GrandiStazioni

Consolidated Financial Statements

As at 31 December 2011

Grandi Stazioni S.p.A.

A company under the management and coordination of Ferrovie dello Stato Italiane S.p.A.

Share Capital: € 4,304,201.10 fully paid-up.

Registered Office: Via G. Giolitti n. 34 – 00185 ROME

Rome EAR: 841620

Rome Business Register: 05129581004

Tax Code and VAT Registration No.: 05129581004

WEB: www.grandistazioni.it

Gruppo Grandi Stazioni Mission

Gruppo Grandi Stazioni is part of Gruppo Ferrovie dello Stato and has been assigned the duty of renovating and managing Italy's main 13 railway stations: Roma Termini, Roma Tiburtina, Milano Centrale, Torino Porta Nuova, Firenze Santa Maria Novella, Bologna Central, Napoli Central, Venezia Mestre and Santa Lucia, Verona Porta Nuova, Genova Piazza Principe and Brignole, Palermo Central and Bari Central, as well as Prague Central Station and Mariànské Làzne Station in the Czech Republic.

The guiding goal of the company and its subsidiaries is to spread a new concept of railway station among the general public: an enterprise with high business potential, a venue for city life and a lively and welcoming place, capable of offering quality services and opportunities to enjoy your time while waiting for a train or in which to spend your free time. According to this new concept, stations fulfil a new urban function.

Briefly, the company's mission involves:

- renovating and valorising properties through leasing, promotional and advertising activities and directly managing passengers areas and services;
- improving the quality of and diversifying travel services by enhancing the existing offer and constantly striving to improve customer satisfaction;
- promoting new ways of using spaces, introducing innovative services in Network stations, such as service centres with numerous areas for shopping, a specialised general surgery unit, a gymnasium and numerous activities planned to fill spare time;
- harmonising station buildings with the surrounding urban fabric, transforming stations into a living part of the city and facilitating access and inter-connection with all other means of transport;
- developing social projects and initiatives in favour of the less fortunate people present in stations, in cooperation with volunteer organizations and bodies;
- spreading a new concept of stations through communication strategies and cultural initiatives.

The terms and conditions of the station building lease contracts, with a duration of 40 years from 2000 for those in Italy and 30 years for those in the Czech Republic, provide for the unitary management and functional upgrading of the main station buildings. Managing ordinary maintenance and providing services not related to train operations are part of the contractual undertakings, along with developing, funding and implementing a functional upgrading programme.

Governing Bodies of Grandi Stazioni SpA and Independent Auditing Firm

Board of Directors:

President: Ing. Mauro MORETTI

CEO: Dr. Fabio BATTAGGIA

Directors:	Ing. Massimiliano CAPECE MINUTOLO DEL SASSO
	Dr. Gaetano CASERTANO
	Dr. Fabio CORSICO
	Dr. Vittorio DE SILVIO
	Avv. Maurizio MARCHETTI
	Dr. Francesco ROSSI
	Dr. Carlo VERGARA

Board of Auditors:

President:	Prof. Carlo CONTE
Standing Statutory Auditors:	Prof. Claudio BIANCHI
	Dr. Paolo BUZZONETTI
Substitute Statutory Auditors:	Dr. Francesco ROSSI RAGAZZI
	Dr. Giampiero TASCO

Managers Responsible for Drawing Up Corporate Accounting Documents:

Dr. Giovanni RADDI

Independent Auditing Firm:

PRICEWATERHOUSECOOPERS S.p.A.

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Letter from the President

Dear Shareholders,

The 2011 Financial Statements for your Group confirmed the positive results achieved in previous years and continued investments programmes.

Renovation of internal premises continued, mainly in Bari, Bologna, Florence, Genoa Brignole and Principe, Palermo and Venice Mestre and Santa Lucia Stations. Works at Verona Station have substantially been completed.

With regard to additional Works pursuant to "Legge Obiettivo" (Italian Law 443 2001 – external Works), works in the Venice, Florence, Naples and Palermo Stations have commenced and works mainly concerning Video-surveillance in Genoa Brignole and Principe, Milan and Turin Stations have continued.

Surveys of visitors to stations indicated an overall customer satisfaction level of 93% at the end of the year, which is an improvement on the previous year.

Throughout the Financial Year, Gruppo Ferrovie dello Stato Italiane companies continued to vacate premises and renovated areas were leased to third parties providing an increase in net receipts from leases of around 5%. Despite the fact that the advertising market decreased by 3.9% with respect to 2010, receipts from media activities increased by around 6%. Customer services (car parks, left luggage and washrooms) increased by 14%.

The Financial Year ending on 31 December 2011 made operating revenue of EUR 216 million, a net increase of EUR 23 million with respect to 2010, EUR 15 million of which came from sale of a property.

Operating costs amounted to EUR 148 million, a net increase of EUR 1 million compared to 2010, on the one hand due to increased costs for human resources, maintenance and reconveyance fees due to property owners and linked to increased income and, on the other, to lower costs for cleaning, utilities and engineering services.

EBITDA consequently amounted to EUR 69 million, operating costs (EBIT) to EUR 54 million and net profits to EUR 32 million, the latter increasing by EUR 12 million with respect to the previous Financial Year both due to the previously mentioned sale of property and to current management. The areas that mostly contributed towards these results were leases, media and customer services.

Property investments over the year amounted to EUR 34 million, EUR 12 million of which in renovating stations, EUR 14 million of which in complementary infrastructures and video-surveillance, EUR 7 million of which in proprietary real estate and EUR 1 million in improvements and maintenance for property.

Financial indebtedness as at 31 December 2011 amounted to EUR 213 million, with a debt/equity ratio of 1.3.

This year too, increasing attention was paid to developing activities abroad which, once Prague Station becomes fully operational, could become a potential means of development for the company.

Mauro Moretti

Report on Gruppo Grandi Stazioni Operations

Consolidated Results Achieved in 2011

Introduction

These Consolidated Financial Statements for Gruppo Grandi Stazioni have been drawn up according to international accounting standards (International Accounting Standards - IAS - or International Financial Reporting Standards - IFRS, interpretations issued by International Financial Reporting Interpretations Committee - IFRIC – and Standing Interpretation Committee - SIC – approved by the European Commission, hereinafter "IFRS-EU") issued by the International Accounting Standards Board (IASB) acknowledged by the European Union to the effects and purposes of EC Regulation 1606/2002 and effective at end of Financial Year and the interpretations by the International Financial Reporting Interpretations Commtitee (IFRIC) and Standing Interpretations Committee (SIC), approved by the European Commission.

Further to issue of EC Regulation 1606/2002 and in relation to that established in Implementation Legislative Decree 38/2005, as of 2005 Financial Year companies other than those issuing financial instruments authorized to negotiate on controlled markets that draw up consolidated financial statements may adopt the international accounting principles when drawing up such. Therefore, as of Financial Year 2009, the Grandi Stazioni SpA consolidated financial statements have been drawn up and international accounting principles adopted, with transition to IFRS-EU as of 1 January 2008. As regards previous Financial Years, Grandi Stazioni SpA did not prepare Consolidated Financial Statements according to that established in paragraph 3, Article 27 of Italian Legislative Decree 127/1991, as these Financial Statements were drawn up by parent company Ferrovie dello Stato SpA.

Grandi Stazioni SpA (hereinafter referred to as "GS, Parent Company" and/or "Group Leader") is based in Italy. The company's registered office is at 34 Via G. Giolitti – 00185 Rome.

The Consolidated Financial Statements for Financial Year as at 31 December 2011 comprise the financial statements of the Group Leader, Italian subsidiary Grandi Stazioni Ingegneria Srl (hereinafter referred to as "GSI") and foreign subsidiary Grandi Stazioni Ceska Republika Sro (hereinafter referred to as "GSCR").

Main Economic, Equity and Financial data in the Consolidated Financial Statements

amounts in millions of Euros	2011	2010
Operating Revenue (RIC)	216	194
Operating Costs	148	147
Earnings Before Interest, Taxes, Depreciation and Amortization **(EBITDA)**	69	47
EBIT	54	35
Net Profit	32	20
Net Invested Capital	328	322
Equity	160	144
Net Financial Position	168	178

Main Economic Indicators in the Financial Statements

		2011	2010
ROE	RN/MP*	**25%**	**18%**
ROI	RO/CI*	**17%**	**11%**
ROS (EBIT MARGIN)	RO/RIC	**25%**	**18%**
EBITDA MARGIN	MOL/RIC	**32%**	**24%**
CAPITAL EMPLOYED TURNOVER (NAT)	RIC/CI*	**67%**	**62%**
LEVEL OF FINANCIAL INDEBTEDNESS	DF/MP	**1,3**	**1,6**

The results and indexes and for 2011 were largely affected by income from sale of a property.

Without taking into account the net effect of this non-recurring income in the 2011 Income Statement, the following results would apply:

		2011	2010
ROE	RN/MP*	**17%**	**18%**
ROI	RO/CI*	**12%**	**11%**
ROS (EBIT MARGIN)	RO/RIC	**19%**	**18%**
EBITDA MARGIN	MOL/RIC	**27%**	**24%**
INVESTED CAPITAL ROTATION (NAT)	RIC/CI*	**62%**	**62%**
LEVEL OF FINANCIAL INDEBTEDNESS	DF/MP	**1,4**	**1,6**

KEY

CI*: average net invested capital (from beginning to end of FY)

DF: financial debt

MP*: average equity (from beginning to end of FY) excluding result for period

MP: equity

RIC: operating income

RN: net result

RO: operating result

Main Events of the Year

Internal Renovation, Complementary Infrastructures and Video-surveillance

January

New offices at Palermo Central Station were consigned to Ferservizi (around 1,300 sq.m.).

February

Inter-ministerial Committee for Economic Planning Decision "CIPE 61/2010" concerning the following was registered at the Court of Auditors:

- separating operations involving complementary works included in the Grandi Stazioni programme;
- laying aside the amounts deriving from lower bids relating to the four jobs subject to substantial changes (Roma Termini, Bari Central, Bologna Central and Venezia S. Lucia Stations), until examination by the Ministry of Infrastructures and Transport to approve the aforementioned substantial changes to definitive plan has been completed;
- earmarking amounts deriving from lower bids for the remaining nine jobs named in the list of those not undergoing substantial variation until the amended economic outlines are presented by subject awarded the tender to the relative Ministry.

Turin Department of Architectural Heritage and Landscapes authorized work to replace the roof at Torino Porta Nuova Station.

Naples City Council approved the Compliance Tests concerning the basement car park in Piazza Garibaldi as part of the Complementary Infrastructures according to Italian Law 443/2001 for Napoli Central Station).

March

Piemonte Department of Archaeological Heritage approved the Compliance Tests for the executive projects concerning the basement car park in Via Sacchi as part of the Complementary Infrastructures according to Italian Law 443/2001 for Torino Porta Nuova Station).

Bari Department of Architectural Heritage and Landscapes approved demolition and reconstruction as part of functional renovation of Bari Central Station.

Palermo Department of Architectural Heritage and Landscapes approved the Compliance Tests for the executive projects concerning Complementary Infrastructures according to Italian Law 443/2001 for Palermo Central Station.

April

Florence Department of Architectural Heritage and Landscapes approved the executive project for the new Railway Police point as part of functional refurbishment of Firenze Santa Maria Novella Station.

Naples Department of Architectural Heritage and Landscapes approved positively acknowledged transposition of the Inter-ministerial Committee for Economic Planning Decision ("CIPE 129/06) in the executive project for the new basement car park in P.zza Garibaldi as part of the Complementary Infrastructures according to Italian Law 443/2001 for Napoli Central Station.

May

Florence Department of Architectural Heritage and Landscapes approved the executive project for architectural details at the new connecting station as part of functional renovation of Firenze Santa Maria Novella Station.

June

Emilia Romagna Regional Department of Architectural Heritage and Landscapes approved the executive project for the so-called "Padiglione Isolato" as part of new works to renovate Bologna Central Station.

Piemonte Department of Archaeological Heritage approved the digging procedure for the basement car park in Via Sacchi as part of the Complementary Infrastructures according to Italian Law 443/2001 for Torino Porta Nuova Station.

A document amending the Tender Agreement with ATI Salini for "Lotto Centro" (Centre Batch) was signed, through which:

- the contractual terms for execution were re-established;
- the amount of EUR 350,000.00 was acknowledged for ATI by way of full and final settlement of the reserves recorded for the entire works amounting to EUR 8,330,333.00;
- in relation solely to the external works at Bologna Station, ATI undertook to waive any further revision of the reserves, currently registered as standing at EUR 10,551,538, agreeing that works shall be delivered further to approval of the "CIPE" concerning substantial changes.

A Service Conference was held at the Ministry of Infrastructures to approve changes to the project for Complementary Works at Bologna Central and Venezia Santa Lucia Stations.

A Service Conference was held at the Ministry of Infrastructures to approve changes to the project for Complementary Works at Bari Central and Roma Termini Stations.

July

Venice Department of Architectural Heritage and Landscapes approved the executive project for the ramp outside Venezia Santa Lucia Station.

Milan Department of Architectural Heritage and Landscapes approved the restoration project for the former 1st and 2nd Class Waiting Rooms (now Feltrinelli) at Milano Central Station.

August

Commencement of Works on complementary infrastructures at Venezia Santa Lucia Station was signed.

Supplementary Document no.1 establishing the overall amount for Tender concerning ATI CMB North East Lot amounting to EUR 41.77 million was signed.

Emilia Romagna Regional Department of Architectural Heritage and Landscapes approved the executive project for the new Freccia Club at Bologna Central Station.

Emilia Romagna Regional Department of Architectural Heritage and Landscapes approved the executive project for the new connecting station at Bologna Central Station.

September

Substantial completion of renovation at Verona Porta Nuova Station and commencement of works for the complementary infrastructures at Napoli Central Station were signed.

Supplementary Document no. 3 establishing the overall amount for Tender concerning North East Lot ATI DEC as EUR 57.18 million was signed.

Emilia Romagna Regional Department of Architectural Heritage and Landscapes approved the executive project for the plans concerning Bologna Central Station.

October

Commencement of works on complementary infrastructures at Palermo Central Station was signed.

Florence city council approved the executive project for complementary infrastructures at Firenze Santa Maria Novella Station.

Florence Department of Archaeological Heritage approved the executive project for complementary infrastructures at Firenze Santa Maria Novella Station.

Naples City Council approved extraordinary maintenance works to build the new Food Court at Napoli Central Station.

Milan Department of Architectural Heritage and Landscapes approved the project for fitting Feltrinelli Bookshops' restaurant.

November

Commencement of works on complementary infrastructures at Firenze Santa Maria Novella Station was signed.

Emilia Romagna Regional Department of Architectural Heritage and Landscapes approved the GS executive project for paving in the so-called Transatlantic Area at Bologna Central Station.

Florence Department of Architectural Heritage approved the new NTV (Nuovo Trasporto Viaggiatori) Casa Italo area in Firenze Santa Maria Novella Station.

December

Florence Department of Architectural Heritage approved the new fire prevention project for the platform roofs at Firenze Santa Maria Novella Station.

Florence Department of Architectural Heritage approved the project for fitting kiosks in the ticket office hall at Firenze Santa Maria Novella Station.

Emilia Romagna Regional Department of Architectural Heritage and Landscapes approved the GS executive project for the so-called "Sala Caffè" (Coffee Hall) at Bologna Central Station.

Financing

UniCredit Bank Austria AG and Grandi Stazioni Ceska Republika SRO (GSCR) signed an agreement concerning the economic conditions for a long-term loan of CZK 730 million (around EUR 30 million at the exchange rate on date agreement was signed) in March. Due to the technical time required to

formalize this agreement and receive the loan, Grandi Stazioni SpA (GS) took over the bridge finance granted by UniCredit SpA with expiry on 18 February 2011 to the amount of EUR 27 million, which subsidiary used to repay the bridge finance and pay the balance for works carried out at Prague Central Station. Financing between GS and GSCR is hedged by a similar short-term finance between Banca Infrastrutture Innovazione e Sviluppo SpA (BIIS – Bank for Infrastructures, Innovation and Development) and GS.
The definitive finance agreement between UniCredit Bank Austria AG and GSCR with fixed-term guarantee GS was signed in August and finance between GSCR and GS and between GS and BIIS were repaid.

In August, in relation to the first Programme for Strategic Infrastructures (Italian Law 443/2001) pursuant to Inter-ministerial Committee for Economic Planning Decision 12 dated 21/12/01 ("CIPE") and the programme for renovating and creating complementary infrastructures in Grandi Stazioni (CIPE Decisions 10 dated 14/3/03 and 129 dated 6/4/06), Grandi Stazioni SpA received authorization from the Ministry of Infrastructures and Transport and the Ministry of the Economy and Finance to extend the period for using financing from the Banca Infrastrutture Innovazione e Sviluppo (BIIS), which expired in December 2008.
In October, BIIS did not grant extension of the terms for using the finance agreement dated 15/12/03 (Loan "B") amounting to around EUR 250 million.
In November, taking into account the time required for receiving the contribution pursuant to Italian Law 443/2001 and the updated programme for progress in works, Grandi Stazioni SpA asked the Ministry of Infrastructures and Transport to authorize direct payment of the outstanding contribution.
In December, the Ministry of the Economy and Finance – Treasury Department – gave authorization and in February 2012 the State Treasury Department gave its authorization, thereby completing the procedure with a letter of approval for direct payment of the contribution by the Ministry of Infrastructures and Transport. In March 2012, an application for payment of the contribution to the amount of around EUR 30 million was presented.

Legal Disputes

January

CBS Outdoor Holding – already publicity agent in Company railway stations – appealed against Sentence no. 240045/2009 with which Rome Court of Law dismissed the application from aforementioned company to sentence Grandi Stazioni to pay damages due to failure to authorize stipulation of commissions amounting to around EUR 7,000,000, sentencing Plaintiff to pay two thirds of the legal costs, with the remaining third to be shared equally between the Parties. Grandi Stazioni appeared at the Appeal in question.

An employee from the Naples office was dismissed after it was found that she seriously misused her company swipe card.

February

Release from seizure was ordered in relation to Building 3 (former Post Office warehouse) at Bari Central Station, which was seized by Bari Railway Police Operational Department on 4 January 2011 due to poor maintenance of the area used by cleaning contractor employees to park their electric vehicles and deposit various types of material. Company carried out the necessary maintenance and improvements throughout the entire area.

Grandi Stazioni requested Rome Court of Law acting as Employment Tribunal to verify the legitimacy of dismissal of an employee further to discovery that she seriously misused her company swipe card to the effects and purposes of Article 414 of the Italian Code of Criminal Procedure.

The Ministry of Labour and Social Policies Inspection Department forwarded Grandi Stazioni, RFI, ATAC and Roma Metropolitane an inspection report disputing alleged breaches to the regulations pursuant to Italian Legislative Decree 81/2008 concerning lack of coordination among the aforementioned companies operating at Roma Termini Station with regard to assessing interference and implementing the organization needed for governing emergency situations in public services and provisions concerning their solution were provided.

Despite the debatable nature of the allegations, it was decided that the provisions from the Inspection Department could be fulfilled by intensifying coordination (which had actually already begun prior to the inspection) among the players in question, which led to update of the "DUVRI" (Interference and Risk Assessment Document) for services received by Company and development of a "protocol for coordination", which became effective on 23 December 2010 and aims to organize communications and implement coordinated actions to manage emergency situations that may or do affect those responsible for the respective infrastructures.

The Evacuation Plan was updated and included in the aforementioned protocol before being sent to the Fire Brigade.

March

The Authority for the Supervision of Public Contracts for Works, Services and Supplies ("AVCP" in Italy) issued an opinion concerning the matter raised by Ferrovie dello Stato Italiane S.p.A. regarding the validity and effectiveness of the clause for the entitlement of a last call included in the contract between RFI and Grandi Stazioni in view of current Italian and European laws and standards.

According to the aforementioned opinion, HSR stations should be managed by RFI in compliance with the procedures on view to the public, therefore the clause concerning entitlement to a last call should be considered "non-operational" as it is incompatible with the principles in current European laws and standards.

A former component of the Board of Directors who resigned in 2008 served Grandi Stazioni a provisionally executive court order issued by Rome Court of Law acting as Employment Tribunal to receive payment of the amount deriving from the clause established in a Decision made in 2006 concerning retribution for the CEO established to the effects and purposes of paragraph 3, Article 2389 of the Italian Civil Code.

The Company appeared before the court for the hearing in question and obtained suspension of the provisionally executive nature of such Order. Rome Court of Law acting as Employment Tribunal ordered the provisional enforceability of such Court Order to be revoked. Subsequently, in November, the Court of Law cancelled the court order, sentencing Plaintiff to pay all legal costs.

A complaint was filed at the Rome Public Prosecutor's Office for the crime pursuant to Article 621 of the Italian Criminal Code (revealing the contents of secret documents) in relation to Vidion using a number of Grandi Stazioni confidential documents at an arbitrary hearing, which were unexplainably available to Vidion.

Rome Public Prosecutor's Office ordered release from seizure of the temporary buildings installed by Company in Piazza dei Cinquecento for temporary reallocation of a number of stores to allow works at the Rome Underground Termini Node to be carried out. The seizure order had been issued for alleged irregularities with respect to building laws.

