and always within the Signalling Business Unit, to the collection of the French subsidiary Ansaldo STS France for EUR 4,042 thousand in relation to the project Corea/Seoul Busan HSR Phase 2. Cash and cash equivalents at 31 March 2009 came to EUR 82,874 thousand.

The Cash Flow Statement at 31 March is presented below:

Cash Flow (EUR 000)	31.03.2009	31.03.2008	31.12.2008
Cash and cash equivalents - opening balance	71,536	63,385	63,385
Gross cash flow from operating activities	29,259	24,399	131,484
Changes in other operating items	(204)	7,452	(58,638)
Fund From Operations	29,055	31,851	72,846
Change in working capital	(12,260)	(42,166)	(16,265)
Cash flow from (used in) operating activities	16,795	(10,315)	56,581
Cash flow from (used in) ordinary investing activities	2,617	(2,467)	(13,339)
Free Operating Cash-Flow	19,412	(12,782)	43,242
Strategic investments	-	-	(2,075)
Other changes in investing activities	(1)	-	-
Cash flow from (used in) investing activities	2,616	(2,467)	(15,414)
Dividends paid	-	-	(19,992)
Cash flow from financing activities	(8,940)	33,698	(13,486)
Cash flow from (used in) financing activities	(8,940)	33,698	(33,478)
Foreign exchange translation differences	867	(1,873)	462
Cash and cash equivalents - closing balance	82,874	82,428	71,536

- Cash flow from operating activities equal to EUR 16,795 thousand shows a change of EUR 27,110 thousand compared with the same period of the previous year as a result of the worsening in the working capital as already shown in the Balance Sheet; EUR (160,901) thousand at 31 March 2009, EUR (194,386) at 31 March 2008.
- Cash flow from investing activities equal to EUR 2,616 thousand compared with cash flow used for EUR 2,467 thousand; this change is due to the lower ordinary investments for the period and to the cancellation, as a result of the merger, of a goodwill of EUR 1,825 thousand of Ansaldo Segnalamento Ferroviario.
- Cash flow used in financing activities for EUR 8,940 thousand compared with a cash flow generated for EUR 33,698 thousand at 31 March 2008. This change is mainly attributable to the change in a few credit lines with Finmeccanica Finance.

Free operating cash flow (FOCF) before strategic investments shows in the period under review a cash flow generated for EUR 19,412 thousand compared with a cash flow used for EUR 12,782 thousand resulting at 31 March 2008; this is mainly due to the change in working capital and to the lower ordinary investments of the two comparative periods.

8 Management of financial risks

The Group is exposed to financial risks associated with its operations, specifically related to these types of risks:

- market risks, relating to the operativity in foreign currencies other than the functional one (exchange rate risk) and relating to the risk of variation in interest rates;
- liquidity risks, relating to the availability of financial resources and access to the credit market;
- credit risks, resulting from normal commercial transactions or financing activities.

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

Exchange rate risk management

As indicated in the directive “Treasury management”, the exchange rate risk management of the Ansaldo STS Group focuses on the achievement of these objectives:

- limiting potential losses due to adverse fluctuations in the exchange rate as compared with the reporting currency of Ansaldo STS and its subsidiaries. In this case losses are defined in terms of cash flow rather in accounting terms;
- limiting estimated or real costs connected to the implementation of exchange rate risk management policies.

The exchange rate risk should be hedged only if it has a relevant impact on cash flow as compared with the reporting currency.

The costs and risks connected with a hedging policy (hedge, no hedge, or partial hedge) should be acceptable both financially and commercially.

These instruments may be used to hedge exchange rate risk:

- forward foreign exchange purchases and sales: exchange rate forwards are the most widely used instruments for cash flow hedges;
- currency swaps/cross currency swaps: when cash flows occur earlier or later than expected, the forwards are moved up or postponed using currency swaps;
- foreign currency funding/lending: foreign currency funding and lending may be used to partially alter the currency of costs to obtain a natural hedge.