April

A former Company manager responsible for Contractual Relations who was dismissed for just causes in 2009 notified Company of a Appeal before the Employment Tribunal to the effects and purposes of Article 414 of the Italian Code of Criminal Procedure to declare the illegitimacy of said dismissal and thereby sentence Company to pay non-pecuniary damages, wage differences, allowances, outstanding severance payment. Company appeared at relative hearing and applied for Plaintiff's claims to be dismissed. The claim concluded amicably in December.

May

Rome Court of Law ruled with regard to the proceedings implemented by Grandi Stazioni to verify that the association in participation agreement dated 19 April 2002 with RomArtificio had been terminated for just causes, return of the premises occupied by such at Roma Termini Station and payment of amounts for various reasons, as well as compensation for damages deriving from non-compliance and vacation of the premises.

The Court dismissed both the claim for damages from Grandi Stazioni and the cross-claim by RomArtificio to receive compensation for damages. The claim by Grandi Stazioni to receive payment of a number of contractual payments due from RomArtificio was also dismissed.

Grandi Stazioni presented an account concerning the procedure for awarding numerous engineering appointments (assistance in design and direction of works) between 2005 and 2007 for works involved in the Grandi Stazioni Project signed by former CEO, former technical directors and a Company manager which proved not to comply with provisions in laws applicable to public companies at the Lazio Region Court of Auditors.

June

Lazio Regional Administrative Court of Law dismissed the appeal by CIR Costruzioni S.p.A. - I.R.CO.S. Impresa Romana Costruzioni Sociali S.p.A. – a Temporary Association of Enterprises in the process of establishment - to suspend and revoke the provision excluding said Temporary Association of Enterprises from the Tender procedure implemented by Grandi Stazioni to carry out complementary works to the buildings in Roma Termini Station.

Grandi Stazioni filed a complaint-action before Rome Public Prosecutor's Office against persons unknown for the crime pursuant to Articles 640 and 61, 7 and 11 of the Criminal Code (serious fraud) and all related crimes and reserving the right to institute a civil action in relation to the behaviour of Gruppo Mediagest S.r.l., which knowingly committed fraud and deceit (consisting in a change of director and registered office solely for the purposes of thwarting the claims made by Grandi Stazioni), fraudulently avoiding the executive procedure legitimately implemented by Plaintiff to recover outstanding credits.

Company made an appeal before Lazio Regional Administrative Court of Law to revoke the Tender published on 22 June 2011, through which RFI implemented a limited procedure to award an agency for economic exploitation of the property at Roma Tiburtina Station, with functional management of such through award of management and maintenance services to other companies. Through the aforementioned Appeal, Company mainly asked for the Tender to be revoked and secondly for the part of the Tender excluding the right to last call by Grandi Stazioni pursuant to Article 33 of the agreement between RFI and Grandi Stazioni dated 14 April 2000 to be revoked, and however for RFI to be sentenced to pay compensation for all damages entailed and to be entailed due to calling the Tender in question to an amount to be established during proceedings. Company waived the right to precautionary measures. The relative hearing has not yet been set.

July

A former consultant to Company made an Appeal to the effects and purposes of Article 414 of the Italian Code of Criminal Procedure to the Employment Tribunal to verify and declare the subordinate nature of his working relations as of 28 December 1998 until 31 December 2008, thereby enforcing his right to be classed as Manager according to National Labour Contract for Company Managers in the service industry or, otherwise, as middle management, and to sentence Company to pay the differences in wages, differences in severance pay, compensation for unjustified dismissal and extras. Company appeared at the relative hearing and applied for the claim to be dismissed.

August

Through pre-trial appeal for judicial seizure pursuant to Articles 670, no. 1 and 676 of the Italian Code of Criminal Procedure or, alternatively, pursuant to Article 700 of the Italian Code of Criminal Procedure, a Lessee requested Bologna Court of Law to seize a portion of property (Area F41) located on the rail head at Bologna Central Station already subject to a lease agreement with aforementioned company and subsequently replaced with other premises pursuant to said agreement, without hearing counterparty, to the effects and purposes of Article 669-6 of the Italian Code of Criminal Procedure – principally authorized to the effects and purposes of Article 670 of the Italian Code of Criminal Procedure; subsequently, as a precautionary and urgent measure to the effects and purposes of Article 700 of the Italian Code of Criminal Procedure, to order Grandi Stazioni to immediately deliver Lessee Area F41 in accordance with said agreement and to prevent Grandi Stazioni from delivering such to other parties or allowing other parties to use Area F41 and to take any appropriate precaution and allow any other provision required to ensure the effects of the proceedings underway.

Bologna Court of Law granted the provision requested, although it was subsequently suspended until the appeal by Grandi Stazioni was heard.

In a note dated 29 August 2011, jointly addressed to the Mayor of Rome, the President of Ferrovie dello Stato Italiane SpA and the President of Grandi Stazioni SpA, the regional Public Prosecutor's Office at the Lazio Court of Auditors Jurisdictional Department requested information concerning use of the so-called "Ala Mazzoniana" at Roma Termini Station, delegating the aforementioned subjects to carry out a number of obligations pursuant to paragraph 4, Article 2 of Italian Law 19/1994, Article 74 of the Consolidated Law concerning Court of Auditors (R. D. no. 1214/1934) and paragraph 6, Article 5 of Italian Law no. 19/1994.

This request is linked to presentation of a complaint filed with the same Public Prosecutor's Office by President of the Special Commission for Rome Capital fearing possible damage due to different or failed used of the aforementioned areas in the station, which were subjected to adaptation some time ago thanks to public funding.

Company promptly replied to queries from the Regional Public Prosecutor's Office.

Lazio Regional Administrative Court of Law dismissed the appeal by Romeo Gestioni S.p.A. and Consorzio Stabile Romeo Facility Service 2010, Temporary Association of Enterprises under establishment, to suspend and cancel the provision awarding the tender for managing and carrying out maintenance on station property – Lot 2 to another company.

November

Lazio Regional Administrative Court of Law dismissed the appeal by Olicar Manitalidea S.p.A. - COMAT S.p.A. - Consorzio Veneto Cooperativo, Temporary Association of Enterprises under establishment, to suspend and cancel the provision awarding the tender for managing and carrying out maintenance on station property – Lot 2 to another company.

Lazio Regional Administrative Court of Law dismissed the appeal by Romeo Gestioni S.p.A. - Consorzio Stabile Romeo Facility Service 2010, Temporary Association of Enterprises under establishment, to suspend and cancel the provision awarding the tender for integrated environmental services at station property – Lot 2 to another company.

December

A former consultant to Company made an Appeal to the effects and purposes of Article 414 of the Italian Code of Criminal Procedure to the Employment Tribunal to verify and declare the subordinate nature of his working relations as of 1 June 2003, thereby enforcing his right to be classed as Manager according to National Labour Contract for Marketing Managers and to sentence Company to pay compensation for unjustified dismissal, severance pay, professional damages due to downgrading, non-pecuniary damages and extras. Company appeared at the relative hearing and applied for the claim to be dismissed.

A complaint-action was filed before Rome Public Prosecutor's Office for the crime pursuant to paragraph 3, Article 595 and Article 596-b of the Italian Criminal Code against pro tempore Director of site "Lo Spiffero" and unknown author of an article with libellous content against Company CEO and published on aforementioned site, requesting that original of said article be seized and acquired.

Tenders

April

Network agreements to manage self-service luggage trolley services, supervise access, manage waste and car lift and the service agreement to supervise and manage access were extended for six months until a new tender is carried out.

Service agreements to manage left-luggage and paid washroom services were extended for six months until current management procedures are completed.

May

Management and maintenance service agreements for property at Venezia Santa Lucia, Venezia Mestre and Verona Stations were extended for six months until a new tender is awarded.

June

Management and maintenance service agreements for property at Milano Central, Torino Porta Nuova and Napoli Central Stations and the cleaning contracts for property at Grandi Stazioni, 1st and 2nd Supplementary Documents were extended for six months until new tenders are awarded.

November

The new Maintenance Contract for Lot 1 was signed and work-shadowing commenced.

The current contract for supervising and managing access was extended until the new tender is carried out.

Current maintenance contracts for Lot North West, North East, Centre and South were extended until work-shadowing with the incoming contractor has been completed.

December

A new Maintenance Contract for Lot 2 was signed and work-shadowing commenced.

Current Maintenance Contract at Napoli Central, Milano Central and Torino Porta Nuova Stations were extended until work-shadowing with the incoming contractor has been completed..

Sundry

January

Production of SAP modules AA (Asset Accounting), CO (Controlling), FI/GL (Financial/General Ledge), MM (Material Management), SD (Sales & Distribution) and TR (Treasury) commenced and corresponding BUDGET PLUS/PROJECT and C4B modules abandoned.

April

Prague Central Station was inaugurated in the presence of Italian President of the Republic Giorgio Napolitano and President of the Czech Republic Václav Klaus.

The inauguration was attended by Mauro Moretti (CEO Gruppo Ferrovie dello Stato), Petr Zaluda (President of Ceske Drahy – Czech Railways) and Fabio Battaggia (CEO Grandi Stazioni).

The "Internal Auditing Department" commenced directly reporting to the President and the "Procedure Department" was included in the "Human Resources and Systems Department".

May

An irrevocable offer to purchase the property located at 9 Via Marsala in Rome was received in April and the definitive sale contract was signed in August.

October

Production of SAP module RE (Real Estate) commenced and corresponding ESSE.R.E. module to manage property leases was abandoned.

December

A Memorandum of Understanding was signed with Ceske Drahy (Czech Railway) and BNSD (Brno New Station Development) to assess cooperation to develop Brno Station, which is the second most important station in the Czech Republic.

Grandi Stazioni SpA received an Official Report of Findings concerning tax year 2008 including amendments to increase corporate tax by EUR 4.2 million and regional production tax by EUR 4.1 million and non-deductible VAT by EUR 0.1 million. The findings made by inspectors are mainly based on the fact that amounts from works and services in the association in participation agreement are not deductible. These findings – also according to opinions acquired - are considered mostly unfounded and will be opposed at an Appeal to the Report on Findings at the relative Income Tax Office.

Human Resources

Composition of and Changes to Staffing Level

The number of employees hired and with other contracts in the Group decreased by 5 units from 279 as at 31 December 2010 to 274 as at 31 December 2011.

Average FTE (Full Time Equivalent) increased from 271.05 units in 2010 to 273.43 in 2011.

Levelling off of the workforce with a slight decrease (5 units) throughout the year was partly due to strict operational management policy concerning contracts and partly to organizational restructuring that commenced in FY 2008 and thereby reached occupational stability which, for current business, is considered appropriate but may be subject to further actions to make processes more efficient. Gruppo Grandi Stazioni however did not renounce on investing in hiring high potential, newly-graduated persons, adding four new resources in 2011.

Current Group workforce is as follows:

GRUPPO GRANDI STAZIONI

Workforce	Situation as at 31.12.2010	Increases in 2011	Decreases in 2011	Situation as at 31.12.2011	Average FTE 2010	Average FTE 2011
Executives	14	1	0	15	13.25	14.08
Middle-management	41	4	1	44	40.56	43.06
Non-management	200	24	24	200	191.49	198.54
Total Employees	255	29	25	259	245.30	255.68
Other Contracts	24	7	16	15	25.75	17.75
Total	**279**	**36**	**41**	**274**	**271.05**	**273.43**

Grandi Stazioni SpA

Workforce	Situation as at 31.12.2010	Increases in 2011	Decreases in 2011	Situation as at 31.12.2011	Average FTE 2010	Average FTE 2011
Executive	14	1	0	15	13,25	14,08
Middle-management	38	3	1	40	37,56	39,06
Non-management	192	17	22	187	185,41	186,79
Total Employees	244	21	23	242	236,22	239,93
Detached to Grandi Stazioni Ingegneria	-21	-1	-4	-18	-21,75	-18,75
Other Contracts	17	5	15	7	19,83	10,33
Total	**240**	**25**	**34**	**231**	**234,30**	**231,51**

Grandi Stazioni Ingegneria Srl

Workforce	Situation as at 31.12.2010	Increases in 2011	Decreases in 2011	Situation as at 31.12.2011	Average FTE 2010	Average FTE 2011
Executive	0	0	0	0	0	0
Middle-management	3	1	0	4	3,00	4
Non-management	5	7	2	10	3,08	8,75
Total Employees	8	8	2	14	6,08	12,75
Detached from Grandi Stazioni SpA	21	1	4	18	21,75	18,75
Other Contracts	7	2	1	8	5,92	7,42
Total	**36**	**11**	**7**	**40**	**33,75**	**38,92**

Grandi Stazioni Ceska Republika sro

Workforce	Situation as at 31.12.2010	Increases in 2011	Decreases in 2011	Situation as at 31.12.2011	Average FTE 2010	Average FTE 2011
Executives	0	0	0	0	0	0
Middle-management	0	0	0	0	0	0
Non-management	3	0	0	3	3	3
Total Employees	3	0	0	3	3	3
Other Contracts	0	0	0	0	0	0
Total	**3**	**0**	**0**	**3**	**3**	**3**

Labour Relations

The Enterprise Bargaining Agreement signed in 2010 containing a number of innovations in terms of human resource management was applied for the first time in 2011, the first results of which were confirmed in FY 2011. The most important result was undoubtedly the new award system to establish company "Best Performers", which led to healthy competition among all company resources, also offering ideas to improve the system itself.

Relations with the trade unions continued to involve a mature and peaceful approach and the only news to report is migration of all employees formerly subscribed with the UGL Trade Union to the UIL Trade Union, which was not represented in the company beforehand.

In consideration of its limited number of employees, Grandi Stazioni Ingegneria is not eligible – as was the case in 2010 – for Trade Union Representation. Nonetheless, the principles and regulations adopted through the new Enterprise Bargaining Agreement were also applied in relation to the employees of this Company.

Training

2011 Training			
Company	No. participants	Hours	Costs
Grandi Stazioni S.p.a.	168	1,951	73,212
Grandi Stazioni Ingegneria S.r.l.	25	197	n.a.

The main topics involved in training sessions throughout 2011 were as follows:

Training in relation to the SAP system for all company employees, which will be completed in 2012.

Training in relation to Performance Assessment System for all Department Managers and Organizational Unit Coordinators.

Training in relation to the Environmental Management System implemented by Grandi Stazioni in accordance with Group policies, for all staff in Operations Management Department.

Training in relation to IAS Review Principles, particularly with regard to taxes, which involved all staff from the Administration, Finance, Planning and Control Department.

Specific technical and skilled training by area for all company departments.

With regard to Grandi Stazioni Ingegneria, mainly technical and skilled courses concerning new laws and standards in the building industry.

Management Policy

In relation to Human Resource Management, Company focussed on a number of strategically important processes to complete the organizational and management framework defined over the last few years.

Reviewing organization (processes, procurement, departments, workforces, procedures) responsible for Station safety for employees, workers and customers.

In-depth analysis to rationalize costs, which in 2011 particularly focussed on streamlining ongoing contracts.

Continuing project to hire newly-graduated persons agreed with Ferrovie dello Stato Italiane (six resources in 2009, 2 in 2010, 4 in 2011) to focus on developing talents in-house to assume direct responsibilities over the next thirty-six months.

Increasing company commitment to training, which coincided with supporting all company employees in migration to the SAP system in 2011.

Commencing the second cycle of Performance Assessment, implementing the improvements that came to light in feedback.

Commencing analysis of organization through an external Company to identify the actions required to improve the role of Management Control and streamline active and passive cycles and Investments.

With regard to Grandi Stazioni Ingegneria, in 2011 the Company focussed on prompt definition and maintaining the best possible dimensions for managing assigned orders. To this regard, work mainly focussed on contracting the skilled resources required to manage such orders.

With regard to Grandi Stazioni Ceska Republika, inauguration of Prague Station was a monumental moment for the resources involved, who witnessed the crowning achievement of all the efforts they made over the last few years. The extreme motivation that characterized these resources on a daily basis is hereby pointed out.

Health and Safety in the Workplace

Activities relating to health and safety in the workplace at Grandi Stazioni mainly involved review of the Evacuation Plan for Roma Termini Station and the Palazzo Alto building in Napoli Central Station, campaigns for instrumental and environmental analyses in offices and common areas in Stations, reviewing the evacuation plan in railway buildings according to progress in refurbishment of such, reviewing designation of the employees responsible for implementing fire prevention measures and providing first aid on all Grandi Stazioni premises.

Furthermore, a company training programme on health and safety in the workplace was planned, as were health checks for employees already working for Grandi Stazioni and those in the process of being hired.

Finally, the new model for company Prevention and Protection Service was drawn up and formalized in FY 2011.

With regard to Grandi Stazioni Ingegneria, activities related to health and safety in the workplace involved campaigns for instrumental and environmental analyses in offices, health checks and company training programmes.

With regard to Grandi Stazioni Ceska Republika, activities related to health and safety in the workplace involved are all applied in full compliance with local laws and standards.

Finally, there were no important accidents throughout the Company in 2011.

Environmental Policy

The main activities relating to environmental policies carried out throughout 2011 are described below, divided according to specific area.

Energy

- publication of the Tender for supply of electricity on the free market for the entire GS network in December to limit condominium costs and receive energy from renewable sources, with a request for 20% of supply to derive from certified renewable source;
- progress in the process to separate utilities from both administrative (new connections and transfers with gradual disconnection from RFI cabins – Venezia Santa Lucia) and structural viewpoints (implementing works to adapt RFI cabins to be supplied and take such over – Bologna Central and Firenze Santa Maria Novella Stations);
- commencement of the process to install new electronic meters at Roma Termini Station, currently under completion, to assess the efficiency of this system and identify the effective users in order to rationalize consumption and ascribe such to effective users.

Water Supply

- water separation completed at Palermo Station and works to do this at Bari Central Station commenced;
- prompt identification of the effective station users to thereby rationalize consumption and ascribe such to effective users (e.g. water supply outside Grandi Stazioni management mapped in Venezia Santa Lucia, which led to identification of a number of leaks of which RFI was promptly notified);
- progress in the process to review contractual minimum limits for water supplies (Palermo Central, Torino Porta Nuova, Genova Brignole, Roma Stations) to limit condominium costs;
- control and verification of faulty water meters to restore correct functioning.

Emissions

- progress in works to build new higher performance central heating plants to replace diesel plants as part of station renovation (e.g. Venezia Mestre, Genova Brignole and Principe, Bari Stations) and progressively adapt heating and cooling system in Bologna Central Station further to new contract for the supply of remote heating and cooling;
- managing heating and cooling plants, with daily analyses on pollutant emissions and relative regulation.

Waste Management

Ongoing waste collection in refurbished stations Milano Central, Napoli Central and Torino Porta Nuova, paying particular and extensive attention to collection of recyclable waste from stores (using trolleys with three separate compartments and, if necessary, introducing door-to-door collection). Ensuring ongoing efficiency in the entire recyclable waste collection system throughout areas open to the public:

  - maintaining recyclable waste baskets;
  - carrying out a study to create new depots for recyclable wastes;
  - carrying out a study for further improvements to waste disposal, including by involving local companies operating in this field.

- Reviewing contracts for waste removal services and purchasing new compactors (Milano Central).
- Integrating current recyclable waste collection system, with separate collection of glass further to introduction of recyclable waste collection in the Freccia Club.

Public Health

Implementing and ensuring the efficiency of no smoking signs around the station and signs for smokers' areas.

Environmental Monitoring

The campaign involving instrumental readings carried out throughout 2011 involved 2199 readings throughout the country for the following:

PARTICULATES	141
WATER FITNESS FOR DRINKING CHEMICAL ANALYSES	164
WATER FITNESS FOR DRINKING BIOLOGICAL ANALYSES	164
LEGIONELLA	272
LEGIONELLA TRANSMITTED VIA AEROSOLS	85
LIGHTING	1013
NOISE	360
TOTAL	2199

Customer Relations

In order to assess the satisfaction of customers passing through network stations, the Customer Satisfaction Survey System prepared by RFI for all Italian stations was adopted as common reference.

This system involves monthly surveys concerning around 60 different elements in such categories as cleaning, decor, safety, comfort, accessibility. The "Overall Level of Customer Satisfaction" at the end of the year stood at 93%.

2011 Marketing and Communication activities involved actions to support Business areas, paying constant attention to customer satisfaction surveys and promoting company image. More specifically, the following more important activities were involved:

a) Customer Satisfaction Surveys carried out by RFI with members of the public at Stations, highlighting average customer satisfaction exceeding 90% and increasing with respect to the previous year. Detailed surveys carried out by Company led to definition of a plan for ongoing improvement of the service and information;

b) initial research to assess the perception of customers with regard to sales areas in Milano Central and Torino Porta Nuova Stations, highlighting overall satisfaction in the new sales opportunities on offer;

c) the programme to support the Lease Business Area implemented with cooperation from store lessees in Torino Porta Nuova (in May, during the Book Fair), Roma Termini (in November, with cooperation from the Festival del Cinema) and Napoli Central (in December, with daily musical, cabaret and family shows on offer);

d) inauguration of the new sales areas in Napoli Central Station.