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

Hedging of exchange rate risk

There are three types of exchange rate risk:

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

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

Cash Flow Hedges

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

Fair Value Hedges

A fair value hedge involves the hedging of an exposure to changes in the fair value of a recognised asset or liability, an irrevocable unrecognised commitment or an identified portion of such asset, liability or irrevocable commitment, attributable to a specific risk and that could affect the Income Statement.

The Group hedges against changes in fair value with regard to the exchange rate risk for assets and liabilities.

Hedging transactions are carried out predominantly with the banking system. At 31 March 2009 the Group had contracts referring to various currencies in the following notional amounts:

(EUR 000)	31.03.2009	31.12.2008
Euro	167,196	169,924
US Dollar	60,616	68,660
GBP	3,541	5,788
Swedish Krona	7,359	5,415
Canadian Dollar	11,081	10,985
Australian Dollar	23,544	36,594
Hong Kong Dollar	301	288

At 31 March 2009, the net fair value of derivative financial instruments was positive in the amount of about EUR 11,852 thousand.

Management of interest rate risk

The aforementioned directive states that the goal of the management of interest rate risk is to lessen the negative impact of changes in interest rates, which may affect the Group's Income Statement, the Balance Sheet and the weighted average cost of capital.

Interest rate risk management by the Ansaldo STS Group is designed to achieve the following objectives:

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

In 2009, the Group managed this risk without the use of derivatives due to the short-term maturities of the payables. Thus, at 31 March 2009, the Group had no open hedge positions to reduce interest rate risk.

Management of liquidity risk

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

At 31 March 2009, the Group shows a net financial liquidity of EUR 215,608 thousand.

At 31 December 2008, the Group showed a net financial liquidity of EUR 195,870 thousand.

Credit risk management

The Group is not exposed to significant credit risk, both as regards the counterparties of its commercial transactions and for financing and investing activities. Its primary customers are, in fact, government entities or off-shoots of such entities, concentrated in the euro area, the United States and Southeast Asia. The typical customer rating of the Ansaldo STS Group is therefore medium/high. Despite this, in the case of contracts with customers/counterparties with which the Group does not ordinarily do business, the customers' solvency is assessed at the time of the offer to highlight any future credit risks.

The nature of Ansaldo's customers means that collection times are longer (in some countries significantly longer) than in other businesses, creating significant outstanding past due positions.

9 Transactions with related parties

In general, transactions with related parties are conducted at arm's length. Interest-bearing receivables and payables that are not governed by specific contractual conditions are treated in the same manner. The most important figures are as follows:

Receivables at 31.03.2009

(EUR 000)	Non-current financial receivables	Other non-current receivables	Current financial receivables	Trade receivables	Other current receivables	Total
Parent company						
Finmeccanica S.p.A.	-	-	381	4	-	385
Subsidiaries						
Alifana S.c.r.l.	-	-	-	125	-	125
Alifana Due S.c.r.l.	-	-	-	7,932	-	7,932
Associated companies						
International Metro Service S.r.l.	-	-	-	10	858	868
Metro 5 S.p.A.	-	-	-	20,510	-	20,510
Pegaso S.c.r.l.	-	-	-	77	-	77
Consortia						
Cons. Saturno	-	-	-	31,342	1,360	32,702
Cons. Ascosa quattro	-	-	-	102	-	102
Cons. Ferroviario Vesuviano	-	-	-	2,804	-	2,804
San Giorgio Volla Due	-	-	-	3,399	-	3,399
San Giorgio Volla	-	-	-	1,421	-	1,421
Other Group companies						
Finmeccanica Group Service	-	-	-	-	-	-
Ansaldo Breda S.p.A.	-	-	-	6,645	-	6,645
Finmeccanica Finance	-	-	148,647	-	-	148,647
Elsag Datamat S.p.A.	-	-	-	62	-	62
Ansaldo Argentina S.A.	-	-	-	-	-	-
Selex Communication S.p.A.	-	-	-	-	-	-
Orizzonte Sistemi Navali	-	-	-	-	-	-
Galileo Avionica	-	-	-	17	-	17
Fata Logistic System S.p.A.	-	-	-	-	-	-
Ansaldo Energia S.p.A.	-	-	-	-	-	-
I.M. Intermetro S.p.A.	-	-	-	92	-	92
Total	-	-	149,028	74,542	2,218	225,788