Development

Scouting continued as part of development strategies, focussing - as far as abroad is concerned – on countries with above average economic growth rates and important potential for growth in rail traffic, above all High-Speed Rail, where the know-how acquired by Company in renovating and commercially re-launching stations is a considerable asset. These scouting activities focussed on Eastern European and Mediterranean countries, where significant construction and restoration programmes are planned for large stations in the short-mid term. The following activities are above all to be noted:

a) GS Česka Republika: further to marketing of over 90% of new shopping areas in Prague Central Station, the "Grand Opening" of the station took place in April and was attended by Presidents of the Italian and Czech Republics Napolitano and Klaus. Long-term funding was finalized with Unicredit Group in August to the amount of around EUR 30 million. A Memorandum of Understanding with Ceske Drahy (Czech Rail) and BNSD (Brno New Station Development) was signed in December concerning assessment of cooperation to develop Brno Station, the second most important Station in the Czech Republic.

b) Spain: development potential relating to the Development Plan for New High-Speed Stations and management of operating HSR stations was monitored.

c) Poland: monitoring of the Polish market continued and should mature interesting developments as of 2012.

d) Egypt: scouting for cooperation with Egyptian National Railways (ENR) in relation to management of Cairo Ramses (under renovation) and Alessandria Sidi Gaber (being built) continued with support from the Team of Senior Managers at Gruppo Ferrovie dello Stato Italiane operating in Cairo, for which a selection process to choose Partner to be responsible for management is planned at the beginning of 2012.

e) Turkey: the tender procedure to build the new HSR Station in Ankara commenced but was subsequently cancelled and a new Tender procedure is expected to be issued in 2012.

Macroeconomic Background

The international economic situation in 2011 was characterized by increasing certainty and development prospects tended to decline.

Economic activity was conditioned by events, a number of which already well-known – such as the ongoing economic crunch and the sovereign debt in a number of European countries – and others unexpected, such as revolt in North African countries, armed intervention in Libya and the terrible earthquake in Japan.

World economic figures	2010	2011
GDP	*(%variation vs. previous year)*	
World	5.2	3.7
Developed countries		
USA	3	1.7
United Kingdom	1.8	0.9
Euro zone	1.8	1.5
Developing countries		
China	10.4	9.3
India	10.4	7.6
Latin-America	6.6	4.4
World trade	15.5	6.5
Oil	*($ per barrel)*	
Brent	79.9	111.6

Source: Prometeia Forecast Report January 2012

As has occurred over the last few years, the trend in the economic situation taking shape varied from country to country and zone to zone: while the economies in developed countries decelerated, those in emerging and developing countries grew, although slightly slower towards the end of the year due to the uncertain international climate and reduction in domestic demand. The monetary authorities in developed countries therefore adopted strong expansion measures, whereas developing countries were more restrictive and gradually slowed down throughout the year. In terms of percentage fluctuations, world GDP increased by 3.7 percent (5.2 percent in 2010), emerging economies at a much faster rate (above all in China – 9.3 percent – and India – 7.6 percent) with respect to developed economies (USA 1.7 percent, Euro Zone 1.5 percent, United Kingdom 0.9 percent). Trade also decelerated considerably (6.5 percent with respect to 15.5 percent in 2010), whereas Brent oil prices increased by almost 40 percent with respect to the year before. The economic situation in Euro Zone began quite well before declining due to increasing tension on markets as a consequence of sovereign debt levels. Economic growth in Euro Zone was rather low (1.5 percent for annual GDP), which differed from country to country: on the one hand we have Germany – Europe's dominating economy – improved twice as much (3.0 percent) as France, which was more or less in line with other countries (1.6 percent) and, on the other hand, Portugal (-1.7

percent) and Greece (-6.8 percent), which considerable public debt led to the need for a number of interventions to avoid default. In terms of inflation, there was a considerable increase in 2011 with respect to the previous year: the Euro Zone average was 2.7 percent, with a slightly lower percentage in some countries – such and France and Germany (2.4 percent) – and higher in others, including Italy (2.8 percent) and Spain (3.1 percent). Domestic demand increased considerably less than the previous year on average in the entire Zone (0.6 percent in 2011 and 1.0 percent in 2010), again differing from country to country, with France (1.8 percent) and Germany (2.4 percent) doing better than others that actually experienced negative trends, such as Italy (-1.1 percent) and Spain (-1.7 percent).

Euro Zone Economic Figures		2010	2011
GDP		*(% variation vs. previous year*	
	Euro Zone	**1.8**	**1.5**
	Germany	3.6	3.0
	France	1.4	1.6
	Italy	1.4	0.3
	Spain	-0.1	0.7
Inflation		*(%variation vs. previous year)*	
	Euro Zone	**1.6**	**2.7**
	Germany	1.2	2.4
	France	1.7	2.4
	Italy	1.6	2.8
	Spain	2.0	3.1
Domestic deman		*(%variation vs. previous year)*	
	Euro Zone	**1.0**	**0.6**
	Germany	2.3	2.4
	France	1.3	1.8
	Italy	1.6	-1.1
	Spain	-0.9	-1.7
Source: Prometeia Forecast Report January 2012			

With regard to Italy, much slower economic development with respect to the Euro Zone average was due to deceleration in global economic activities and, as of the second half of the year, strong tension on markets deriving from sovereign debt. Following a slight increase for the first quarter (0.1 percent) and the second quarter (0.3 percent), the economic situation in terms of increased GDP decreased in the third quarter (-0.2 percent) and went into recession in the fourth quarter (-0.6 percent according to the latest figures on Italian accounts). On an annual basis, GDP increased by just 0.3 percent. Inflation at year end in Italy stood at 2.8 percent, which was affected by the rising cost of oil. Slow progression in salaries and uncertain prospects for the labour curbed consumption. Investments also reduced due to the uncertain economic situation and ongoing difficulty on the credit market. As mentioned earlier, average domestic demand for the year fell by 1.1 percent.

Italian economic figures	1^{st} quarter	2^{nd} quarter.	3^{rd} quarter	4^{th} quarter
	(% variation)			
GDP	0.1	0.3	-0.2	-0.6
Domestic deman	-0.8	-0.3	-0.9	-0.9
Family spending	0.0	0.1	-0.2	-0.5
PA and NPI spending	0.4	0.0	-0.6	-0.3
Gross fixed investments	-0.5	0.1	-0.8	-1.3
Building	-0.4	-1.1	-1.2	-1.5
Other investments	-0.6	1.3	-0.5	-1.0
Import of goods and services	-2.6	-1.2	-1.1	-1.4
Export of goods and services	0.4	1.0	1.6	-0.4
Source: Prometeia Forecast Report January 2012				

Trend on Reference Markets

PROPERTY MARKET

Retail

Throughout 2011, actions to govern existing relations on the network continued through implementation of all relative, functional and connected activities in consideration of progress in works in the network's renovated stations.

More specifically, 44 new stores were opened throughout the year (in addition to the 128 stores opened 2009/2010) in Milano Central, Torino Porta Nuova, Napoli Central, Roma Termini, Bologna Central, Firenze Santa Maria Novella and Bari Central station, for a total of around 7,500 sq.m..
Marketing of sales areas continued, operating along two fronts: executing existing preliminary contracts and implementing a selection process for partners (35 selections, 26 of which were assigned stores) at Roma Termini, Milano Central, Torino P.N., Napoli Central., Verona P.N. and Venezia S. Lucia Stations, with 32 relative lease agreements signed. The new brands that were introduced included *Desigual*, *Guess*, *Venchi*, *Panino Giusto* and *SoSushi,* the appeal of which guaranteed improvement in the average level of the brands available in network stations and thereby satisfied the changing needs of station visitors further to introduction of High-Speed Rail.
Commercial development of the aforementioned areas proceeded despite the presence of extensive works, which limited the use of stores – especially at Torino Porta Nuova Station, where the negative effect of ongoing works considerably affected sales volumes for stores and led to a number of stores requesting renegotiation of the contract conditions and made marketing of remaining stores much more difficult.
Marketing of the stores with upcoming lease expiry in Roma Termini Station commenced according to the number of lessees requested to give notice over the previous years.
The agreement to renovate and convert the *Upim Department Store* at Roma Termini Station was carried out and a new *Coin* and *Oviesse Kids* Store was opened to the public.

Enforcement of the lease agreement with Network Italia Edicole continued, involving the opening of new stores on the national Newsagent network despite the large number of complications that arose in managing relations with newsagents relating to the association in participation. New renovated areas were however made available, ensuring full assignment of shares in the company by Dufry Italia SpA as part of an overall agreement regulating various relations ongoing with Dufry, which comprised transforming the Milan cosmetic store into a new *Hudson Convenience Store.*

A preliminary agreement to open a new *Saturn* electronics store of around 4,000 sq.m. on a number of floors at Milano Central Station was completed.

Relations with Retail Group also progressed despite the difficult consequences of a dispute currently underway and the non-compliances for which customer was responsible throughout the network causing considerable delays in the opening of renovated stores and a decline in the quality offered by the Stations. These difficulties involved relations with the subsidiary Companies of Retail Group, with respect to which a number of stores throughout the GS network were made available and subsequently delivered by way of fulfilling contracts underway since 2005 and complying with the obligations comprised therein.

New Openings:

January

Grandi Stazioni opened a new Wind telephone store in Roma Termini Station covering around 13 sq.m..

February

Grandi Stazioni opened two new stores in Milano Central Station covering around 40 sq.m., one a Venchi Chocolate Store and the other a Panino Giusto food store.

March

Five new stores were opened: three in Milano station covering around 413 sq.m. (Desigual, Tally Weijl and Guess), two in Roma Termini Station covering around 2,600 sq.m. (Coin and Oviesse Kids) and one in Torino Station covering around 64 sq.m. (Venchi).

April

Nine new stores were opened: three in Milano station covering around 316 sq.m. (Sephora, Wind and a Mediaword to Go distributor), on in Roma Termini Station covering around 27 sq.m. (Guess), two in Torino Station covering around 240 sq.m. (Sosushi and Gruppo Torinese Trasporti), two in Napoli Station covering around 250 sq.m. (Mango and Silvian Heach) and one in Bologna Station covering around 115 sq.m. (A Cafè).

May

Five new stores were opened: one in Torino Station covering around 180 sq.m. (Vyta Boulangerie) and four in Napoli Station covering around 350 sq.m. (Jeli&La, Dolce&Salato, Tentazioni Cafè and Time Cafè, all part of the Autogrill group).

June

Three new stores were opened in Milano Station covering around 1,300 sq.m. (Burger King, Guess and Wok).

July

Three new stores were opened: two in Milano Station covering around 340 sq.m. (Mango and Mammarò) and one in Firenze S. Lucia Station covering around 47 sq.m. (Edicola Hudson).

August

Two new stores were opened: one in Napoli Station covering around 100 sq.m. (Vyta Boulangerie) and one in Bari Station covering around 10 sq.m. (Wommy).

September

Five new stores were opened: three in Napoli Station covering around 95 sq.m (Retail Group) and two in Milano Station covering around 210 sq.m. (Poste Italiane and Hudson News).

November

Three new stores were opened in Napoli Station covering around 215 sq.m. (Desigual, Gutteridge and Game Express).

December

Five new stores were opened: on in Napoli Station covering around 67 sq.m. (Blue Spirit), one in Milano Station covering around 27 sq.m. (Bottega Verde), two in Torino Station covering around 400 sq.m. (Desigual and Benessere Angelini) and one in Roma Termini Station covering around 100 sq.m. (Geox).

Administration

The plan to vacate and rationalize areas owned by Gruppo FSI companies was completed this year, occupation of which as at 31 December 2011 involved around 110,000 sq.m., 95 thousand square metres of which in the management perimeter and 15 thousand square metres of which owned by Napoli and Firenze.
Vacations involved Italferr (Roma buildings C and D) covering around 28,000 sq.m. and Trenitalia, which vacated 3,000 sq.m. over the year.

With regard to the Sales Network, mediation appointments solely for the companies that demonstrated an appropriately dynamic and efficient nature further to the trial period (8 months) are currently being formalized. This network will therefore be divided into three geographical areas:

- Centre: (Roma Termini, Napoli Central; Firenze Santa Maria Novella);
- North: (Milano Central, Venezia Mestre, Venezia Santa Lucia, Bologna Central and Torino Porta Nuova);
- South: (Bari, Palermo).

Genova Brignole and Genova Porta Principe will be directly managed by the Development-Property Division.

The ad hoc agency to lease former Italferr premises at Roma Termini Station (buildings C and D) has been extended to two leading international companies through a co-agency agreement.

Gruppo Ferrovie dello Stato Italiane Company Agreements

Trenitalia

Further to signing of the lease agreement, the process involving joint assessment by Grandi Stazioni and Trenitalia to occupy the areas subject to agreement as at 1 January 2009 was completed.

Further to such assessment and vacation and rationalization of the areas under completion, Trenitalia occupancy as at 31 December 2011 stood at 59.3 thousand sq.m., 56.5 thousand of which under general management and 2.8 thousand sq.m. of which proprietary premises.

Ferservizi

Lease agreements with Ferservizi to regulate occupancy of the former "Lodo barbieri" (ferrotel and offices) and the new territorial office for Palermo Central Station effective as of February 2011 were signed.

Ferserivizi occupancy as at 31 December 2011 stood at 11.5 thousand sq.m. further to vacancy of the building owned by Bologna station in April 2011 (2.6 thousand sq.m.).

RFI

RFI occupancy as at 31 December 2011 stood at 36.3 thousand sq.m., 28 thousand of which under general management and 8.3 thousand sq.m. on Property.

In relation to the space occupied by RFI company canteens, direct contractual relations with "Gemeaz" – the company awarded the Tender by Ferservizi - are currently under definition due to the difference in economic terms between the value agreed with Grandi Stazioni and that agreed in the Framework Agreement between Ferservizi and Gemeaz that came to light during tender procedures.

Other Contracts

DLF (Dopo Lavoro Ferroviario – Recreational Club)

A preliminary agreement involving RFI, Grandi Stazioni and DLF to define the lease agreement between Grandi Stazioni and DLF is currently being negotiated.

The plan for DLF to vacate premises continued throughout 2011, which left the Florence premises. Relative occupancy as at 31 December 2011 therefore stood at 2.2 thousand sq.m.

Relations with Other Third Parties

Relations with third parties were governed throughout the year through new lease agreements or regularizing expired agreements. Negotiations for potential future agreements and renegotiations for ongoing agreements also commenced. The table below provides a summary of the main activities carried out:

Station	Contract no.	Company name	Activities	Date signed
Bologna C.le	BO 1 /2011	FERROVIE EMILIA ROMAGNA Srl	Offices	01/01/11
Bologna C.le	BO 2 /2011	DOMINO MULTISERVICE s.c.	Accessory premises	27/04/11
Firenze S.M.N.	FI 5 /2011	NUOVO TRASPORTO VIAGGIATORI Spa	Reception: Casa Italo	17/06/11
Milano Centrale	MI 21 /2011	GENIUS FACILITY MANAGEMENT Srl	Accessory premises	18/04/2011
Napoli C.le	NA 5 /2011	NUOVO TRASPORTO VIAGGIATORI Spa	Reception: Casa Italo	19/05/11
Roma Termini	T 1 /2011	ODONTOIATRIA ITALIANA Srl	Dentist Studio	11/01/11
Torino P.N.	TO 2 /2011	GRUPPO TORINESE TRASPORTI Spa	Reception/information Turin transport	07/02/11
Verona P.N.	VR 2 /2011	DB VERTRIEB GMBH	Ticket Office DB	16/06/11
Bologna C.le	BO 4 /2011	NUOVO TRASPORTO VIAGGIATORI Spa	Reception: Casa Italo	13/10/11
Napoli C.le	NA 6 /2011	GARAGE CENTRALE Srl	Garage	04/11/11
Palermo C.le	PA 1 /2011	HDI ASSICURAZIONI Spa	Insurance Agency	29/08/11
Palermo C.le	PA 3 /2011	BUS PARKING	Customer Service	04/08/11
Roma Termini	T 10 /2011	ASSOCIAZIONE ALI ONLUS	Voluntary services	19/07/11
Roma Termini	T 13 /2011	SINTESI Spa	Offices	09/09/11

Proprietary Buildings

Roma Termini – Via Marsala: on 2 August 2011 the sales procedure was completed and relative sales contract signed.

Napoli Central – Palazzo Alto: marketing of the renovated sections for office use commenced. Pre-marketing actions to commence negotiations to lease the section for use as a hotel were completed.

Genova Principe - Via A. Doria: the procedure to sell this property concluded without success. Actions to ensure that these premises are exploited economically are underway.

Bologna Central - Via Pietramellara: marketing of the entire property is currently underway.

Firenze SMN - Via Alamanni: the unleased part of this property is currently being marketed.

ADVERTISING

Advertising consolidated the downward trend of the last few years and closed at – 3.9%, even lower than initial forecasts (+2.1%). This decrease was even more marked with regard to “traditional” offline advertising (- 15.5 %), which was partly compensated by an increase in online advertising (+16.1%). The current reference means for GS particularly declined, with Out Of Home (OOH) advertising standing at - 13.8% with respect to 2010, thereby confirming the overall market trend and ongoing decline in its value, which fell from 6.8% in 2010 to 6.1% in 2011.

It must be pointed out that Digital OOH, contrary to traditional OOH, improved (+84.8% with respect to -15.5%).

OOH TV (digital) advertising held ground on an annual basis, which was in line with development of the demand for Digital TV.

In terms of investments, both fragmentation in advertising budgets (EUR 20-40 thousand) and increasingly less time to market around campaign launches and requests for “Last Minute” estimates and, therefore, considerable decrease in long-term Agreements must be noted.

There was further decline over the first two months of 2012, while GS results substantially remained stable.

Despite market trends, especially in relation to the reference segment (-13.8% with respect to previous year), GS returns increased by 5% and Market Share consequently improved to reach 3.6% with respect to 2.9% the year before.

This result was due to a combination of refocusing this media on the quality of target /station visitors in question and early development of the digital asset, which ensured the competition could be faced with results contrary to the market trend and were achieved through:

- expansion of the customer base and increase in market penetration;
- controlling discounts with respect to 2010 despite aggressive competition
- last minute sales;
- development of new digital systems (2 additional Video-walls installed and operational at Milano Central since December 2011).

The market confirmed appreciation of news content in Video-communications using “scrolling subtitles”.

CUSTOMER SERVICE

Left Luggage

The year 2011 involved extensive delocalization of Left Luggage Offices to support property renovation.

With regard to 2010, left luggage increased by 6% - receipts by 7% - and relative management costs decreased by 1%, mainly due to careful governance of contractual relations with service providers (radio contracts, signage, maintenance of faults and consumer materials).

Hourly fees for Left Luggage increased by 25% at the end of 2011, the effects of which will come to light in 2012.

In order to improve the quality of left luggage services throughout the Grandi Stazioni network in terms of visual, customer service and economic returns, a competitive bidding procedure for the left luggage service lease contract took place in November 2011.

In addition to guaranteeing the basic service of accepting and storing luggage, the new concept required involves offering station customers a high-quality complementary service through sale of accessory services such as, by way of example, travel accessories, toiletries, telephone accessories, stationery, porter services, luggage wrapping, luggage and parcel delivery, transport, internet access, etc.

In economic terms, the procedure implemented requested a bid for the lease to raise the amount already indicated in the 2011-2015 Industrial Plan approved by the Company Board of Directors.

The bids received were assessed by a newly-established in-houe commission on 22 December 2011.

The technical projects and concepts presented were on the whole satisfactory but not in line with the economic terms requested.

Meetings to analyze the documentation received and a feasibility study of the project commenced in January 2012.

Washrooms

Paying customers in 2011 increased by 2%, with revenue increasing by 11% and costs decreasing by 9%, mainly due to extension of the management agreement and careful governance of contractual relations with service providers.

Car Parks

Revenue remained in line with 2010, while management costs decreased by 20%, mainly due to extension of the contract for managing Bari car park and amendments to the contract for managing Via Marsala car park.

Group Financial Performance and Position

Consolidated Reclassified Income Statement

Thousands of Euros

	2011	2010	Differences
Revenue from sales and services	198.933	191.577	7.356
Other income	17.521	1.937	15.584
Operating Revenue	**216.454**	**193.514**	**22.940**
Operating Costs	**(147.840)**	**(146.785)**	**(1.055)**
EBITDA	**68.614**	**46.729**	**21.885**
Depreciations and write-downs	(10.947)	(7.907)	(3.040)
Write-downs and impairment losses	(3.996)	(3.942)	(54)
Provisions for risks and charges	277	357	(80)
Operating Result (EBIT)	**53.948**	**35.237**	**18.711**
Financial income and costs	(4.679)	(3.220)	(1.459)
RESULT BEFORE TAXES	**49.269**	**32.017**	**17.252**
Income tax	(17.639)	(12.276)	(5.363)
RESULT FOR THE YEAR OF ONGOING OPERATIONS	**31.630**	**19.741**	**11.889**
RESULT FOR THE YEAR REGARDING ASSETS HELD FOR SALE, NET OF TAX	-	-	-
NET RESULT FOR THE PERIOD	**31.630**	**19.741**	**11.889**
Net Group result	***30.700***	***19.439***	***11.261***
Net third parties result	***930***	***302***	***628***

EBIT for the year 2011 amounted to EUR 216.5 million, a net increase of EUR 22.9 million with respect to 2010 mainly due to the capital gains deriving from sale of the Rome property (EUR +14.9 million), increased income from leases (EUR +4.9 million), works underway pursuant to orders (EUR +1.8 million), engagement and special plants (EUR +1.2 million) and customer services (EUR +1.3 million) and decreased receipts to reimburse lease-related costs (EUR -1.2 million).

Net operating costs amounted to EUR 147.8 million, increasing by EUR 1.0 million with respect to 2010 and mainly due to increased personnel costs (EUR +1.4 million), use of third party assets (EUR +1:3 million), lower service costs (EUR -1.1 million) and higher capitalisations (EUR +0.8 million), which have been analyzed in detail below.

EBITDA consequently amounted to EUR 68.6 million, an increase of EUR 21.9 million with respect to 2010.

Further to increased depreciations and write-downs and impairment losses, operating result amounted to EUR 53.9 million, an increase of EUR 18.7 million with respect to 2010.

The 2011 result for the period was a net profit of EUR 31.6 million, increasing by EUR 11.9 million with respect to the previous financial year.

The reasons for this considerable net result are mainly the capital gains deriving from sale of the property in Rome.

It must be noted that a number of items in the 2010 column were reclassified to provide a clearer and more correct reclassified economic situation.

An analysis of the Consolidated Reclassified Income Statement is provided below.

"Revenue from sales and services" amounted to EUR 198.9 million, increasing by EUR 7.3 million with respect to previous financial year, and comprise the following:

Amounts in Millions of Euros	2011	2010	VAR
Revenue from leases	96.7	91.8	4.9
Repayment of collateral costs	67.7	68.9	(1.2)
Revenue from engagement and special facilities	3.9	2.7	1.2
Revenue from advertising	15.4	15.5	(0.1)
Revenue from customer services	10.5	9.2	1.3
Revenue from engineering services	0	0.6	(0.6)
Variation to works in progress	4.7	2.9	1.8
Total	**198.9**	**191.6**	**7.3**

"Other revenues" amounted to EUR 17.5 million, increasing by EUR 15.6 million, and comprised the following:

Amounts in Millions of Euros	2011	2010	VAR
Sale of property and land	14.9	0	14.9
Sundry refunds	2.2	1.9	0.3
Other revenue	0.4	0	0.4
Total	**17.5**	**1.9**	**15.6**

"Operating Costs" amounted to EUR 147.8 million, an increase of EUR 1.0 million, comprising:

Amounts in Millions of Euro	2011	2010	VAR
Personnel Costs	**(18.5)**	**(17.1)**	**(1.4)**
Raw materials, consumables	**(0.2)**	**(0.2)**	**-**
Costs for Services			
Cleaning	(21,8)	(22,6)	0,8
Maintenance	(20,6)	(19,0)	(1,6)
Utilities	(14,6)	(15,8)	1,2
Engineering Services	(3,1)	(4,2)	1,1
Services - Security	(4,9)	(5,2)	0,3
Improvements to Assets	0,0	(0,1)	0,1
Association in Participation dues	(3,0)	(2,9)	(0,1)
Customer Service Costs	(5,4)	(5,3)	(0,1)
Commissions	(2,3)	(1,8)	(0,5)
Skilled Services	(2,4)	(1,9)	(0,5)
Insurance Premiums	(1,0)	(1,0)	0,0
IT Services	(0,8)	(0,9)	0,1
Consultancy	(0,2)	(0,2)	0,0
Advertising and Promo Costs	(1,2)	(1,1)	(0,1)
Corporate Board Costs	(0,3)	(1,0)	0,7
Travel and Accommodation	(0,6)	(0,6)	0,0
Sundry	(4,4)	(4,1)	(0,3)
Subtotal for Services	**(86,6)**	**(87,7)**	**1,1**
Use of Third Party Assets	**(40,1)**	**(38,8)**	**(1,3)**
Other Operating Costs	**(6,0)**	**(5,7)**	**(0,3)**
Capitalisations	**3,6**	**2,8**	**0,8**
Total	**(147,8)**	**(146,8)**	**(1,0)**

"Personnel costs", amounting to EUR 18.5 million, which increased by around EUR 1.4 million due to an increase in the average workforce and increased average unit cost per employee deriving improved quality of new resources, above all in relation to the resources required by Lines that were not already employed by company.

Amounts in Millions of Euros	2011	2010	VAR
Employees	(17.5)	(16.0)	(1.5)
Freelancers, detached workers and collaborators	(1.0)	(1.1)	0.1
Total	**(18.5)**	**(17.1)**	**(1.4)**

The cost of raw materials remained stable with respect to previous financial year, amounting to EUR 0.2 million.

Service costs amounted to EUR 86.6 million, decreasing by EUR 1.1 million with respect to 2010.
The variation within service costs was mainly due to:

- reduction of EUR 1.1 million in costs for acquiring engineering services from third parties;
- reduction of EUR 0.7 million in costs for security, cleaning and maintenance and utilities related to management of common areas;

- reduction of EUR 0.7 million in costs for paying corporate boards;
- increase of EUR 0.5 million in costs for commissions and fees for association in participation led to an increase in revenue from media;
- increase of EUR 0.5 million in costs for skilled services.

"*Use of third party assets"* amounted to EUR 40.1 million, increasing by EUR 1.3 million with respect to previous financial year. This increase was mainly due to increased reconveyance fee for the contract for use of station premises and operational lease fees.

"*Other operating costs"* amounted to EUR 6.0 million, decreasing by EUR 0.3 million with respect to previous financial year and mainly involving taxes.

"*Capitalisations"* amounted to EUR 3.6 million, an increase of EUR 0.8 million, and comprised the costs relating to technical department used in renovation activities.

"Depreciations and write-downs" amounted to EUR 10.9 million and increased by EUR 3.0 million with respect to previous financial year due to full depreciation of the property in Turin, Milan and Naples in 2010.

"Write-downs and impairment losses" amounted to EUR 4.0 million, increasing by EUR 0.1 million with respect to previous financial year. Write-ups amounted to EUR 10.3 million, decreasing by EUR 1.0 million with respect to 2010.

"Provisions for risks and charges" amount to EUR +0.3 million, decreasing by EUR 0.1 millin with respect to previous financial year and regard:

- write-downs amounting to EUR 0.8 for civil and tax disputes;
- funds of EUR 1.1 million for civil and labour controversies involving employees and freelancers.

The balance for *"Financial income and costs"* amounted to EUR 4.7 million in costs, increasing by EUR 1.5 million with respect to previous financial year, mainly due to lower capitalised interest following write-downs of the completed renovation works.

Due to the above, *"Income tax"* amounted to EUR 17.6 million, an increase of EUR 5.4 million with respect to previous financial year.

Consolidated Reclassified Income Statement

Thousands of Euros

	31.12.2011	31.12.2010	Variation
ACTIVITIES			
Net working capital	3.174	8.932	(5.758)
Other net assets	32.700	32.798	(98)
Working capital	**35.874**	**41.730**	**(5.856)**
Plant assets	301.318	277.902	23.417
Equity investments and financial fixed assets	-	-	-
Net fixed capital	**301.318**	**277.902**	**23.417**
Severance pay(-)	(1.906)	(1.886)	(20)
Other funds(-)	(14.295)	(13.434)	(861)
Severance and other funds	**(16.201)**	**(15.320)**	**(881)**
Assets/(liabilities) held for sale	**7.266**	**17.338**	**(10.072)**
NET INVESTED CAPITAL	**328.257**	**321.651**	**6.606**
HEDGES			
Net short term position	(29.030)	(7.347)	(21.683)
Net medium/long term position	197.185	185.205	11.979
Net financial position	**168.155**	**177.858**	**(9.703)**
Equity	**160.102**	**143.792**	**16.310**
HEDGES	**328.257**	**321.651**	**6.606**

"*Net invested capital*" as at 31 December 2011 amounted to EUR 328.3 million, increasing by EUR 6.6 million with respect to 2010, due to variations in "*working capital*" (EUR -5.9 million), "*net fixed capital*" (EUR +23.4 million), "*Severance pay and other funds*" (EUR -0.9 million) and "*assets/liabilities held for sale*" (EUR -10.1 million); whereas "*hedges*" increased due to variations in "*net financial position*" (EUR -9.7 million) and "*equity*" (EUR +16.3 million).

More specifically, the Consolidated Reclassified Income Statement included:

- a decrease of EUR 5.8 million in "*net working capital*" due to increase in building contracts (EUR +2.5 million) and decrease in commercial credits (EUR -8.3 million);
- an increase of EUR 23.4 million in *net fixed capital* mainly due to an increase in fixed assets (EUR +34.8 million) and decrease in write-downs (EUR -10.9 million) and alienation/closure (EUR - 0.5 million);
- decrease of EUR 10.1 in *"assets/(liabilities) held for sale"* due to sale of property in Rome;
- decrease of EUR 9.7 million in *net financial position* due to an increase (EUR 12.0 million) in mid/long term loans to fund renovation works at Prague Station, excluding repayments of previous loans, and an increase (EUR 21.7 million) in short-term financial credits, excluding financial debts undertaken for this station and repaid;
- an increase in *equity* of EUR 16.3 million due to profits made in 2011 excluding dividensds and a number of components in the overall income statement directly included in net assets. The

reclassified value of equity differs from net civil assets due to financial liabilities relating to derivatives, which amounted to EUR 6.1 million in 2011.

Reclassified summaries and relative explanatory notes commenting on the separate Grandi Stazioni S.p.A. Financial Statements have been excluded as they mainly coincide with the values in the consolidated statement. Separate illustration was not considered required in terms of additional information for those reading the financial statements. For this reason, it must be noted that the net consolidated financial position as at 31 December 2011 includes the liabilities acquired throughout the year by subsidiary Grandi Stazioni Cesca to the amount of EUR 29 million.

Risk Factors

The operations carried out in which Group is exposed to a number of financial risks: risks related to specific environment/context, strategy/operations, compliance.

Group operational and financial policies focus on, among others, limiting the negative impact from such risks on the Group's financial performance. By way of protection from exposure to certain risks, Company makes use of derivatives.

There were no particular risks and uncertainties that could have a significant effect on the economic, equity and financial situation of the Group at the time this report was written other than those already mentioned in note 6 of the explanatory notes to the consolidated financial statement.

Investments

Situation Concerning Tenders

Milano Central Tender

Technical and administrative tests are underway, completion of which is related to termination of maintenance and operation activities.

With regard to the responsibilities of Grandi Stazioni S.p.A. as Technical Subject, five platform pavements are currently being raised.

Torino Porta Nuova Tender

Technical and administrative tests are underway, completion of which is related to termination of maintenance and operation activities.

Furthermore, the executive project to restore and redevelop the entire Station roof has also been drawn up. To this regard, Turin Department of Architectural Heritage authorized the works to replace this roof through Protocol note GS 3767 dated 24 February 2011. The relative Tender procedure for these works is currently under implementation.

A number of additional works on structural consolidation for outlying station areas and the roof and to make the façade on Corso Vittorio Emanuele II safe are currently underway.

Napoli Central Tender

End accounts are currently being checked and finalized.

North West Lot Tender

Works concerning renovation of the Genova Brignole and Principe Stations relating to the North West Lot Tender and all complementary infrastructures linked to North West Lot Genova Brignole, Genova Principe, Milano and Torino) continued throughout 2011.

Variable message boards for the general public were installed and left luggage office and washrooms were opened in Genova Brignole Station in 2011; works on the west subway were completed and the civil works in the main hall to allow relative operations in Genova Principe Station to be carried out were stepped up; restoration works in Piazza IV Novembre and Via Sammartini at Milano Central Station commenced; all works to remove interferences and thereby allow the car park at Torino Porta Nuova Station were completed.

On 27 September 2011, Supplementary Document 3 establishing the overall amount for Tender at EUR 57.18 million was signed, with progress in relative works standing at around 25%.

North East Lot Tender

Commencement of works for the complementary infrastructures at Venezia Santa Lucia Station was signed in August 2011 and the substantial completion of restoration works at Verona Porta Nuova Station was signed in September 2011.

Works related to installation of the ticket office and Trenitalia Freccia Club were carried out, the warehouses at station building 3 were completed and the so-called "Maccario provvisoria" area was completed in 2011 and on 25 October 2011 works on the new paid washrooms in Venezia Santa Lucia Station commenced and are due to be completed at the end of February 2012. The new technological area was also assembled. Provisional kiosks were assembled to safeguard traders at Venezia Mestre Station.

In relation to renovation of Verona Porta Nuova Station, the works in areas open to the public involving the larger stores were substantially completed on 30 September 2011. Works on the new ticket office and Trenitalia Freccia Club commenced.

Further to incumbent inspections due to unexpected events, roof repairs are currently being carried out on a number of stores with specific permanent excess loads and the works recently requested by the Fire Brigade relating to a new smoke extractor and air emission system are underway.

On 4 August 2011, Supplementary Document 1 establishing the overall amount for the Tender as EUR 41.77 million was signed, with progress in relative works standing at around 20%.

Centre Lot Tender

Commencement of works on the complementary infrastructures at Firenze Santa Maria Novella Station was signed in November 2011.

The new washrooms, Hera technological facilities, internal escalator, "temporary left luggage office" and new "Freccia Club" premises were completed at Bologna Central Station in 2011, as was renovation of a number of stores. Works on new basement technical facilities in the eastern section and the new basement technological gallery are also underway. Works relating to the sewer system, facilities for the basement and new premises to be used for the Enel (electricity supplier) transformer unit were carried out, a number of stores on the rail head were completed and works on stores on the ground floor and in the basement were completed, as were works on a new left luggage office and the new fire escape for building 2 occupied by Ferroviaria Italiana Network offices at Firenze Santa Maria Novella Station. A number of important actions, such as restoration of the ticket office hall and a new stairway between the rail level and future shopping gallery in the basement also commenced. Works on the new Freccia Club and new NTV premises were completed and new Trenitalia ticket offices and two important Food and Beverage areas will soon be available.

Furthermore, in relation to Complementary Works pursuant to Italian Law 443/2001, the Service Conference to approve variants concluded successfully in terms of Outdoor Works at Bologna Central Station, in compliance with that established in CIPE Decision no. 61/2010. With regard to approval to commence works on the Complementary Infrastructures at Firenze Santa Maria Novella Station, Florence City Council gave approval through Protocol Note 91261 dated 13 October 2011 and Florence Department of Architectural Heritage gave approved through Protocol Note Min. 21873 dated 14 October 2011.

The overall amount for the Tender established through Cognitive Deed was EUR 43.20 million, with progress in relative works standing at 19%.

South Lot Tender

Commencement of works on the complementary infrastructures at Napoli Central Station was signed in September 2011 and commencement of works on the complementary infrastructures at Palermo Central Station was signed in October 2011.

Works to renovate a number of areas commenced at Bari Central Station in December 2011, whereas works on new technological facilities are under completion; works to renovate the interior of Palermo Central Station are progressing with great difficulty due to the fact that the areas involved have not been vacated.

The overall amount for the Tender was set at EUR 46.24 million, with progress in relative works standing at around 5%.

Roma Termini Deck Tender

Projects concerning variants to the Car Park Deck and Service Deck were approved at the Service Conference in June 2011. On 21 January 2012, CIPE acknowledged and approved the variants and effectiveness of such through publication in the Official Journal are currently being awaited.

Supplementary Document 1 established the overall amount for Tender as EUR 84.51 million, with progress in relative works standing at around 2%.

Video-surveillance Tender

In addition to completion of the Integrated Video-surveillance system at Milano Central, Torino Porta Nuova and Napoli Central Stations in 2011, works related to Stage 1 of the Centre and North West Lot Tender were completed and Stage 2 therefore commenced; tests concerning Stage 1 at Verona Porta Nuova, Venezia Santa Lucia and Venezia Mestre Stations were also completed.

Supplementary Document 2 established the overall amount for Tender as EUR 44.25 million, with progress in relative works standing at around 82%.

Activities Completed as at 31 December 2011

Plan for "Internal Works" (Renovation + Preparation + Works on Railway Areas)

In relation to the initial situation of overall costs amounting to EUR 173.1 million (GS financing) and EUR 196.3 million (RFI funding) for Renovation, progress in investments in 2011 amounted to EUR 11.5 million (GS) and EUR 12.9 million (RFI). Consequently, investments as at 31 December 2011 amounted to EUR 197.2 million (GS) and EUR 167.6 million (RFI), in other words 98.8% the overall investments of EUR 369.3 million.

Activities Completed

Activities completed mainly involved Renovation (by contractors) and Engineering with regard to GS responsibilities (DL, Safety during execution and Tests) in Genova Principe, Genova Brignole, Bari Central, Bologna Central, Firenze S.M.N., Verona Porta Nuova, Venezia Mestre and Venezia S. Lucia Stations (GS-RFI funds).

Complementary Works Pursuant to Italian Law 443/2001 (Infrastructures + CCTV)

In relation to the initial situation of overall costs amounting to EUR 209.8 million (Infrastructures) and EUR 51.0 million (Integrated Video-surveillance for the 13 "Grandi Stazioni" Stations) for which State was responsible (in addition to the EUR 23.7 million for Infrastructures due from GS), investments in supplies for the new Video-surveillance System and Outdoor Works continued. Overall investments as at 31 December 2011 amounted to EUR 14.5 million.

Grandi Stazioni S.p.A. commenced a number of Technical Talks to update the economic framework of investments contained in Decision 129/2006, forwarding a "Proposal to Restructure Actions" including a "Report on Nature of Variants".

This proposal was developed as part of complex reconfirmation of the original "Grandi Stazioni" Programme through preparation of a number of unsubstantial variants for operations with operational or financial difficulties. More specifically, the following was carried out:

- simplifying the structural and architectural nature of a number of renovation works (hereinafter referred to as "internal works"), via prompt amendments;
- transposing the provisions established in Executive Projects for external works, proposing unsubstantial variants for critical works and/or cancelling of a number of works no longer considered strategic by the Organizations involved or the fact that assigned funds made them impossible to carry out.

In view of that stated above, Grandi Stazioni S.p.A. however forwarded a review of economic situations to the Ministry of Infrastructure Technical Mission Department.

Further to CIPE Decision no. 61 dated 22 July 2010 concerning *"Examination of the Situation Concerning Operations Pursuant to "Grandi Stazioni" Programme for Complementary Works"* and extensive inquiry at the Technical Mission Division, a decision was made to carry out an investigation concerning Outside Works at Roma Termini, Bari Central, Bologna Central and Venezia S. Lucia Stations to hear the opinion of CIPE with regard to the variants considered essential to such works. The Committee authorized earmarking of the amounts to which tenders were reduced, stating that such amounts be used for the remaining 9 stations further to presentation of updated economic analyses of such.

On 8 and 9 June 2011, the Service Conferences relating to the Italian Law 443/2001 for the aforementioned Stations commenced. The Service Conferences concluded successfully last July receiving approval from all the Bodies involved an the ministerial procedure concerning presentation of approval procedures before CIPE is also currently under completion. For this purpose, GS is currently drawing up the additional detailed plans required by the Authority for Public Works concerning Bologna and Bari Stations.

Publication of the CIPE Decision to approve the substantial variant that took place on 20 January 2012 is currently awaited.

With regard to contributions according to Italian Law 443/2001, please see Main Events of the Year - Financing.

Activities Completed

Activities completed mainly involved Renovation (by contractors) and Engineering with regard to GS responsibilities (DL, Safety during execution and Tests) in Genova Principe, Genova Brignole, Bari Central, Bologna Central, Firenze S.M.N., Verona Porta Nuova, Venezia Mestre and Venezia S. Lucia Stations.

Other Works (GS, RFI and Trenitalia S.p.A. Funds)

Investments in property amounting to EUR 6.7 million were made in 2011 (GS funds), all concerning renovation at Naples Palazzo Alto and Ground Floor Venice.

Investments by GS amounting to EUR 1.3 million were also made concerning initiatives of various kinds mainly linked to "commercial development" and other improvements by GS promoted by the Operations, Sales and Media Management Departments, for example in Renovating "Viaggiatori" Building in Palermo (Ferservizi offices), MS and Upgrading Stores, Washrooms, Car Parks, Left Luggage Office, Safety Assurance and new Advertising Systems.

Activities Completed

The following activities were completed in 2011:

- completion of functional works in stores on the ground floor owned by Grandi Stazioni in Venezia S. Lucia Station, as well as progress in renovation at Palazzo Alto in Naples (GS funds);
- initiatives of various types linked to GS "commercial development" promoted by the Operations, Sales and Media Management Departments, for example in Renovating "Viaggiatori" Building in Palermo (Ferservizi offices), MS and Upgrading Stores, Washrooms, Car Parks, Left Luggage Office, Safety Assurance and new Advertising Systems (GS funds);
- progress in fixed and variable message boards (Genova Brignole and Genova Piazza Principe Stations) (RFI funds);

- actions of various natures funded by various RFI divisions (Milano, Napoli, Venezia, Genova Stations) to raise the pavements on platforms for HSR trains and – at Genova Principe and Genova Brignole Stations – to implement variable IaP system;
- lighting was upgraded and remote management and control systems installed in Bologna Central, Firenze S.M.N., Roma Termini, Venezia Mestre, Venezia S. Lucia and Verona Porta Nuova Stations (RFI funds);
- lighting upgrading and remote management and control system installation is under completion at Milano Central Station;
- Preparation of Platform Roofs for HSR was carried out Venezia S. Lucia Station (RFI funds).