Receivables at 31.12.2008

(EUR 000)	Non-current financial receivables	Other non-current receivables	Current financial receivables	Trade receivables	Other current receivables	Total
Parent company						
Finmeccanica S.p.A.	-	-	-	5	-	5
Subsidiaries						
Alifana S.c.r.l.	-	-	-	125	-	125
Alifana Due S.c.r.l.	-	-	-	5,014	-	5,014
Associated companies						
International Metro Service S.r.l.	-	-	-	10	858	868
Metro 5 S.p.A.	-	-	-	18,845	-	18,845
Pegaso S.c.r.l.	-	-	-	232	-	232
Consortia						
Cons. Saturno	-	-	-	49,636	1,360	50,996
Cons. Ascosa quattro	-	-	-	102	-	102
Cons. Ferroviario Vesuviano	-	-	-	3,485	-	3,485
San Giorgio Volla Due	-	-	-	3,768	-	3,768
San Giorgio Volla	-	-	-	1,421	-	1,421
Other Group companies						
Finmeccanica Group Service	-	-	-	-	-	-
Ansaldo Breda S.p.A.	-	-	-	5,450	14	5,464
Finmeccanica Finance	-	-	139,509	-	-	139,509
Elsag Datamat S.p.A.	-	-	-	302	-	302
Ansaldo Argentina S.A.	-	-	-	-	-	-
Selex Communication S.p.A.	-	-	-	1	-	1
Orizzonte Sistemi Navali	-	-	-	-	-	-
Galileo Avionica	-	-	-	12	-	12
Fata Logistic System S.p.A.	-	-	-	-	-	-
Ansaldo Energia S.p.A.	-	-	-	-	-	-
I.M. Intermetro S.p.A.	-	-	-	201	-	201
Total	-	-	139,509	88,609	2,232	230,350

Payables at 31.03.2009

(EUR 000)	Non-current borrowings	Other non-current payables	Current borrowings	Trade payables	Other current payables	Total
Parent company						
Finmeccanica Sede S.p.A.	-	-	7	32	-	39
Subsidiaries						
Alifana S.c.r.l.	-	-	-	184	3	187
Alifana Due S.c.r.l.	-	-	-	7,580	-	7,580
Associated companies						
Metro 5 S.p.A.	-	-	-	338	3,210	3,548
Pegaso S.c.r.l.	-	-	-	2,828	-	2,828
Consortia						
Saturno	-	-	-	121	-	121
Ascosa quattro	-	-	-	79	8	87
Team	-	-	-	-	-	-
SanGiorgio Volla 2	-	-	-	199	12	211
Cons. Ferroviario Vesuviano	-	-	-	149	8	157
SanGiorgio Volla	-	-	-	78	8	86
Cesit	-	-	-	14	-	14
Filobus Vesuvio	-	-	-	-	-	-
Other Group companies						
Finmeccanica Group service	-	-	-	231	-	231
Ansaldo Energia S.p.A.	-	-	-	-	-	-
Ansaldo Breda	-	-	-	3,210	-	3,210
Finmeccanica Finance	-	-	127	-	-	127
Elsag Datamat	-	-	-	2,309	-	2,309
Selex Communication	-	-	-	4,145	-	4,145
Selex Sistemi Integrati S.p.A.	-	-	-	-	-	-
Selex Service Management S.p.A.	-	-	-	62	-	62
Ansaldo Ricerche Spa	-	-	-	-	-	-
Fata Logistic System S.p.A.	-	-	-	449	-	449
Electron Italia	-	-	-	-	-	-
Prodotti elettronici	-	-	-	-	-	-
Hr Gest S.p.A.	-	-	-	21	-	21
Sogepa	-	-	-	-	-	-
Galileo Avionica	-	-	-	16	-	16
I.M. Intermetro S.p.A.	-	-	-	-	-	-
Other	-	-	-	56	-	56
Total	-	-	134	22,101	3,249	25,484