Grandi Stazioni S.p.A. Investments in Property and Facilities

(Figures in millions of Euros)	Progress as at 31/12/10	Progress 2011	Progress as at 31/12/11	Cost at end of life	Progress % as at 31/12/11
Internal Renovation	**185.7**	**11,5**	**197,2**	**227,1**	**87%**
Bari Central	1.9	0.7	2.6	5.3	49%
Bologna Central	5.1	2.0	7.1	11.3	63%
Firenze S. M. Novella	3.1	2.3	5.4	9.4	57%
Genova Brignole	1.2	0.3	1.5	5.3	28%
Genova Principe	2.4	2.3	4.7	8.7	54%
Milano Central	65.9	0.3	66.2	66.2	100%
Napoli Central	35.6	0.2	35.8	35.8	100%
Palermo Central	2.1	0.2	2.3	5.2	44%
Roma Termini	28.8	-	28.8	28.8	100%
Torino Porta Nuova	33.1	-	33.1	33.1	100%
Venezia Mestre	1.0	0.3	1.3	3.8	34%
Venezia S. Lucia	3.4	1.6	5.0	9.4	53%
Verona Porta Nuova	2.1	1.3	3.4	4.8	71%
Complementary Infrastructures and video-surveillance	**55.9**	**14,5**	**70.4**	**284,5**	**25%**
Bari Central	0.9	0.3	1.2	11.6	10%
Bologna Central	1.3	0.4	1.7	23.7	7%
Firenze S. M. Novella	0.3	0.1	0.4	2.2	18%
Genova Brignole	0.6	0.2	0.8	5.1	16%
Genova Principe	2.0	3.4	5.4	13.0	42%
Milano Central	1.3	1.0	2.3	7.6	30%
Napoli Central	1.0	0.4	1.4	23.0	6%
Palermo Central	0.3	0.1	0.4	4.8	8%
Roma Termini	6.0	1.0	7.0	104.6	7%
Torino Porta Nuova	0.7	0.3	1.0	9.3	11%
Venezia Mestre	0.5	0.2	0.7	4.9	14%
Venezia S. Lucia	0.3	1.0	1.3	4.7	28%
Verona Porta Nuova	1.6	1.0	2.6	13.5	19%
Compliance with CIPE provisions	5.4	-	5.4	5.4	100%
Video-surveillance	33.7	5.1	38.8	51.1	76%
			-		
Property	**32.3**	**6.7**	**39.0**	**46.2**	**84%**
Bologna Central	7.8	-	7.8	7.8	100%
Firenze	0.1	-	0.1	0.1	100%
Genova Piazza Principe	-	-	-	-	
Napoli Central	18.7	5.0	23.7	30.5	78%
Roma Termini	-	-	-	-	
Venezia S. Lucia	5.7	1.7	7.4	7.8	95%
			-		
Property improvements	**2.0**	**0.8**	**2.8**	**49.5**	**6%**
Equity Maintenance	**1.2**	**0.4**	**1.6**	**44.4**	**4%**
Average facilities	**1.1**	-	**1.1**	**17.5**	**6%**
Other actions	**8.1**	**0.1**	**8.2**	**8.4**	**98%**
			-		
GENERAL TOTAL (*)	**286.3**	**34.0**	**320.3**	**677.6**	**47%**

(*) Investments include capitalized interest of around EUR 11.4 million as at 31/12/11.

Research and Development

Group carried out no Research and Development in 2011.

Relations with Related Parties

Relations between Gruppo Grandi Stazioni and Gruppo Ferrovie dello Stato Italiane SpA Companies and between these and other related parties are carried out according to the criteria of integrity with the aim to ensuring reciprocal economic benefit in line with standard market conditions and are identified – if necessary – with support from external experts.

Inter-company operations aim to generate value for the entire FSI Group. To this regard, it must be pointed out that, according to the Gruppo Ferrovie dello Stato Industrial Plan, more rational allocation of assets and resources within the FSI Grop is currently underway to focus on the core business of each company, improve valorisation and use of equity not strictly related to the standard operations of companies in the FSI Group through experts – including through division and transfer – and improve infra-group synergy and economies of scale.

These processes and operations take place according to specific niche, civil and tax regulations and standards in compliance with the guidelines provided by Supervisory Ministries and taking into account the features and peculiarities of the operations carried out by many companies in Gruppo FSI.

The active and passive relations with Parent Companies and other associated companies and information on relations with related parties are described in the explanatory notes to the Financial Statements.

Information Concerning Main Areas of Group Operations – Group Business Areas

The Group is not obliged to apply the IFRS 8 Accounting Principle in operational areas.
Information relating to the following operational areas of the Group is however provided below:

- Property Leasing;
- Common Service Management;
- Media;
- Customer Service;
- Engineering and Works.

Grandi Stazioni SpA

Grandi Stazioni SpA is Group Leader and operates in all the aforementioned areas in Italy.
The Company invested around EUR 34 million in renovation and improvements.
Overall investments of around EUR 678 million – around EUR 320 million of which already used – is hedged by corporate equity to the amount of around EUR 149 million, to the amount of EUR 233 million by long-term loans, to the amount of around EUR 261 million by contributions pursuant to Italian Law 443/2001 and to the remaining amount of EUR 35 million by property transfers and cash flows generated by company operations.

Thousands of Euros

Key Indicators	2011	2010	Variation	%
Revenues	210.539	190.482	20.057	10,5%
EBITD)	65.573	45.588	19.985	43,8%
Operating result (EBIT)	51.083	34.129	16.954	49,7%
Result for the period	29.995	19.422	10.573	54,4%
Net financial position	141.427	157.452	(16.025)	(10,2%)
Equity	148.706	137.037	11.668	8,5%
Average workforce	231,5	234,3	(2,8)	(1,2%)

Key Indexes

ROE	25,4%	18,6%
ROI	17,5%	10,6%
EBIT MARGIN	24,3%	17,9%
OPERATING INCOME (EBITDA MARGIN)	31,1%	23,9%
DEBT/EQUITY	1,25	1,47

The key indicators and indexes per operational area are provided below:

Key Indicators

Thousands of Euros 2011	Engineering and Works	Customer Service	Leases	Common Services	Media	Other areas
Revenues	5.019	10.506	107.967	67.685	19.362	-
EBITDA	(2.013)	3.274	61.325	(3.602)	6.589	-
Operating result (EBIT)	(2.146)	3.259	48.733	(3.634)	5.184	(314)

Key indexes

EBIT MARGIN	-43%	31%	45%	-5%	27%	
OPERATING INCOME (EBITDA MARGIN)	-40%	31%	57%	-5%	34%	

Results by operational area take into account reversal of operating costs and revenues of staff processes onto operational areas using specific drivers to the amount of EUR 10.7 million.

The Engineering and Works Division had a negative operating result due to the fact that revenue from technical orders (sub-contracted to subsidiary Grandi Stazioni Ingegneria S.r.l. under the same tender contract conditions), while subject to market conditions, do not always fully cover general costs.

The Common Service Division (condominium) had a negative operating result due to the fact that average contract management fee applied to just external direct costs manages to cover internal direct costs but not general costs.

Grandi Stazioni Ceska Republika SRO

Grandi Stazioni Ceska Republica SRO (GSCR) is a subsidiary company established to renovate and manage Prague Central and Marianske Lazne Stations. The company has share capital of CZK 240 million (EUR 9.7 million), underwritten by Grandi Stazioni SpA (51%), BERS (39%) and SIMEST SpA (10%), and net assets of CZK 277.8 million (EUR 11.2 million).

The Company invested CZK 38.4 million in renovation works (EUR 1.5 million) and completed renovation at the Marianske Lazne and Prague Central (New Hall) Stations.

Overall investments of CZK 1,000 million (over EUR 40 million) was covered to the amount of CZK 277.8 million (over EUR 11 million) by equity and originally CZK 720 million (EUR 29 million) by a long-term loan.

The key indicators and indexes are illustrated below.

Thousands of CZK	2011	2010	Variation	%
Key Indicators				
Operating income	162.483	96.269	66.214	68,8%
EBITDA	75.887	34.158	41.729	122,2%
Operating result (EBIT)	71.644	28.590	43.054	150,6%
Result for the period	46.625	15.607	31.018	198,7%
Net financial position	682.178	547.536	134.642	24,6%
Equity	281.977	235.345	42.448	18,0%
Average workforce	3	3	0	0%

Key Indexes		
ROE	20,5%	7,1%
ROI	8,2%	4,1%
EBIT MARGIN	44,1%	29,7%
OPERATING RESULT (EBITDA MARGIN)	46,7%	35,5%
DEBT/EQUITY	2,55	2,46

Grandi Stazioni Ingegneria S.r.l.

Grandi Stazioni Ingegneria S.r.l. (GSI) is 100% owned by Grandi Stazioni SpA and its purpose is to carry out feasibility studies, research, consultancy, design, direction of works, assessment of technical and economic compliance and studies on environmental impacts, as well as to coordinate buildings and realize civil works, plumbing, roadworks, industrial, works, cultural heritage works, sports facilities, farming industry structures and land reclamation, including governance of such works. This company mainly works on behalf of parent company Grandi Stazioni S.p.A.

The key indicators and indexes from the financial statements drawn up according to Italian accounting principles are illustrated below.

Thousands of Euros	2011	2010	Variazione	%
Key Indicators				
Operating income	3,941	3,961	(20)	(0,5%)
EBITDA	308	504	(196)	(38,9%)
Operating result (EBIT)	290	473	(183)	(38,7%)
Result for the period	98	210	(112)	(53,3%)
Net financial position	(98)	(90)	(9)	9,7%
Equity	469	371	98	26,4%
Average workforce	38.92	33.75	5,17	15,3%

Key Indexes		
ROE	37.3%	243.2%
ROI	89.6%	240.6%
ROS (EBIT MARGIN)	7.4%	12.0%
OPERATING RESULT (EBITDA MARGIN)	7.8%	12.7%
DEBT/EQUITY	nd	nd

Stocks and Shares

As at 31 December 2011, Grandi Stazioni S.p.A. held no stocks or shares in own company or parent company directly or through trust or other party.
Company did not buy or alienate shares in own company and/or parent company directly or through trust or other party in 2011.

Additional Information

Secondary Offices

Grandi Stazioni SpA has a secondary office at 1/23 Piazza Luigi di Savoia in Milan.

Legal Investigations and Proceedings Underway

Interference from Advertising Video-communication System and Video-surveillance System

Criminal proceedings commenced further to Grandi Stazioni presenting a complaint-action against persons unknown in relation to FIDA S.p.A. allegedly carrying out acts to remove presumed interference between the advertising video-communication system and works on the integrated video-surveillance systems in the main Italian railway stations between November 2007 and February 2008.

Managing Director and CEO of FIDA S.p.A. are jointly under investigation in these proceedings, as are former Grandi Stazioni CEO and other former employees.

On 15 March 2011, a motion was deposited with the President of Rome Court of Law to urge arrangement of the first main hearing, which was approved and set for 8 November 2011. All defendants and relative counsel and Grandi Stazioni – as plaintiff – will be served relative summons according to the Law.

As part of the aforementioned proceedings, seizure was ordered and carried out for the file relating to civil proceedings undertaken by FIDA S.p.A. at the Rome Court of Law to obtain payment of the fees for services provided.

Former Compartmental Building Venice

These criminal proceedings arose further to Grandi Stazioni presenting a complaint-action for the crime pursuant to Articles 640 and 61, 7 and 11 of the Criminal Code (serious fraud), Article 2625 of the Italian Civil Code (obstruction) in relation to the conduct of former Directors and managers of Company and legal representative of Emmegi Consulting s.r.l., company appointed to assist and provide consultancy for the purpose of drawing up a lease agreement for the so-called "Palazzo compartimentale" in Venice and subsequent sale of said property. Conclusions of the preliminary investigations are still awaited.

Seizure of Buildings in Piazza Cinquecento

These criminal proceedings arose further to seizure of two prefabricated buildings installed by Grandi Stazioni in Piazza dei Cinquecento in Rome for temporary reallocation of a number of stores to allow works by "Roma Metropolitane S.r.l. at the Rome Underground Termini Node concerning "Adaptation of Termini Underground A – Underground B Node" to proceed, as such buildings had no building permit and were therefore considered illegal.

Installation of these buildings was ordered further to standard notification of the Bodies involved and having received approval from Grandi Stazioni do reallocate a number of secondary passenger services to the square.

On 29 March 2011, Rome Public Prosecutor's Office ordered release from seizure of the temporary buildings.

Seizure of Building 3 (former Post Office Warehouse) - Bari Central Station.

Bari Railway Police Operational Department seized the former Post Office building located on the pavement of platform 1 at Bari Central Station on 4 January 2011 due to poor maintenance of the area used by the employees of cleaning contractors to park their electric vehicles and deposit various types of material discovered during an inspection.

This order to seize the structure and materials contained within the building was subsequently validated and notified to Grandi Stazioni, the cleaning service contractor and FIDA, which has access to building premises both for use as storage premises and to recharge electric machinery

A provision dated 1 February 2011 ordered release from seizure of this building.

Naples Employees

These criminal proceedings arose further to a complaint-action filed by Grandi Stazioni on 15 December 2010 to the Naples Public Prosecutor's Office against a number of company employees for the crime pursuant to Articles 640 and 61, 7 and 11 of the Criminal Code (serious fraud) and all connected crimes, reserving the right to institute a civil action, in relation to discovery of serious irregularities in using company swipe card.

Vidion Arbitration Procedure

This procedure commenced further to the complaint – action filed by Grandi Stazioni on 28 March 2011 at Rome Public Prosecutor's Office for the crime pursuant to Article 621 of the Italian Criminal Code (revealing the contents of secret documents) in relation to Vidion using a number of Grandi Stazioni confidential documents at an arbitrary hearing, which were unexplainably available to Vidion.

Gruppo Mediagest

Grandi Stazioni filed a complaint-action on 8 June 2011 before Rome Public Prosecutor's Office against persons unknown for the crime pursuant to Articles 640 and 61, 7 and 11 of the Criminal Code (serious fraud) and all related crimes and reserving the right to institute a civil action in relation to the behaviour of Gruppo Mediagest S.r.l., which knowingly enacted fraud and deceit (consisting in a change of director and registered office solely for the purposes of thwarting the claims made by Grandi Stazioni), fraudulently avoiding the executive procedure legitimately implemented by Plaintiff to recover outstanding credits. The estimated risks concerning recovery of relative credits were duly included in the credit depreciation fund in the financial statements.

Italian Legislative Decree 231/2001 Concerning Administrative Responsibilities

At the meeting held on 19 September 2011, Grandi Stazioni Board of Directors decided on three-year appointment of the Supervisory Board comprising Prof. Luigi Caso as Chairman and Counsel Guido Santocono and Ms. Stefania Ramadori as members.

Italian Legislative Decree 196/2003 Concerning Personal Data Protection

Grandi Stazioni S.p.A. drew up and adopted all the measures required to comply with that established in Italian Legislative Decree 196 dated 30 June 2003 «Code Concerning Personal Data Protection» .
The Safety Planning Document was written and is updated on a yearly basis and describes all the procedures adopted to comply with reference laws and standards.

Information Concerning Actions of Parent Company Pursuant to Article 2497-3.

Parent Company Ferrovie dello Stato Italiane S.p.A. did not exercise significant influence over the management decisions adopted by Company throughout 2011.

Outlook

According to corporate planning and management strategies, Grandi Stazioni Consolidated Budget forecasts gross operating margin, operating result and net result, excluding capital gains from sale of property, can improve in 2012 with respect to financial year 2011.

With regard to assets and finances, the following are forecast:

- increased working capital due to divestitures planned for Gruppo FSI, making compensation no longer possible;
- decreased net fixed assets due to new investments, excluding the deduction due to contributions according to Italian Law 443/2001 paid in advance by Group;
- decreased funds;
- an increase in net financial position due to a reduction in the long-term financial position linked to write-down of BEI loan and property mortgages and reduction in liquid and equivalent assets;
- an increase in equity due to a rise in reserves.

Proposal Concerning Use of Profits by Grandi Stazioni S.P.A.

Dear Shareholders,

You are hereby invited to approve the separate Grandi Stazioni S.p.A Financial Statements for Financial Year ending as at 31 December 2011, as submitted to you by the Board of Directors and currently under legal audit by PricewaterhouseCoopers SpA to the effects and purposes of Article 14, Italian Legislative Decree 39 dated 2010, which presents net profits amounting to EUR 29,995,131.
As the legal reserve has reached the limit established by Article 2430 of the Italian Civil Code, we propose sharing out profits from Financial Year 2011 as follows, distributing around 80% of profits from standard operations, excluding profits from sale of the property in Rome, to improve company assets and finances with a view to the plan of investment still to be made:

- the amount of EUR 15,833,460 to shareholders through payment of a dividend of EUR 190.00 for each of the 83,334 shares;
- the remaining amount of EUR 14,161,671 to an extraordinary reserve.

We would like to thank you all for your trust and to remind you that the term in office of the Board of Directors shall expire on approval of the Financial Statements, asking you therefore to make relative decision.

For the Board of Directors

Chairman

Mauro Moretti

Consolidated financial statements of the Grandi Stazioni Group for the period ended 31 December 2011

Consolidated Financial Statements

Consolidated balance sheet

(Thousands of Euros)	Notes	31.12.2011	31.12.2010
Assets			
Property, Plant and Machinery	*(7)*	262.181	237.385
Property investments	*(8)*	38.576	40.375
Intangible assets	*(9)*	561	142
Prepaid tax assets	*(10)*	7.072	7.202
Non-current trade receivables	*(11)*	6.782	7.439
Other non-current assets	*(12)*	40.739	42.679
Total non-current assets		**355.912**	**335.221**
Construction contracts	*(13)*	14.214	11.687
Current trade receivables	*(11)*	79.454	87.105
Current financial assets including derivatives	*(14)*	16.974	18.393
Cash & cash equivalents	*(15)*	28.375	28.134
Tax receivables	*(16)*	4	814
Other current assets	*(12)*	12.886	14.518
Assets held for sale	*(17)*	7.266	17.338
Total current assets		**159.174**	**177.988**
Total assets		**515.086**	**513.209**
Shareholders' equity			
Group shareholders' equity	*(18)*	**148.666**	**137.111**
Share capital	*(18)*	4.304	4.304
Other reserves	*(18)*	105.375	104.520
Results brought forward	*(18)*	8.286	8.849
Result for the period	*(18)*	30.700	19.438
Total minority interests	*(18)*	**5.320**	**4.610**
minority interests	*(18)*	930	302
Share capital and reserves attributable to minority interests	*(18)*	4.391	4.307
Liabilities			
Medium/long-term loans	*(19)*	197.185	185.205
Staff severance and other employee benefits	*(20)*	1.906	1.886
Provisions for risks and charges	*(21)*	5.113	6.255
Deferred tax liabilities	*(10)*	9.182	7.178
Non-current financial liabilities, including derivatives	*(22)*	6.116	2.072
Trade Payables, Non-Current	*(23)*	712	460
Other non-current liabilities	*(24)*	4.817	2.946
Total non-current liabilities		**225.032**	**206.003**
Current portion of long–term borrowings	*(19)*	16.156	39.179
Trade Payables, Current	*(23)*	108.674	110.707
Tax payables	*(25)*	645	293
Non-current financial liabilities, including derivatives	*(22)*	164	
Other current liabilities	*(24)*	10.430	15.307
Total current liabilities		**136.069**	**165.485**
Total liabilities		**361.100**	**371.489**
Total shareholders' equity and liabilities		**515.086**	**513.209**

Consolidated income statement

(Thousands of Euros)	Notes	2011	2010
Revenues			
Revenues from sales and services	*(26)*	198.933	191.577
Other income	*(27)*	17.521	1.937
Total revenues		**216.454**	**193.515**
Operating costs		**(147.840)**	**(146.786)**
Personnel costs	*(28)*	(18.514)	(17.131)
Raw, subsidiary materials, consumables, goods	*(29)*	(212)	(190)
Costs for services	*(30)*	(86.569)	(87.710)
Costs for the use of third party assets	*(31)*	(40.149)	(38.775)
Other operating costs	*(32)*	(6.012)	(5.739)
Costs for in house works capitalised	*(33)*	3.615	2.758
Depreciations and write-downs	*(34)*	(10.947)	(7.907)
Write-downs and impairment losses	*(35)*	(3.996)	(3.942)
Provisions for risks and charges	*(36)*	277	357
Operating result		**53.948**	**35.237**
Financial income and costs			
Finance income	*(37)*	1.768	1.771
Finance costs	*(38)*	(6.447)	(4.990)
Result before taxes		**49.269**	**32.017**
Income tax	*(39)*	(17.639)	(12.276)
Net result for the period		**31.630**	**19.741**
Net Group result		*30.700*	*19.438*
Net third parties result		*930*	*302*