Payables at 31.12.2008

(EUR 000)	Non-current borrowings	Other non-current payables	Current borrowings	Trade payables	Other current payables	Total
Parent company						
Finmeccanica Sede S.p.A.	-	-	152	51	-	203
Subsidiaries						
Alifana S.c.r.l.	-	-	-	167	3	170
Alifana Due S.c.r.l.	-	-	-	5,021	-	5,021
Ansaldo Railway System Technical Servis (Beijing) Ltd	-	-	-	-	719	719
Associated companies						
Metro Service	-	-	-	478	-	478
Metro 5 S.p.A.	-	-	-	-	3,210	3,210
Pegaso S.c.r.l.	-	-	-	4,055	-	4,055
Consortia						
Saturno	-	-	-	396	-	396
Ascosa quattro	-	-	-	79	8	87
Team	-	-	-	7	5	12
SanGiorgio Volla 2	-	-	-	314	11	325
Cons. Ferroviario Vesuviano	-	-	-	404	8	412
SanGiorgio Volla	-	-	-	78	8	86
Cesit	-	-	-	13	-	13
Filobus Vesuvio	-	-	-	-	-	-
Other Group companies						
Finmeccanica Group Service	-	-	-	606	-	606
Ansaldo Energia S.p.A.	-	-	-	-	-	-
Ansaldo Breda	-	-	-	3,119	-	3,119
Finmeccanica Finance	-	-	-	-	7	7
Elsag Datamat	-	-	-	1,633	-	1,633
Selex Communication	-	-	-	6,280	-	6,280
Selex Sistemi Integrati S.p.A.	-	-	-	-	-	-
Ansaldo Ricerche Spa	-	-	-	-	-	-
Fata Logistic System S.p.A.	-	-	-	472	-	472
Electron Italia	-	-	-	136	-	136
Prodotti elettronici	-	-	-	-	-	-
Hr Gest S.p.A.	-	-	-	140	-	140
Sogepa	-	-	-	-	-	-
Galileo Avionica	-	-	-	16	-	16
I.M. Intermetro S.p.A.	-	-	-	2	-	2
Other	-	-	-	56	-	56
Total	-	-	152	23,523	3,979	27,654

31.03.2009

(EUR 000)	Revenues	Other operating income	Costs	Financial income	Financial costs	Other operating costs
Parent company						
Finmeccanica S.p.A.	-	-	457	-	55	-
Subsidiaries						
Alifana S.c.r.l.	-	-	-	-	-	-
Alifana Due S.c.r.l.	2,163	-	2,802	-	-	-
Associated companies						
Metro 5 S.p.A.	1,572	-	72	-	-	-
Pegaso S.c.r.l.	32	-	2,000	-	-	-
Consortia						
Saturno	16,118	-	549	-	-	-
Ascosa quattro	6	-	-	-	-	-
Team	-	-	-	-	-	-
SanGiorgio Volla 2	456	-	-	-	-	-
Cons. Ferroviario Vesuviano	499	-	-	-	-	-
Cesit	-	-	12	-	-	-
SanGiorgio Volla	19	-	-	-	-	-
Other Group companies						
Mecfin	-	-	-	-	-	-
Ansaldo Energia	-	-	-	-	-	-
Ansaldo Breda	2,106	-	573	-	-	-
Ansaldo ricerche S.r.l.	-	-	-	-	-	-
Fata Logistic	-	-	420	-	-	-
Finmeccanica Finance	-	-	-	774	127	-
Finmeccanica Group Service	-	-	186	-	-	-
Elsag Datamat	21	-	1,347	-	-	-
Hr Gest	-	-	181	-	-	3
Ote S.p.A.	-	-	-	-	-	-
Selex Communication	-	-	391	-	-	-
Selenia Mobile	-	-	-	-	-	-
Sogepa	-	-	-	-	-	-
Galileo Avionica	-	-	16	-	-	-
Electron Italia S.r.l.	-	-	-	-	-	-
Selex sistemi integrati Ltd	-	-	-	-	-	-
Selex Service Management S.p.A.	-	-	62	-	-	-
Alenia	-	-	-	-	-	-
Metro S.p.A.	-	-	-	-	-	-
Orizzonte Sistemi Navali	-	-	-	-	-	-
I.M. Intermetro S.p.A.	543	-	-	-	-	-
Oto Melara S.p.A.	-	-	-	-	-	-
Total	23,535	-	9,068	774	182	3