Consolidated comprehensive income statement

(Thousands of Euros)	Notes	2011	2010
Net result for the period	*(18)*	**31.630**	**19.741**
Other components of the comprehensive income statement			
Effective portion of change in the fair value of cash flow hedges	*(18)*	(4.096)	(1.524)
Profits (losses) from actuarial benefits	*(18)*	(132)	57
Exchange differences from foreign operations	*(18)*	(396)	485
Tax effect	*(18)*	1.254	419
Profits and losses recognized directly in equity	*(18)*	(3.370)	(563)
Total profit for the period		**28.260**	**19.178**
Portion attributable to			
Group		**25.549**	**18.579**
Minority interests		**711**	**599**

Statement of Changes in Consolidated Shareholders' Equity

(Thousands of Euros)	Group Shareholders' equity											
	Share capital	Legal reserve	Extraordinary reserve	Share premium reserve	Reserve for conversion of financial statements expressed in a foreign currency	*Cash flow hedging reserve*	*Actuarial valuation reserve*	Profits (losses) brought forward	Result for the period	**Total**	Minority interests	**Total shareholders' equity**
Balance as at 31 December 2009	**4.304**	**861**	**21.352**	**58.309**	**347**	**(397)**	**(102)**	**7.210**	**39.561**	**131.446**	**4.070**	**135.516**
Dividends distributed									(12.500)	(12.500)		(12.500)
Other changes								(472)		(472)		(472)
Allocation of prev. financial year result			24.951					2.110	(27.061)	-		-
Total Profits / (Losses) recorded												
of which:												
Profit/(loss) recognized directly in shareholders' equity					248	(1.106)	57			(801)	237	(564)
Profit for the period									19.438	19.438	303	19.741
Balance as at 31 December 2010	**4.304**	**861**	**46.303**	**58.309**	**595**	**(1.503)**	**(45)**	**8.848**	**19.438**	**137.111**	**4.610**	**141.721**
Dividends distributed									(15.417)	(15.417)		(15.417)
Other changes								(580)		(580)		(580)
Allocation of prev. financial year result			4.005					17	(4.022)	-		-
Total Profits/(Losses) recognized										-		-
of which:										-		-
Profit/(loss) recognized directly in					(148)	(2.906)	(97)			(3.151)	(219)	(3.370)
Profit for the year									30.700	30.700	930	31.630
Balance as at 31 December 2011	**4.304**	**861**	**50.308**	**58.309**	**447**	**(4.409)**	**(142)**	**8.285**	**30.700**	**148.664**	**5.321**	**153.985**

Consolidated cash flow statement

(Thousands of Euros)	Notes	2011	2010
Net financial year result	(18)	31.630	19.741
Amortisation and depreciation	(34)	10.947	7.907
Provisions for risks and charges	(21) (35)	(194)	(277)
Capital (gains)/losses on the sale of tangible fixed assets	(27)	(14.928)	
Change in inventories	(13)	(2.527)	2.923
Change in trade receivables	(101	8.308	27.918
Change in trade payables	(23)	(2.033)	7.208
Changes in other assets and liabilities	(12) (24)	4.276	(28.886)
Provisions for risks and charges	(36)	(865)	2
Employee funds and benefits:	(20)	(63)	(204)
Net cash flow generated by operating activities		**34.551**	**36.332**
Investments in tangible fixed assets (-)	(7)	(34.186)	(20.444)
Investments in intangible assets	(8)	(600)	(77)
Disinvestments of tangible fixed assets	(12)	25.421	(17.130)
Net cash flow generated by investments		**(9.364)**	**(37.651)**
Medium/long-term loans	(19)	(11.044)	(8.034)
dividends paid	(18)	(15.417)	(12.500)
Changes in shareholders' equity	(18)	566	489
Net cash flow generated (absorbed) by financial assets		**(25.895)**	**(20.046)**
Total cash flow generated (absorbed) during the period	(14) (15)	708	21.364
Cash and cash equivalents at beginning of year	(14) (15)	46.057	67.422
Cash and cash equivalents at end of year	(14) (15)	45.349	46.057
Taxes paid		13.510	22.306
Interest expense paid		6.605	5.545

Notes to the consolidated financial statements

1 Introduction

These consolidated financial statements of the Grandi Stazioni Group for the period ended 31 December 2011 (hereinafter the "Consolidated Financial Statements") have been drawn up in compliance with the International Financial Reporting Standards-IFRS) issued by the International Accounting Standards Board (IASB), adopted by the European Union("EU-IFRS").. It is hereby noted that Grandi Stazioni SpA (hereinafter also the "Company") took the option provided by Legislative Decree no. 38 of 28 February 2005, which governs exercising of the options provided by article 5 of the European Regulation no. 1606/2002 regarding the International Accounting Standards. In particular, pursuant to articles 3 and 4 of the aforementioned legislative Decree, the company has applied the EU-IFRS for the preparation of the Consolidated Financial statements starting from the year ended 31 December 2009.

2 Group activities and structure of the consolidated financial statements

Grandi Stazioni S.p.A.is based in Italy and organized according to the laws of the Republic of Italy.

The Company's registered offices are in Via G. Giolitti 34 – 00185 ROME.

The consolidated financial statements for the period ended 31 December 2011 include the financial statements of the Parent Company and the Italian and foreign companies (hereinafter defined together with Grandi Stazioni S.p.A. as the "Grandi Stazioni Group") over which the former has the right to directly or indirectly exercise control, determining their financial and management choices and obtaining the relevant benefits.

The list of shareholdings is included in the section entitled "Perimeter, criteria and methods of consolidation" (note 5) attached to these explanatory notes.

The principal activity of the Grandi Stazioni Group is the refurbishment and management of station complexes.

In particular, it operates at a national level in the 13 major Italian railway stations: Roma Termini, Milano Centrale, Torino Porta Nuova, Firenze Santa Maria Novella, Bologna Centrale, Napoli Centrale, Venezia Mestre and Santa Lucia, Verona Porta Nuova, Genova Piazza Principe and Brignole, Palermo Centrale and Bari Centrale, and at an international level in the 2 railway stations of Prague Central and Marianskè Lazne.

In carrying out its design and works direction activities, the execution of feasibility studies and technical consultancies, Grandi Stazioni collaborates with its subsidiary Grandi Stazioni Ingegneria.

The purpose of the Group's operations is to introduce the public to a new station concept: a business with high economic potential, an attraction point for the city and a warm and welcoming place, able to offer quality services and opportunities to pass the time in a more pleasant and enjoyable way. Stations have a new urban role to play in this new concept.

The goals of the corporate mission are:

- refurbishment and enhancement of the properties through leasing, promotional and advertising activities and direct management of passenger areas and services;
- improvement of the quality and diversification of travel services by improving the existing offer and constant commitment towards improving customer satisfaction;
- promotion of new methods of using the areas, introducing innovative services to the stations in the Network, such as a services centre with numerous branded shops, a specialised general surgery unit, gymnasium and many leisure activities;
- integration of the station property complexes with the surrounding urban area to transform stations into a lively part of the city, facilitating access to and inter-modality with all other means of transport;
- development of social projects and initiatives in favour of socially disadvantaged groups within the stations, in collaboration with volunteering bodies and associations;
- affirmation of the new station model through communication policies and cultural initiatives.

The Group structure is described in Annex 1 to these explanatory notes.

The approval and publication of these consolidated financial statements of Grandi Stazioni S.p.A. for the financial period ended on 31 December 2011, pursuant to IAS 10, was decided by the Board of Directors of the Parent company on 5 April 2012.

Basis for preparation

Following are the general criteria and accounting principles applied in the preparation of the Group's consolidated financial statements.

As previously indicated, these Consolidated Financial statements have been prepared in compliance with the EU-IFRS, these being all International Financial Reporting Standards (IFRS), International Accounting standards (IAS), Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) previously named the Standing Interpretations Committee (SIC) adopted by the European Union and contained in the relative EU Regulations published up to 5 April 2012, the date on which the company's Board of Directors approved this document.. In particular, the EU-IFRS have been applied in a coherent manner to all the periods presented in this document. It is furthermore noted that these consolidated financial statements have been prepared based on the best available knowledge of the EU-IFRS and with account taken of the best theories on this subject; any future guidelines and amendments to the interpretations shall be reflected in subsequent periods, as provided by the accounting standards of reference from time to time.

The consolidated financial statements have been prepared and are presented in Euro, which is the company's functional currency and therefore the currency used in the countries in which the company mainly operates; all the amounts included in the tables within the notes that follow are expressed in thousands of Euro, unless otherwise indicated.

Following are the statements used and the relative classification criteria adopted by the company, from among the options provided by IAS 1 "Presentation of Financial Statements":

- The balance sheet has been prepared by classifying the assets and liabilities according to the "current/non-current" criterion;
- The income statement has been prepared classifying the operating costs according to their nature;
- The statement of comprehensive income includes, in addition to the results for the period ended, the other changes to the items of shareholders' equity resulting from transactions that did not take place with shareholders of the company;
- The cash flow statement has been prepared by showing the cash flows from operations according to the "indirect method. "

These consolidated financial statements have been prepared on a going concern basis, since the directors have ensured that no financial, operational, or other indicators exist that would indicate the existence of critical issues regarding the company's ability to fulfil its obligations in the foreseeable future and in particular in the next 12 months. The procedures the company uses to manage financial risks are explained in note 6 – Management of financial and operating risks. The consolidated financial statements have been prepared based on the criterion of historical cost, except for the valuation of financial assets and liabilities for which the fair value criterion is required to be applied.

4 Accounting principles applied

Following are the major accounting principles and valuation criteria used for the preparation of the consolidated financial statements.

Property, Plant and Machinery

Property, plant and machinery are measured at purchase or production cost net of accumulated amortization and any impairments. Their cost includes all expenses sustained directly in preparing the assets for use and any other costs for disposal and removal that may be sustained as a consequence of contractual obligations requiring the assets to be returned to their original condition. Financial charges that are directly attributable to the purchase, construction or production of the eligible assets are capitalized or amortized based on the useful life of the asset they refer to. Improvement, modernisation and transformation costs which increase the value of the assets are recognized in equity.

Costs incurred for maintenance and repairs of an ordinary and/or cyclical nature are recognized directly in income when incurred. Capitalization of costs inherent in the expansion, updating or improvement of the structural elements that are owned or used by third parties is carried out exclusively to the extent that they fulfil the requirements to be separately classified as assets or parts of an asset through application of the component approach criterion, which provides that the useful life of each element and its relative value must be assessed independently.

Depreciation is allocated monthly on a straight line basis at rates that allow the assets to be depreciated until exhaustion of their useful life. If the asset being depreciated is composed of elements that are distinctly identifiable the useful life of which differs significantly from that of other parts comprising the asset, the depreciation is carried out separately for each part comprising the asset in application of the component approach.

The useful life generally assigned to the various categories of assets by the Group is as follows:

	Rate
Civil engineering works	3%
Plant and machinery	5%-20%
Industrial and trade equipment	20%
Other assets:	
- *Furniture and accessories*	12%
Electronic machinery	20%
- *Office equipment*	40%
Motor vehicles	25%

The useful lives of the tangible assets and residual value are reviewed annually, and adjusted if appropriate, at each balance sheet date. Land is not depreciated.

Leased assets

The intangible assets held through financial leases which essentially transfer to the Group the risks and benefits of ownership, are recognized as assets of the Group at their current value on the date the contract was concluded or, if lower, at the current value of the minimum payments due for the lease including any amounts payable for exercising the purchase option. The corresponding liabilities towards the lessor are represented in the balance sheet among financial payables. Assets are depreciated applying the previously indicated criterion and rates, unless the duration of the lease is lower than the useful life represented by those rates and there is no reasonable certainty that the ownership of the leased asset will be transferred upon expiration of the contract; in this case the depreciation period is equal to the duration of the lease.

Leases in which the lessor essentially maintains all the risks and benefits of ownership are classified as operating leases. The operating lease costs are recognized throughout the duration of the lease in the income statement.

Investment Property

Property investments are the real estate properties owned in order to obtain the rental income and/or obtain an increase in the capital invested and are not destined for sale in the normal execution of business operations. Furthermore, the property investments are not used in the production or the supply of goods or services or in the management of the company. The accounting standard used for the accounting of this item are in compliance with the criteria described above under "Property plant and equipment."

Buildings are amortized at a rate of 3% while plants are amortized at a rate of 15%.

Intangible assets

Intangible assets consist of non-monetary elements, identifiable and without physical consistency, controlled by the company and capable of producing future economic benefits. Identification is defined with reference to the possibility of distinguishing the intangible assets acquired with respect to goodwill. This requirement is usually satisfied when: (i) the intangible asset is traceable to a legal or contractual right, or (ii) the asset is separable, in other words can be sold, transferred, leased or exchanged autonomously or as an integral part of other assets. Control by the company involves the power to use the future economic benefits deriving from the asset and the possibility of limiting its access by others.

Intangible assets are only recorded at the cost determined according to the same methods as those indicated for properties, plants and machinery when they can be reliably measured.

The Grandi Stazioni Group possesses the following types of intangible assets, the lifetime of which has been defined as follows:

	Rate
Software	33%
Licences	33%

After initial recognition, the cost or fair value of intangible assets with a definite lifetime is adjusted by the relevant amortizations accumulated and any impairment, determined as described below. The amortization begins when the asset is available for use and is distributed systematically in relation to the residual possibility of its use and therefore based on its estimated useful life.

The useful lifetime is reviewed on an annual basis and any changes, if deemed necessary, are made using the method of prospective application.

The gains and losses deriving from the disposal of an intangible fixed asset are determined as the difference between the disposal value and the book value of the assets; they are recorded in the income statement at the time of disposal.

Write-downs of tangible and intangible assets

i) Assets (tangible and intangible) with a definite useful life

On each balance sheet date, an impairment test is carried out on the tangible and intangible assets. To this end both external and internal sources of information are taken under consideration. In regard to the internal sources, the following are taken into account: The obsolescence or physical deterioration of the asset, any significant changes in the use of the asset or the financial performance of the asset as compared to the performance anticipated. The following external sources are considered: The prices for the asset on the market, any discontinuities in terms of technology, the market or regulations, the market interest rates and the cost of capital used to assess the investments.

In the event that such indicators are identified, we proceed to estimate the recoverable value of the aforementioned assets and recognize any write downs in the income statement. The recoverable value is the greater of the fair value of an asset net of the cost of sale and its value in use, the latter being the current value of the future cash flows estimated for this asset. Value in use is determined by discounting estimated future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset. The recoverable amount of assets that do not generate independent cash flows is determined based on the cash-generating unit to which the asset belongs.

An impairment loss is recognized in the income statement if an asset's Book value or that of the cash-generating unit to which it is allocated is higher than its recoverable amount. Impairment losses of cash generating units are first charged against the Book value of any goodwill attributed to it and then against the value of other assets, in proportion to their Book value. If the reasons for the write down above cease to exist, the book value of the assets is restored and recognized in the income statement, up to the book value the asset in question would have had if the write down had not occurred and amortization had been carried out.

ii) Intangible assets which are not yet available for use

The recoverable value of intangible assets which are not yet available for use is subject to annual or more frequent impairment testing, if there is an indication that these assets may have become impaired.

Financial assets and trade receivables

Financial assets are initially recognized at fair value and classified under receivables and loan assets, assets available for sale or financial assets measured at fair value in the income statement, depending on the relative nature and the reason for which they were purchased.

Financial assets are accounted for on the negotiation date of the acquisition/sale and are removed from the balance sheet when the right to receive the relative cash flows has been extinguished and the Group has essentially transferred all risks and benefits related to the financial instrument and the relative control.

Receivables and loan assets

Receivables and loan assets are financial instruments which are not derivatives and which are not listed on an active market from which the fixed or determinable payments are expected. In particular the following consolidated balance sheet items are classified in this category ["non-current financial assets (including derivatives)," and "current trade receivables"].

Receivables and loan assets are accounted for initially at fair value and subsequently measured using the amortised cost method based on the effective interest rate criterion, net of the provision for doubtful debts. Receivables and loan assets are included in current assets, except for those with contractual expiration dates in excess of twelve months compared to the balance sheet date, which are classified as non-current assets.

Losses on receivables and loan assets are accounted for in the balance sheet if there is objective evidence that the Group will not be able to recover the receivable from the counterparty based on contractual terms.

- Objective evidence includes events such as: significant financial difficulty of the issuer or obligor;
- Ongoing legal disputes with the debtor in regard to the receivables;
- The probability that the debtor will declare bankruptcy or that other financial restructuring procedures will ensue.

The amount of the write-down is measured as the difference between the book value of the asset and the current value of expected future cash flows and recognized in the income statement under [“write-downs/write-backs on receivables”]. Receivables and loan asset to which cannot be recovered are shown in the consolidated balance sheet net of the provision for doubtful debts. If in subsequent periods the reasons for the aforementioned write-downs cease to apply, the value of the asset is restored up to the value that would result from the application of the amortized cost, if the write down had not been carried out.

Derivative financial instruments

The Group uses derivative financial instruments with the intent of hedging, in order to reduce the risks deriving from fluctuations in interest and exchange rates. On the conclusion date of the contract the derivative instruments are initially accounted for at fair value and if the derivative instruments are not accounted for as hedges, any subsequent changes in the fair value are recognised in income.

Derivative contracts are accounted for according to the methods established for hedging transactions *("hedge accounting")* only if:

- Upon inception of the hedge, a formal designation exists and the hedge is documented;
- it is assumed that the hedge is highly effective;
- effectiveness can be reliably measured;
- the hedge itself is highly effective during the various accounting periods for which it has been designated.

When derivative financial instruments qualify for hedge accounting, the following accounting treatment is applied:

Cash flow hedges

When an instrument is designated to hedge the risk of changes in the future cash flows of an asset or liability recorded in the balance sheet or a transaction deemed highly probable ("cash flow hedge"), the affected portion of the gains or losses from adjustment to fair value of the derivative instrument is recognized in a specific equity reserve. The cumulative profits or losses are removed from the shareholders' equity and attributed to income in the same periods in which the effects of the hedging transaction are recognized in income. The profit or loss associated to that portion of the ineffective hedge is recognise in income directly. If the transaction hedged is no longer considered probable, the still unrealised profits and losses at accounted for in shareholders equity are immediately recognised in the income statement.

Derivative Financial Instruments are accounted for on the negotiation date.

Fair value estimates

The fair value of financial instruments listed on an active market is based on the market prices on the balance sheet date. The fair value of financial instruments which are not listed on an active market on the other hand is determined through the use of valuation techniques based on a series of methods and assumptions tide to market conditions on the balance sheet date.

Following is the fair value classification of Financial Instruments based on the following hierarchical levels:

Level 1 Fair value determined on the basis of listed prices (non adjusted) on active markets for identical financial instruments;

Level 2 Fair value determined using valuation techniques based on variables observed on active markets;

Level 3 Fair value determined using valuation techniques based on variables which cannot be observed on active markets;

Given the short term nature of trade receivables and payables, it is believed that the book values represent a good approximation of fair value.

Construction contracts

The construction contracts a (hereinafter also "contracts") are recognized at the value of the related contracts concluded, to the degree that they have been ongoing using the method of the completed percentage and taking into account the progress reached and the contractual risks expected. The progress of the works is measured in relation to the costs of the contract that have been incurred up to the balance sheet date as a percentage of all estimated costs for every single job order.

When the results of a contract cannot be reliably estimated, the revenue from the job is recognized only to the extent to which the costs incurred can reasonably be expected to be recovered. When the results of a contract cannot be reliably estimated and it is probable that the contract will generate a profit, the revenue from the contract is recognized for the entire duration of the contract itself. When it is probable that the total contract costs will exceed the total revenues of the contract, the potential loss is recognized in the income statement directly.

The Group presents as assets the gross amount due from customers for contracts relating to work under way for which the costs incurred plus the margins (minus the losses that have been recognized) exceed the invoicing for the work to that date. The Group presents as liabilities the gross amount due to customers for all work underway for which the amounts invoiced for the progress made exceed the costs incurred, including the margins (mine is derecognised losses).

Cash & cash equivalents

Cash and cash equivalents comprise cash in hand, at banks and short-term financial investments (maturity of three months or less after purchase date). On the balance sheet date, current account overdrafts are classified among financial payables under current liabilities in the consolidated balance sheet. The elements included in net cash are measured at fair value and the relative changes are recognized in the income statement.

Trade payables

Payables and other debts are accounted for initially at fair value net of directly attributable ancillary costs and subsequently measured using the amortised cost method based on the effective interest rate criterion.

Loans

Loans are accounted for initially at fair value net of directly attributable ancillary costs and subsequently measured using the amortised cost method based on the effective interest rate criterion. Whenever there is a change in the cash flows expected and it is possible to estimate these cash flows reliably, the value of the debts is recalculated in order to reflect this change based on the current value of the new cash flows expected and the internal rate of return that had initially been determined. Loans are classified among current liabilities, except those which have a contractual expiration date over 12 months after the balance sheet date and those for which the Group has an unconditional right to defer payment for at least 12 months after the reference date. The financial liabilities are removed from the balance sheet when they are settled and when the Group has transferred all risks and expenses relating to the instrument itself.

The purchases and sales of loans are accounted for on the transaction negotiation date and removed from the balance sheet when they are extinguished or when the Group has transferred all risks and expenses relating to the instrument itself.

Employee benefits

Short-term benefits are salaries, wages, the relative social security charges, compensation in lieu of holidays and incentives provided in the form of a bonus payable within the 12 months from the balance sheet date. These benefits are accounted for as components of personnel costs in the period in which the work is provided.

Staff severance and other employee benefits;

The Group companies have defined contribution as well as defined benefit plans in place. The defined contribution plans are managed by third parties/ asset managers in relation to whom there are no legal obligations or other obligations to pay further contributions should the fund not have enough assets to cover the obligations assumed towards the employees. For the defined contribution plans, the Group pays contributions voluntarily or those which are established by contract, into insurance funds, both public and private. The contributions are recognised as personal costs on an accruals basis. The contributions paid in advance are recognized as assets that will be reimbursed or offset against future payments, should these be due.

A defined benefit plan is a plan which cannot be classified as a defined contribution plan. In defined benefit plans the amount of the benefit payable to the employee can be calculated only after the work relation has been terminated and is connected to one or more elements such as age, years of service and remuneration. The obligations for defined benefit plans are therefore determined by an independent actuary using the projected unit credit method. The current value of the defined benefit plan is determined by discounting the future cash flows at an interest rate equal to that of bonds (high quality corporate) issued in the currency in which the liability shall be settled in which takes into account the duration of the relative pension plan. The gains and losses from the actuarial calculation are entirely allocated to equity during the year of reference, with account taken of the relative deferred tax effect.

In particular, we note that the Group operates a defined benefit plan which is represented by the *Trattamento di Fine Rapporto* ("TFR") [staff severance indemnity fund]. The TFR is mandatory for Italian companies pursuant to article 2120 of the Italian civil code, provides deferred retribution and is related to the duration of the employees working lives and the remuneration received over the period of service they provided. Starting from 1 January 2007, law 296 of 20 December 2006 "Finance Law 2007" as it is currently applicable introduced significant amendments to the TFR, including providing employees with the option to pay into their own TFR into which all complementary social security funds are placed or into the "Treasury Fund" managed by the INPS It ensues therefore that the obligation towards the INPS and the contribution to complementary pension funds have assumed, pursuant to IAS 19 Employee Benefits, the nature of defined contribution plans, while the funds placed in the TFR fund as that 1 January 2007 maintain the essential qualities of defined benefit plans.

Provisions for risks and charges

Provisions for risks and charges are accrued against certain or probable losses the amount and date of occurrence of which cannot be determined. This entry is made only when there is a current obligation (legal or implicit) for the future of flow of financial resources as a result of past events and it is probable that this outflow will be requested for extinction of the obligation. This amount represents the best estimate of the cost involved in settling this obligation. The rate used in determining the current value of the liability reflects the current market values and includes any additional effects relating to the specific risk associated with each liability.

When the financial effect of time is significant and the payment dates of the obligations are reliably estimated, the provisions are measured at the current value of the expected outflow using a rate that reflects market terms and conditions, the changes in the cost of money over time and the specific risk connected to the obligation. The increase in the value of the provision which is the result of changes in the cost of money over time is accounted as interest payable.

Risks for which the related liability is merely contingent are disclosed in the notes to the financial statements (in the section on contingent liabilities) and no provision is made for such risks.

Revenues

The revenues are recognised to the extent that it is probable that the company will receive the economic benefits and their amounts can be reliably determined, taking into account also any rebates or discounts.

The revenues for the rendering of services are recognized in income by reference to the stage of completion of the service and only when the outcome of the transaction involving the rendering of services can be reliably estimated.

Revenues from work-in-progress are recognized on the basis of the stage of completion method.

Interest income is recognized in the income statement based on the actual rate of return.

Government grants

Government grants for which there is an official resolution and, in any case, when the right to receive of them is considered definite as the reasonable certainty exists that the company will comply with the terms and conditions required for receiving the grants and the grants will be collected, are recognized on an accruals basis directly in relation with the costs incurred.

i) Grants related to assets

Government grants related to assets refer to the amounts granted by the State or public entities to the company for realization of initiatives directly involving the construction, reactivation or expansion of buildings, plants and machinery. Investment grants are charged against the assets they refer to and reduce the calculation of the amortisation rate.

ii) Grants related to income

Grants related to income refer to amounts granted by the State or other public entities to the company and are charged against the costs and expenses incurred. Grants related to income are recognized in the income statement and charged against the cost item they refer to.

Recognition of costs

The costs are recognized when they relate to goods and services sold or consumed during the year or by systematic allocation .

Income tax

The current taxes are determined on the basis of an estimate of the applicable tax and in compliance with the current tax laws applicable to the Group companies.

Prepaid and deferred income taxes are calculated against the differences that emerge between the tax base of an asset or liability and the relative book value, except for goodwill and the differences arising from equity investments in subsidiaries, when the time they can be reallocated is under the control of the company and it is probable that they will not be reversed over a the time period that can be reasonably foreseen. Prepaid taxes, including those referring to prior tax losses, insofar as the portion that is not offset by deferred tax liabilities. are recognized only if there exists a reasonable certainty of their future recovery based on an available taxable income. Prepaid taxes are determined using the tax rates which are expected to be applicable in the years in which the temporary differences will be realized or settled.

Current taxes, prepaid and deferred taxes are recognized in the income statement except for those relating to items recognized among other components of the comprehensive statement of income or which are directly charged to or credited to shareholders' equity. In these latter cases the deferred taxes are recognized under the item "Tax effect" relating to other components of the comprehensive statement of interest and directly in shareholders' equity. Current and deferred taxes are offset when the income taxes are applied by the same tax authority, a legal right to compensation exists and settlement of the net balance is expected.

Other taxes not connected with income, such as indirect and other taxes, are included under "Services and sundry costs.".

It is hereby noted that the parent company Grandi Stazioni S.p.A. and the subsidiary Grandi Stazioni Ingegneria S.r.l. have participated in 2010 (for the three year period from 2010 to 2012) in the Italian income tax consolidation act, prepared by the holding company Ferrovie dello Stato S.p.A., pursuant to article 117 of the T.U.I.R. (Italian income tax code).

The tax consolidation contract provides that for the taxable revenue achieved and transferred to Ferrovie dello Stato S.p.A., the subsidiaries will transfer to the latter "tax settlements" net of the credits transferred within the time period set by the law for payment of the balance and the instalments relating to the revenue transferred. Any offsetting carried out by Ferrovie dello Stato SpA as part of the taxation of the FSI Group shall not be applicable to identification of the measure and the terms of payment.

In the event of the transfer of a fiscal loss, Ferrovie dello Stato S.p.A. must pay to the subsidiaries compensation equal to the loss that they themselves would have used independently in the absence of the taxation of the FSI Group.

IRAP is settled independently by each company participating in the aforementioned tax consolidation regime.

Assets and liabilities held for sale

Non-current assets the Book value of which will mainly be recovered through a sale rather than through ongoing use, are classified separately from the other balance sheet assets and liabilities. The corresponding values for the previous period are not reclassified.

Non-current assets classified as held for sale are initially recognized according to the IFRS that is applicable to each asset and liability and subsequently at the lower of their book value and their fair value, net of costs to sell. Any subsequent impairment is recognized directly against any non-current assets classified as held for sale with a contra entry in the income statement.

There is a write-back for each subsequent increment in the fair value of an asset net of costs to sell, but only up to the cumulative impairment loss that has been recognised

Recently issued accounting standards

Accounting standards endorsed by the European Union and applied prospectively by the company

The community legislator has adopted certain accounting standards and interpretations which are mandatory starting from 1 January 2011 and which govern cases which do not apply to the company as at the date of these annual financial statements and which could have accounting effects on future transactions and agreements.

Amendments to IAS 32 – "Classification of rights issues," in order to address the accounting of rights issues denominated in a currency other than the issuer's functional currency;

Amendments to IFRIC 14 – "Prepayments of a minimum funding requirement," which allows companies that prepay a minimum funding requirement that is due to recognize it as an asset;

Amendments to IFRIC 19 – "Extinguishing financial liabilities with equity instruments," which provides the guidelines regarding the recognition of the extinguishment of a financial liability through the issuing of equity instruments.

New standards which are not yet applicable as they have not been endorsed by the European Union

On 12 November 2009, the IASB issued the first part of IFRS 9 – "Financial Instruments," which will replace IAS 39 – "Financial Instruments:" *recognition and measurement*". This first publication refers to the classification of financial instruments and is part of a draft in three phases which will respectively refer to procedures for determining the impairment of financial assets and the procedures for applying hedge accounting. The publication of the new standard, which aims to simplify and reduce the complexity of accounting for financial instruments, provides for classification of financial instruments in three categories to be defined according to the business model that is employed, the contractual characteristics and the relative cash flows of the instruments in question.

On 19 October 2010, the IASB published an addition to IFRS 9 which, in order to normalize the affects relating to the volatility that ensues from the decision to measure financial liabilities at their relative fair values, requires recognition of the changes in question in the statement of comprehensive income, without impacting the net result for the period which is presented in the income statement.

On 7 October 2010, the IASB published several amendments to IFRS 7 – Financial Instruments: Disclosures, applicable t accounting periods beginning on or after 1 July 2011. The amendments were issued with the intent of improving understanding of transfer transactions of financial assets (for example, derecognition), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. It is believed that adoption of this amended version will not have any significant effect on the company's separate financial statements.

On 20 December 2010 the IASB issued a minor amendment to IAS 12 –Income Taxes, applicable retrospectively from 1 January 2012, which clarifies the determination of deferred taxes on investment properties measured at fair value. The amendment introduces the relative presumption that deferred taxes on investment property measured using fair-value according to IAS 40 should be determined on the basis of the fact that the Book value will be recovered through sale. As a result of this amendment, SIC-21 Income *Taxes—Recovery of Revalued Non-Depreciable Assets* will no longer apply. The company is assessing the impacts arising from application of the amendment.

On 12 May 2011, the IASB issued IFRS 10- Consolidated Financial Statements which will replace SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements which shall be renamed Separate Financial Statement and will address the accounting treatment of equity investments in the separate financial statements. The new standard builds on existing principles, by identifying the concept of control as the determining factor in whether an entity should be included within the Consolidated Financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard is applicable retrospectively from 1 January 2013. The company is evaluating the effects deriving from application of the amendment.

On 12 May 2011, the IASB issued IFRS 12 -Disclosure of Interests in Other Entities, applicable retrospectively from 1 January 2013, which addresses the additional information to disclose on every type of equity interest, including in subsidiaries, joint arrangements, associates, special purpose entities and other non-consolidated structured entities. The company is assessing the impacts arising from application of the amendment.

On 12 May 2011, the IASB issued IFRS 13 – Fair Value Measurement, applicable prospectively from 1 January 2013, which clarifies the method for determining fair value and is applicable to all IFRSs that require or permit measurement of fair value or the presentation of information based on fair value. The company is assessing the impacts arising from application of the amendment.

On 16 June 2011, the IASB issued an amendment to IAS 1 – Presentation of Financial Statements applicable from periods beginning on or after 1 July 2012, requiring the grouping together of items within other comprehensive income/(losses) that maybe reclassify and to the profit and loss section of the income statement. Adoption of this standard is not expected to have any significant effect on the company.

On 16 June 2011, the IASB issued an amendment to IAS 19 –Employee Benefits which is applicable retrospectively from periods beginning from 1 January 2013, eliminating an option to defer the recognition of gains and losses, known as the ‘corridor method’, improving comparability and faithfulness of presentation and separate recognition in the income statement of the costs components related to the actual work and the net financial expenses and the recognition of actuarial profits and losses that derive from re-measurement in every period of the assets and liabilities among other comprehensive income. Furthermore, the yield of the asset included among net financial expenses must be calculated based on the discount rate of the liability and no longer on the bases of the expected yield from the asset. Finally the amendment introduces new additional information to be provided in the notes to the financial statements. The company is assessing the impacts arising from application of the amendment.

On 16 December 2011, the IASB issued several amendments to IAS 32 – Financial Instruments: Presentation, applicable retrospectively for periods beginning on or after 1 January 2014, to clarify the application of several criteria for offsetting financial assets and liabilities which are present in IAS 32. No significant effects for the company are expected from adoption of this standard.

On 16 December 2011, the IASB issued several amendments to IFRS 7 – Financial Instruments: Disclosures. The amendment requires information on the effects or potential effects of offsetting financial assets and liabilities on the balance sheet. The amendments are applicable to periods beginning on or after 1 January 2013 and the interim periods subsequent to that date. The information must be provided retrospectively. It is believed that adoption of this amended version will not have any significant effect on the company's separate financial statements.

Use of estimates and valuations

The preparation of financial statements requires that directors apply accounting principles and methods that, in some circumstances. are based on difficult and subjective valuations and estimates that are based on experiences and assumptions that are from time to time considered reasonable and realistic under the relative circumstances. The ultimate actual amounts of accounting items for which these estimates and assumptions have been used might be different from those reported in the financial statements due to the uncertainty characterising the assumptions and conditions on which estimates are based. The estimates and assumptions are periodically reviewed and the effects of any changes are reflected in the statement of income if they only involve that period. If the review involves both the current and future periods, the change is recognized in the period in which the review takes place and in the related future periods.

The final results could differ, including significantly, from these estimates following possible changes in the factors considered in determining these estimates. Following is a brief description of the major accounting principles requiring more subjectivity on behalf of the administrators in the elaboration of the estimates and for which the conditions underlying the assumptions used could have a significant impact on the consolidated financial data.

i) Amortisation and depreciation

The amortization of fixed assets is a significant cost for the Group. The cost of intangible, tangible fixed assets and investments in real estate is amortised on a straight-line basis over their estimated useful life. The useful economic life of the Group's fixed assets is determined by the administrators at the time the fixed asset is acquired; it is based on historical experience with similar fixed assets, market conditions and expectations regarding future events that could impact its useful life. Therefore, the actual economic life could differ from the estimate economic life. The Group periodically evaluates technological changes and changes in the sector in order to update the residual useful life. The periodic updating could result in a change in the amortization/depreciation period and therefore also the amortization/depreciation rate in future years.

ii) Provisions for risks and charges

Provisions are made for legal and tax and risks to cover the event of a negative outcome. The value of the provisions relating to these risks represents the best estimate made by the administrators on that date. The estimate involves the use of assumptions that depend on factors that could change over time and could therefore have significant effects compared to the current estimates made by the administrators for the preparation of the Group's consolidated financial statements.

iii) Taxes

The recognition of deferred tax assets is carried out on the basis of expectations regarding tax income in future years. The valuation of the income expected for the purposes of recognition of the deferred taxes depends on factors that could fluctuate over time and significantly affect the measurement of the deferred tax assets.

iv) Fair value of derivative financial instruments

The fair value of derivative financial instruments that are not listed on active markets is determined through the use of valuation techniques. The Group uses valuation techniques that use inputs which can directly or indirectly be a observed on the market on the closing date of the period and which are connected to the asset or liability being evaluated. Though we consider the estimates of the aforementioned fair values to be reasonable, possible changes in the factors used for the estimate on which the calculation of the aforementioned value is based could produce a differing valuations.

5 Consolidation area criteria and methods of consolidation

The following criteria are adopted by the Group for definition of the consolidation area and the subsidiaries as well as the relative consolidation criteria:

a) Consolidation area: subsidiaries

The consolidated financial statements include, in addition to the parent company, the companies on which it directly or indirectly exercises control (through its subsidiaries), starting from the date on which it was acquired or up to that date in which that control ceased to exist. In particular, the control can be exercised through direct ownership or indirectly through majority shareholding with voting rights which due to the exercise of dominant influence expressed by the power to determine, including indirectly through contractual or legal agreements, allows determination of an entity's financial and management choices, thereby obtaining the relative benefits including regardless of the shareholding relation. The existence of potential voting rights exercisable as at the balance sheet date is considered in order to determine whether control exists or not.

All the subsidiaries were consolidated using the line by line method, as indicated below:

- The assets and liabilities, revenues and costs of the consolidated subsidiary companies are consolidated line by line, eliminating the loading value of the shareholdings held by allocating to the minority shareholders, where applicable, the portion of the shareholders' equity and net profit for the period pertaining to them; these portions are shown separately within the consolidated shareholders' equity and the consolidated income statement;

- Business combinations, except those among companies under common control, are recognised using the purchase method. The cost of an acquisition is consequently measured on a fair value basis of the assets purchased, equity instruments issued and liabilities sustained or assumed at the date of exchange. The specific assets acquired, and related liabilities are initially measured at the current value on the acquisition date. The difference between the acquisition cost and the current cost of the identifiable assets and liabilities acquired, if positive, is recognised among intangible assets as goodwill or, if negative, after having verified the correct measurement of the current values of the aforementioned acquired assets and liabilities and the cost of acquisitions, it is recognised directly in the income statement, as income. If the fair values of the assets and liabilities can only be calculated on a provisional basis, the business combination is recognized using such provisional values. Any adjustments resulting from the completion of the valuation process are recognized within twelve months of the date of acquisition.
- The profits and losses, including the relative tax effects, resulting from transactions that take place between companies consolidated on a line by line basis and which have not been realized in regard to third parties, are eliminated, except for losses which are not realized and which are not eliminated, if the transaction indicates that there has been impairment of the transferred asset. Furthermore, reciprocal debit and credit relations as well as financial income and expenses are eliminated;
- for acquisitions of minority shareholdings that relate to companies for which control already exists, any difference between the acquisition cost and the relative portion of the shareholders' equity acquired is recognized in shareholders' equity.

The financial statements of subsidiaries which are consolidated are prepared on the basis of the results as at 31 December, the reference date of the consolidated financial statements, and have been specifically prepared and approved by the administrative bodies of the individual entities and appropriately rectified, where necessary, to render them uniform with the accounting principles applied by the Group.

The list of subsidiaries including the information about their registered offices and the percentages owned is provided in Annex 1.

b) Translation of the financial statements of foreign companies

The financial statements of the a foreign subsidiary has been prepared using the currency of the major economic area in which the company operates (functional currency). The rules for the translation of the financial statements of the company which are expressed in a functional currency other than the Euro are the following:

- assets and liabilities are converted using the exchange rates in force as at the balance sheet reference date;
- goodwill and adjustments of the fair value relating to the acquisition of a foreign company are treated as assets and liabilities of the foreign company and converted at the closing exchange rate of the period;- costs and revenues are converted using the average exchange rate for the period.

- the "the translation reserve," included among consolidated shareholders' equity items, includes both the exchange differences generated from the conversion of economic volumes at a rate other than the rate at the closing date as well as those generated by the translation of opening shareholders' equity at a rate other than the closing rate of the reporting period. This reserve is transferred to the income statement when the relative equity investment is sold.

The exchange rates adopted for the translation of the financial statements of companies with a functional currency other than the Euro are shown in the table below:

	Average rates for the period ended 31 December		Exchange rate as at 31 December	
	2011	2010	2011	2010
CZK	24,576	25,287	25,585	25,017

c) Translation of foreign currency items

The transactions in currencies other than the functional currency are recognized in these financial statements at the exchange rate applicable on the date of the transaction. Monetary assets and liabilities denominated in a foreign currency other than the functional currency are later adjusted using the exchange rate at the balance sheet closing date. Non-monetary assets and liabilities in foreign currency carried at historic cost are translated at the exchange rate applicable on the date of initial recognition of the transaction. Any exchange rate differences are recognized in the income statement.

6 Management of financial risks

The Group is exposed to the following risks: market risk, credit risk and liquidity risk.

In this section we provide information regarding the exposure of the Group to each of the risks indicated above, the objectives, policies and management processes applied to such risks and the methods used to assess them, including the management of the Group capital. Furthermore, these consolidated financial statements include additional quantitative information.

The overall responsibility for the creation and supervision of a risk management system for the Group lies with the Board of Directors. The strategy of the Grandi Stazioni Group for the management of financial risks is compliant to and coherent with the corporate goals defined by the Board of Directors of the parent company insofar as the strategic plans from time to time approved and is aimed at managing and controlling these risks.

Credit risk

The credit risk is the risk that a customer or one of the counterparties in a financial instrument causes financial losses by failing to fulfil an obligation and derives mainly from trade receivables and the financial investments of the Group.

In order to define the strategies and guidelines for the trade receivables policy, grant credit lines to clients, disperse the credit risk, monitor the solvency of customers and start credit recovery operations, during the course of the financial year, the parent company set up the post of Credit Manager and issued an organizational procedure for credit management.

The prospects for the recovery of credit are assessed position by position, taking into account the indications of the office managers and internal and external legal experts who follow the recovery process.

Receivables for which there was a probability of loss as at the date of the financial statements were written down.

It should also be pointed out that the Group received fidejussions and/or cautionary deposits covering approximately one quarter of the total annual rents.

The following table shows the Group's exposure to credit risk:

(Amounts in EUR/M)	**31.12.2011**	**31.12.2010**
Current trade receivables	89.778	98.620
Other current assets	12.866	14.518
Non-current financial assets including derivatives	-	-
Other non-current assets	40.739	42.679
Cash & cash equivalents	28.375	28.134
Current financial assets including derivatives	16.974	18.393
Non-current trade receivables	6.782	7.439
Construction contracts	14.371	12.414
Total exposure including the provision for doubtful debts	**209.885**	**222.197**

The amount of the financial assets considered to be doubtful debts and which are of a significant amount is covered by appropriate provisions for doubtful debts.