31.03.2008

(EUR 000)	Revenues	Other operating income	Costs	Financial income	Financial costs	Other operating costs
Parent company						
Finmeccanica S.p.A.	-	-	448	4	42	-
Subsidiaries						
Alifana S.c.r.l.	-	-	489	-	-	-
Alifana Due S.c.r.l.	862	-	799	-	-	-
Associated companies						
International Metro Service S.r.l.	-	-	-	-	-	-
Metro 5 S.p.A.	480	-	-	-	-	-
Pegaso S.c.r.l.	110	-	930	-	-	-
Consortia						
Saturno	20,001	-	553	-	-	-
Ascosa quattro	19	-	-	-	-	-
Team	-	-	-	-	-	-
SanGiorgio Volla 2	687	-	30	-	-	-
Cons. Ferroviario Vesuviano	652	-	-	-	-	-
Cesit	-	-	-	-	-	-
SanGiorgio Volla	57	-	-	-	-	-
Other Group companies						
Ansaldo Energia	-	3	-	-	-	-
Ansaldo Breda	2,186	-	650	-	-	-
AnsaldoBreda Inc.	-	-	98	-	-	-
Ansaldo Ricerche S.r.l.	-	-	-	-	-	-
Fata Logistic Systems S.p.a.	-	-	420	-	-	-
Finmeccanica Finance	-	-	-	1,194	-	-
Finmeccanica Group Service	-	-	60	-	-	2
Elsag Datamat	-	142	1,616	-	-	-
HR Gest	-	-	88	-	-	-
Selex Communication	-	-	776	-	-	-
Selenia Mobile	-	-	-	-	-	-
Sogepa	-	-	-	-	-	-
Electron Italia S.r.l.	-	-	-	-	-	-
Selex Sistemi integrati Ltd	-	-	-	-	-	-
Alenia	-	-	-	-	-	-
Metro S.p.a.	-	-	-	-	-	-
Orizzonte Sistemi Navali	-	-	-	-	-	-
Oto Melara S.p.A.	-	1	-	-	-	-
Fata Group S.p.A.	-	-	35	-	-	-
I.M. Intermetro S.p.A.	28	-	-	-	-	-
Galileo Avionica	-	-	-	-	-	-
Total	25,082	146	6,992	1,198	42	2

10 Significant non-recurring events and transactions

The Ansaldo STS Group did not record any significant non-recurring events and transactions in the first quarter of the financial year 2009.

11 Atypical and/or unusual operations

In the first quarter of 2009 the Ansaldo STS Group did not take any positions or enter into transactions resulting from atypical and/or unusual operations.

12 Subsequent events

On 20 April 2009 it was notified to the Market that Ansaldo STS, through the American subsidiary Ansaldo STS USA, has received a contract from the Long Island Railroad (LIRR) for the LIRR Harold and Point CIL's (Central Instrument Location, signalling cabin) interlocking project. The contract value is USD 25.8 million.

13 Net financial position

The following information is provided in accordance with Consob Notice DEM/60644293 of 28 July 2006.

(EUR 000)	31.03.2009	31.12.2008	31.03.2008
A Cash	120	43	2,289
B Other cash equivalents (bank accounts)	82,754	71,493	80,139
C Securities held for trading	-	-	-
D LIQUIDITY (A+B+C)	82,874	71,536	82,428
E CURRENT FINANCIAL RECEIVABLES	149,028	139,509	110,194
F Short-term bank debt	9,843	8,713	10,075
G Current portion of non-current debt	-	-	-
H Other current borrowings	807	715	3,402
I CURRENT FINANCIAL DEBT (F+G+H)	10,650	9,428	13,477
J CURRENT FINANCIAL DEBT, NET (I-E-D)	(221,252)	(201,617)	(179,145)
K Non-current bank debt	3,315	3,315	7,165
L Bonds issued	-	-	-
M Other non-current payables	2,329	2,432	32
N NON-CURRENT FINANCIAL DEBT (K+L+M)	5,644	5,747	7,197
O NET FINANCIAL DEBT (LIQUIDITY) (J+N)	(215,608)	(195,870)	(171,948)

14 Outlook

Thanks to the commercial success achieved by the Transport Systems Business Unit and the good performance of orders in the Signalling Business Unit during 2008, the Group's order backlog at 1 January 2009 has expanded compared with the same period of the previous year.

This paved the way, also in consideration of the results of these three months, to close the 2009 financial period with production volumes greater than those that were already important in 2008. Programmes and actions oriented to improve efficiency will continue in order to further increase profitability on revenues, already greater by 0.2% at the end of the first quarter of 2009, compared with the same period in 2008.

Both the Signalling and the Transport Systems markets are still marked by growth. The Group still follows with particular interest the markets of countries with high economic growth and high capacity of investment in infrastructures, such as China, India, Turkey and Russia, as proved by the latest acquisitions.

On 20 April 2009 it was notified to the Market that Ansaldo STS, through the American subsidiary Ansaldo STS USA, has received a contract from the Long Island Railroad (LIRR) for the LIRR Harold and Point CIL's (Central Instrument Location, signalling cabin) interlocking project. The contract is worth USD 25.8 million.

This year will also be marked by the search for opportunities in the transport systems business worldwide. This will be possible by joining the Italian expertise in the transport systems business with the industrial presence of our subsidiaries of the Signalling Business Unit in the various markets.

Particular attention is also given to managing the complexity of certain contracts of Ansaldo STS USA Inc., deemed strategic due to their technological contents.

The Company's positive financial situation allows us to closely monitor happenings in the sector in order to search for and select any investment opportunities in support of growth, analysing possible acquisitions or equity investments in companies offering a complementary presence in new markets of interest to the Group or companies with a product portfolio that can extend the Group's existing range of solutions.

Naples, 24 April 2009.

On behalf of the Board of Directors
The Chairman

Alessandro Pansa

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

The undersigned Jean Paul Giani, the manager in charge of the preparation of the company accounting documents of Ansaldo STS SpA, certifies in accordance with Art. 154-bis of the Consolidated law on Financial Intermediation that the Consolidated Interim Financial Report at 31 March 2009 of the Ansaldo STS Group corresponds to the entries in the accounting documentation, books and records.

Naples, 24 April 2009.

The Manager in charge

Jean Paul Giani

Attachment B: list of significant equity investments pursuant to consob resolution no.11971, Art. 125

Company (name and legal form)	Country	% of total	% Indirect control	% Direct control	Through	Type of ownership (see key)
Alifana -Limited-liability consortium	Italy	65.850%		65.850%		1
Alifana due -Limited-liability consortium	Italy	53.340%		53.340%		1
Automatismes Contrôles et Etudes Electroniques Acelec S.A.	France	99.999%	99.994%		Ansaldo STS France S.A.	1
			0.004%		Ansaldo STS France S.A.	9
			0.001%		Ansaldo STS Hong Kong Ltd.	1
Ansaldo Railway System Technical Service (Beijing) Ltd	China	100.000%		100.000%		1
Ansaldo STS Espana S.A.	Spain	100.000%	100.000%		Ansaldo STS France S.A.	1
Ansaldo STS Finland OY	Finland	100.000%	100.000%		Ansaldo STS Sweden AB	1
Ansaldo STS Infradev South Africa Pty Ltd.	South Africa	50.700%	50.700%		Ansaldo STS Australia Pty Ltd	1
Ansaldo STS Ireland Ltd.	Ireland	100.000%	99.999%		Ansaldo Signal NV in liquidation	1
			0.001%		Ansaldo STS USA Inc	1
Ansaldo Signal NV in liquidation	Holland	100.000%		100.000%		1
Ansaldo STS Southern Africa Pty Ltd.	Botswana	100.000%	100.000%		Ansaldo STS Australia Pty Ltd	1
Ansaldo STS Sweden AB	Sweden	100.000%	100.000%		Ansaldo Signal NV in liquidation	1
Ansaldo STS UK Ltd.	England	100.000%	100.000%		Ansaldo Signal NV in liquidation	1
Ansaldo STS Deutschland GmbH	Germany	100.000%		100.000%		1
Ansaldo STS Beijing Ltd.	China	80.000%	80.000%		Ansaldo STS France S.A.	1
Ansaldo STS France S.A.	France	100.000%	99.999%		Ansaldo Signal NV in liquidation	1
			0.001%		Ansaldo Signal NV in liquidation	9
Ansaldo STS Hong Kong Ltd.	China	100.000%	99.999%		Ansaldo STS France S.A.	1
			0.001%		Ansaldo STS France S.A.	9
Balfour Beatty Ansaldo Systems JV Sdn Bhd	Malaysia	50%	40%		Ansaldo STS Malaysia Sdn Bhd	1
			10%		Ansaldo STS Malaysia Sdn Bhd	9
Ecosen S.A.	Venezuela	48.000%	48.000%		Ansaldo STS France S.A.	1
I.M. Intermetro S.p.A.	Italy	16.666%		16.666%		1
International Metro Service S.r.l.	Italy	49.000%		49.000%		1

Attachment B: list of significant equity investments pursuant to Consob resolution no.11971, Art. 125


Company (name and legal form)	Country	% of total	% Indirect control	% Direct control	Through	Type of ownership (see key)
Metro 5 S.p.A.	Italy	24.600%		24.600%		1
Metro C. S.c.p.a..	Italy	14.000%		14.000%		1
Pegaso-Limited-liability consortium	Italy	46.870%		46.870%		1
Union Switch & Signal Inc	USA	100.000%	100.000%		Ansaldo STS USA Inc.	1
Transit Safety Research Alliance (no profit corporation)	USA	100.000%	100.000%		Ansaldo STS USA Inc.	1
Ansaldo STS USA Inc	Delaware - USA	100.000%	100.000%		Ansaldo Signal NV in liquidazione	1
Ansaldo STS Canada Inc. ²	Ontario - Canada	100.000%	100.000%		Ansaldo STS USA Inc.	1
Ansaldo STS USA International Co.	Delaware - USA	100.000%	100.000%		Ansaldo STS USA Inc.	1
Ansaldo STS USA International Projects Co.	Delaware - USA	100.000%	100.000%		Ansaldo STS USA Inc.	1
Ansaldo STS Transportation Systems India Private Limited.	India	100.000%	99.9999%		Ansaldo STS Australia PTY Ltd.	1
				0.0001%		1
Ansaldo STS Australia PTY Ltd.	Australia	100.000%		100.000%		1
Ansaldo STS Malaysia SDN BHD	Malaysia	100.000%	100.000%		Ansaldo STS Australia PTY Ltd.	1

2. On 5 February 2009 the company changed its corporate name from "Union Switch & Signal Inc. (Canada)" to "Ansaldo STS Canada Inc."

Key: Types of share ownership or voting rights

- 1 Owned
- 2 Securities lender
- 3 Securities borrower
- 4 Registered owner on behalf of third party
- 5 Asset management
- 6 Pledge
- 7 Usufruct
- 8 Deposit
- 9 Voting rights under contractual agreements

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www.ansaldo-sts.com

A Finmeccanica Company