The following table shows the exposure to credit risk by counterparty:

(figures in €)	**31.12.2011**	**31.12.2010**
Ordinary customers	46%	48%
Financial institutions	14%	13%
Other creditors	40%	40%
Total exposure including the provision for doubtful debts	**100%**	**100%**

The following tables provide the financial assets as at 31 December 2011 and 2010, grouped by past due dates, net of the provision for doubtful debts.

(figures in %)		**31.12.2011**				
		Past due by				
	Falling due	**0-30**	**31-120**	**121-365**	**beyond 1 year**	**Total**
Ordinary customers	55%	11%	13%	7%	14%	100%
Financial institutions	100%					100%
Other creditors	20%		15%	17%	48%	100%

(figures in %)		**31.12.2010**				
		Past due by				
	Falling due	**0-30**	**31-120**	**121-365**	**beyond 1 year**	**Total**
Ordinary customers	61%	13%	7%	1%	18%	100%
Financial institutions	100%					100%
Other creditors	21%		16%	14%	48%	100%

Liquidity risk

The liquidity risk is the risk that the Group may find it difficult to fulfil the obligations associated to financial liabilities to be settled through the delivery of cash or other financial assets.

The loans stipulated to finance the refurbishment of both station complexes and property investments have all been paid out and are structured on the basis of the estimated future cash flows expected from the leasing contracts.

It is hereby noted that the disbursement of contributions due for the Legge Obiettivo works, which amounted to 230.7 million Euros was suspended since 2009 but in 2011 an extension was authorized by the competent Ministers and Departments, not including the financing institution, therefore a request was submitted to these competent Ministers and Departments to authorize disbursement of the residual contribution directly.

The group aims to prudently manage liquidity risk which originates from normal operations and utilises major financial institutions of the banking system, from which it has received committed an uncommitted credit lines used to cover liquidity needs.

The contractual expirations of the financial liabilities, including interest to be paid, are shown in the following table (*amounts in thousands of Euro)*:

Dec. 31 2011	Book value	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	Beyond 5 years
Non-derivative financial liabilities							
Financing from banks	213.340	252.163	10.545	10.799	21.587	66.150	143.082
Trade payables	108.674	108.674	52.547	56.127			
Derivative financial liabilities							
Interest rate swaps	5.697	5.607	538	443	1.233	2.601	791
Interest rate collars and interest rate caps	420	420	46	47	108	205	13
Total	**328.131**	**366.864**	**63.676**	**67.416**	**22.928**	**68.956**	**143.886**

Dec. 31 2010	Book value	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	Beyond 5 years
Non-derivative financial liabilities							
Financing from banks	224.384	273.139	33.108	9.976	20.455	64.415	145.185
Trade payables	110.707	110.707	53.530	57.177			
Derivative financial liabilities							
Interest rate swaps	2.072	6.103	613	474	915	2.959	1.141
Interest rate collar e interest rate cap		404	70	32	64	200	38
Total	**337.163**	**390.353**	**87.321**	**67.660**	**21.434**	**67.574**	**146.364**

Dec. 31 2011	Total book value	Book value due dates 6 months or less	6-12 months	1-2 years	2-5 years	Beyond 5 years
Non-derivative financial liabilities						
Financing from banks	213.340	8.030	8.126	17.464	53.502	126.219
Trade payables	108.674	52.547	56.127			
Total	**213.340**	**8.030**	**8.126**	**17.464**	**53.502**	**126.219**

Dec. 31 2010	Total book value	Book value due dates 6 months or less	6-12 months	1-2 years	2-5 years	Beyond 5 years
Non-derivative financial liabilities						
Financing from banks	224.384	31.121	8.061	16.086	47.602	121.514
Trade payables	110.707	53.530	57.177			
Total	**335.091**	**84.651**	**65.238**	**16.086**	**47.602**	**121.514**

The contractual flows of variable rate financial liabilities have been calculated using the forward rates estimated as at the balance sheet closing date. If

With regard to the stratification of the flows expected from derivative financial instruments please see the “exchange risk” and “interest rate risk” paragraphs below.

Market risk

Market risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates, changes in exchange rates, interest rates or the prices of equity instruments. The goal of managing the market risk is to maintain the exposure of the Group to this risk within acceptable levels, while optimising yields from investments. The Group uses hedges in order to check the volatility of results.

Fair value is determined using the official prices for instruments traded on regulated markets. The fair value of instruments not listed on regulated markets is determined using measurement techniques appropriate for each type of financial instrument and market data as at the closing date of the period (such as interest rates, exchange rates, commodity prices and volatility), discounting expected future cash flows on the basis of the market yield curve at the balance sheet date and translating amounts in currencies other than the Euro using year-end exchange rates provided by the European Central Bank.

There were no changes to the criteria for the evaluation of derivatives at the end of the financial year compared to those adopted at the end of the previous financial year. The effect of these evaluations on the profit and loss account and statement of assets and liabilities are therefore due exclusively to everyday market dynamics.

The notional value of a derivative contract is the amount on the basis of which flows are exchanged. The notional amounts of derivatives reported here do not represent amounts exchanged between the parties and therefore are not a measure of the Group's credit risk exposure.

The financial assets and liabilities associated with derivative instruments owned by the Group are:

- cash flow hedges, concerning the hedging of the risk of changes in cash flows or the exchange rate risk connected to long-term indebtedness indexed at a variable rate;
- trading derivatives concerning the hedging of the tax and exchange rate risk which are not required to be designated as cash flow hedges or fair value hedges or which do not satisfy the formal hedging requirements of IAS 39.

Interest rate risk

The Group constantly monitors the performance and forecasts of the market and simulates, using internal analysis, the effects from potential refinancing, are renegotiation of existing loans or hedging transactions. At its meeting on 20 March 2009, the BoD of Grandi Stazioni decided to implement additional hedges compared to those already in existence in order to increase by 50% the ratio between the hedged value and the exposure to variable rates in relation to existing loan contracts.

That the instruments provided were traditional derivatives (such as, for example, IRS, FRA, COLLAR, CAP). As at 31 December 2011, Interest Rate Swaps, Interest Rate Collars were used as was an Interest Rate Cap stipulated prior to the date of this resolution.

The credit risk policy risk associated to transactions in derivatives was also defined for the Group.

In order to avoid concentrations of this credit risk, it was established that no counterparty could assume positions in excess of 30% of the notional value of the debt being hedged and the minimum rating would have to be at least equal to "A-."

As at 31 December 2011, the Group had 6 ISDA Master Agreements with major domestic and international institutions processing the required credit rating and its transactions were contained within the aforementioned concentration limits. Neither counterparty holds a notional value of derivatives equal to more than 30% of the debt portfolio being hedged.

The loans concluded by the Group are normally settled at a variable rate increased by a spread. The economic results of the Group are therefore significantly influenced by the performance of interest rates.

The policy of the Group is to minimise the risk linked to interest rates as much as possible in the medium-term, so as to remain substantially exposed only to the risks linked to property assets.

As at 31 December 2011 existing hedges are as follows:

- *IRS with RBS* (Royal Bank of Scotland) concluded in 2009 to hedge the BEI loan, of a notional value of Euro 20 million and an amortising structure with a fixed rate of 3.635%; expiration is on 30 June 2023;
- *IRS with Calyon* concluded in 2009 to hedge the BEI loan, of a notional value of Euro 30 million and an amortising structure with a fixed rate of 3.738%; expiration is on 30 June 2023;
- *Collar with BNP Paribas* concluded in 2010 to cover the BEI loan, with a notional value of the Euro 25 million and amortising structure with a cap rate of 3.96%, a floor of and a spread of 0.25; expiration is on 31 December 2016;
- IRS *with Société Générale* – concluded in 2011 to cover the UniCredit Bank Austria AG loan with the notional value of Euro 4.9 million (CZK 125 million) and an amortising structure with a fixed rate of 2.22%;
- IRS *with Unicredit*– concluded in 2011 to cover the UniCredit Bank Austria AG loan with the notional value of Euro 4.9 million (CZK 125 million) and an amortising structure with a fixed rate of 2.22%;
- Collar *with Société Générale* – concluded in 2011 to cover the UniCredit Bank Austria AG loan with the notional value of Euro 11.7 million (CZK 300 million) and an amortising structure with a cap of 2.24%, floor of 1.00% and spread of 0.250%;

IRS with Mediobanca stipulated in 2006 to cover variable rate loans of Euro 30 million to ensure a differential on the 6 month EURIBOR of 245 basis points and a minimum rate equal to 4.30%; it expired on 30 June 2011.

All the contracts indicated are qualified as cash flow hedges. The expiry of these contracts does not exceed the expiry of the underlying financial liabilities so that any change in fair value and/or expected cash flows of these contracts is balanced by a corresponding change in the fair value and/or expected cash flows of the underlying position.

Interest rate swaps usually provide for the periodic exchange of flows on interest at variable rates against flows on interest at fixed rates, both calculated on the same notional reference capital.

Interest rate options provide for the periodical payment of an interest rate differential calculated on a notional capital reference, once specific predefined values are achieved (the strike). These limit values determine the maximum rate (the cap) or minimum rate (the floor) on which the indebtedness will be indexed by effect of the hedging.

Interest rate options are usually stipulated when the fixed interest rate achievable through an interest rate swap is considered to be too high with respect to the expectations of the company insofar as future interest rates. In addition, the use of interest rate options is considered appropriate in periods of uncertainty regarding the future performance of rates, enabling benefits to be had from any interest rate decreases.

The following table shows the medium/long term fixed and variable rate loans (including the short term portion):

Medium/long-term loans (including the short-term portion)

(in thousands of euro)			Contractual cash flows			
				Portion of the nominal value expiring in		
	Accounting balance	**Notional value**	***Current notional value***	***(See attachments 1 and 2).***	***2 and 5 years***	***Beyond 5 years***
- variable rate	213.341	213.341	16.156	17.464	53.502	126.219
- fixed rate						
Balance as at 31 December 2011	213.341	213.341	16.156	17.464	53.502	126.219
- variable rate	224.384	224.384	39.179	16.156	47.602	121.447
- fixed rate						
Balance as at 31 December 2010	224.384	224.384	39.179	16.156	47.602	121.447

The following table shows the percentage of medium/long term fixed and variable rate loans (including the short term portion):

Medium/long-term loans (including the short-term portion)

	31.12.2011	31.12.2010
Prior to hedging with derivatives		
- variable rate	100%	100%
- fixed rate	0%	0%
After hedging with derivatives		
- variable rate	55%	53%
- floating rate	17%	25%
- fixed rate	28%	22%

It is hereby noted that the company has no transactions of a speculative nature or which are not connected to its own debt position.

Exchange risk

The Group mainly operates on the Italian market and the market of the Czech Republic where the subsidiary Grandi Stazioni Cesca operates mainly in the local currency; it is therefore exposed to the exchange risk from the various currencies in which it operates to a very limited degree.

Capital management

The Group's objective insofar as capital management is mainly to ensure the ongoing nature of the company so as to guarantee the yields to the shareholders and the benefits to other stakeholders. The Group has also set for itself the objective of maintaining an optimal capital structure so as to reduce borrowing costs.

Financial assets and liabilities by category

In completion of the information provided on financial risks, the table below provides a reconciliation between financial assets and liabilities as these are shown in the balance sheet and with the financial asset and liability category indicated based on the requirements of IFRS 7:

Financial assets and liabilities by category

31.12.2011	Receivables and loan assets	Payables and loan liabilities	Hedging derivatives
Non-current financial assets including derivatives	-		
Non-current trade receivables	6.782		
Current financial assets (including derivatives)	16.974		
Other non-current assets	40.739		
Construction contracts	14.214		
Current trade receivables	79.454		
Other current assets	12.886		
Medium/long-term loans	-	197.185	
Non-current financial liabilities (including derivatives)			6.116
Trade Payables, Non-Current		712	
Other non-current liabilities		4.817	
Short-term loans and current portion of medium/long-term loans		16.156	
Trade Payables, Current		108.674	
Current financial liabilities (including derivatives)			164
Other current liabilities		10.430	

Financial assets and liabilities by category

31.12.2010	Receivables and loan assets	Payables and loan liabilities	Hedging derivatives
Non-current financial assets including derivatives	-		
Non-current trade receivables	7.439		
Current financial assets (including derivatives)	17.924		469
Other non-current assets	42.679		
Construction contracts	11.687		
Current trade receivables	87.105		
Other current assets	14.518		
Medium/long-term loans		185.205	
Non-current financial liabilities (including derivatives)			2.072
Trade Payables, Non-Current		460	
Other non-current liabilities		2.946	
Short-term loans and current portion of medium/long-term loans		39.179	
Trade Payables, Current		110.707	
Current financial liabilities (including derivatives)		-	
Other current liabilities		15.307	

Analysis of the consolidated balance sheet items

Following is an analysis of the consolidated balance sheet items for 2011, compared with the previous year. Please note that for better comparability with the current year, the "other non-current liabilities" for 2010 were reclassified into the item "non-current trade payables" of Euro 460,000 (notes 23 and 24).

7 Property, Plant and Machinery

Below is the schedule showing the properties, plants and machinery at the start and end of the financial year, with the relevant movements. During the course of 2009, there were no changes to the estimated useful lifetime of these assets. During the course of 2009, there were no changes to the estimated useful lifetime of these assets.

	Land, buildings, port and railway infrastructure	Plant and machinery	Industrial and trade equipment	Other assets	Assets under construction and deposits	Leased assets	Total
Historical cost	90.851	82.471	1.108	5.199	125.320	980	305.929
Depreciation, amortization and impairment losses	(2.765)	(10.149)	(982)	(4.486)	(418)	(839)	(19.641)
Grants	-	(18.747)	-	-	(30.156)	-	(48.903)
Balance as at Dec. 31 2010	**88.086**	**53.575**	**126**	**713**	**94.746**	**141**	**237.385**
Investments	60	102	-	162	33.830	33	34.187
Entry into service		498		1.061	(1.559)		-
Amortisation and depreciation	(3.025)	(5.233)	(26)	(543)		(141)	(8.968)
Disposals and transfers	(169)	(106)	-		(153)		(428)
Other reclassifications	3	4	(50)	50	-		7
Total change	**(3.131)**	**(4.735)**	**(76)**	**730**	**32.118**	**(108)**	**24.798**
Historical cost	90.742	82.965	1.058	6.472	157.438	1.014	339.689
Depreciation, amortization and impairment losses	(5.787)	(15.378)	(1.008)	(5.030)	(418)	(981)	(28.604)
Grants	-	(18.747)	-	-	(30.156)	-	(48.903)
Balance as at Dec. 31 2011	**84.955**	**48.840**	**50**	**1.442**	**126.864**	**33**	**262.182**

The increases in the item Assets under construction and deposits totalling Euro 33,830 thousand in 2011 refer to the capitalisation of external and internal costs mainly concerning design and works costs for the refurbishment activities ongoing in the Venice, Genoa, Verona, Bologna, Florence, Bari and Palermo Centrale stations.

The reclassification of the assets under construction and deposits with the move to Euro 1,559 thousand during the period refers to *other assets* video (wall installations in the Milan train station) of Euro 1,061 thousand, the *Plant and Machinery* (station equipment) of Euro 498 thousand.

The grants totalling Euro 48,903 thousand refer to: Euro 18,747 of Giubileo 2000 grants received by the parent company for the construction of the Rome Termini station; Euro 30,156 thousand to work under way for the "complementary station complex work," approved as part of the strategic infrastructure program (Law 443/2001 – the "Obiettivo Law"). The last portion collected was at the end of 2008 and currently disbursement has been suspended while awaiting an extension required from the Ministry of Infrastructure and Transports of the CIPE resolution no. 129 of 2006. For additional details please see the paragraph the "Loans" in the Group report on operations.

8 Investment Property

The following table lists the property investments and the changes thereto as of 31 December 2010.

	2011		Total	2010	
	Land	Buildings	Item	Land	Buildings
Balance as at 1 January					
Cost	10.925	42.891		16.499	56.405
Accumulated amortisation		(13.442)		-	(16.669)
Book value	**10.925**	**29.449**	**40.374**	**16.499**	**39.735**
Changes in the year					
Acquisitions	0	0		-	4.264
Reclassifications (1)	0	0		(5.574)	(17.777)
Amortization/Depreciation	0	(1.798)		-	(2.794)
Reclassifications (1)					6.021
Total change	**0**	**(1.798)**		**(5.574)**	**(10.285)**
Balance as at 31 December					
Cost	10.925	42.891		10.925	42.891
Accumulated amortisation		(15.240)		-	(13.442)
Book value	**10.925**	**27.651**	**38.576**	**10.925**	**29.449**
Reclassifications (1)					
Cost				(5.574)	(17.777)
Accumulated amortisation				-	6.021
Total				**(5.574)**	**(11.756)**

The item property investments includes the value of the properties bordering the stations of Napoli Centrale, Venezia Santa Lucia and the building complexes in Bologna and Firenze. There has been a change in the item related to the amortization/depreciation for the period.

There are mortgages on the Florence, Bologna, Venice and Naples properties amounting to Euro 80 million.

The property investments indicated include various properties occupied by companies in the Ferrovie dello Stato Group and/or by third parties from which the parent company receives compensation or rents. For more details on relations with related parties, see note 44.

The parent company has asked an independent external appraiser to evaluate the investments in properties owned. This appraisal was conducted using the reconstruction cost method, on the basis of which the following guidelines for estimating the market value were determined, bearing in mind that these are old buildings:

- the value of similar new properties would total Euro 102 million;
- the value of similar old buildings would total Euro 60 million;

As the appraisal values exceed the book values, the values in the financial statements were not adjusted.

9 Intangible assets

The table below lists the intangible assets comprised only of software and usage licences.

	Concessions, licenses, trademarks and royalties
Historical cost	4.566
Depreciation, amortization and impairment losses	(4.425)
Balance as at Dec. 31 2010	**141**
Investments	600
Amortisation and depreciation	(181)
Total change	**419**
Historical cost	5.166
Depreciation, amortization and impairment losses	(4.605)
Balance as at Dec. 31 2011	**561**

The increases in 2011 of the Euro 600 thousand mainly refer to software licenses. It is hereby noted that during 2011, the Group did not incur research and development costs.

10 Receivables for prepaid taxes and liabilities for deferred taxes

The following schedules illustrate the consistency of the receivables for prepaid taxes and the liabilities for deferred taxes and the changes that occurred in 2011:

	31.12.2010	In. and Dec. rec. in Income	Other changes	31.12.2011
Prepaid tax assets:				
- Adjustments to tangible and intangible fixed assets	1.110	(229)		881
The provisions for risks and charges an impairment which are tax deductible	4.965	(946)		4.019
Valuation of Financial Instruments	570		1.071	1.641
Other items	557	(11)	(15)	531
Total	**7.202**	**(1.186)**	**1.056**	**7.072**
Deferred tax liabilities				
Differences on financial fixed assets	587	(143)		444
Earnings with deferred taxation	4.111	1.991		6.102
Valuation of Financial Instruments	87	316	(68)	336
Employee benefits	91	27	(33)	85
Capitalised financial charges	2.302	(87)		2.215
Total	**7.178**	**2.105**	**(101)**	**9.182**

Prepaid tax assets totalled Euro 7,072 thousand as at 31 December 2011, down by Euro 130 thousand compared to 31 December 2010. This difference is principally due to the temporary differences that emerged following the allocations made to the provision for doubtful debts, the provision for risks and charges and the valuations of the financial instruments.

The deferred tax liabilities totalled Euro 9,182 thousand Euros as at 31 December 2011, up by Euro 2,004 thousand, mainly attributable to the deferred taxes recorded on the capital gain realised from the sale of the former departmental office buildings in Venice and Rome, payable in instalments during the current year and the next three and four years.

11 Current and non-current trade receivables

Trade receivables are shown below:

	31.12.2011		31.12.2010	
	Non-current	Current	Non-current	Current
Ordinary customers	6.782	59.588	7.439	52.970
Receivables due from other Group companies	-	30.567	-	45.650
Parent		*146*		*229*
Other associated companies	-	30.421	-	*45.421*
Total	**6.782**	**90.155**	**7.439**	**98.620**
Provision for doubtful debts	-	(10.701)	-	(11.515)
Minority interest	-	*10.389*	-	*10.410*
FSI Group	-	*312*	-	*1.104*
Total net of the provision	**6.782**	**79.454**	**7.439**	**87.105**

That the trade receivables as at 31 December 2011 have decreased compared to the previous year, the "non-current" receivables by Euro 657 thousand and the "current" receivables by Euro 7,651 thousand. The considerable improvement both towards third parties and the FSI Group is due to the careful credit recovery operations carried out in a systematic manner throughout the year. The provision for doubtful debts that was used during the year in the amount of Euro 4,811 thousand and Euro 265 thousand were released. Furthermore, following the indications of difficulty that became apparent in certain past due depositions, it was decided to increase the provision for doubtful debts by a total of Euro 4,262 thousand to reach the total amount of Euro 10,701 thousand.

The ageing of the receivables as at the balance sheet date is shown below:

	Gross value 31.12.2011	Write-downs 31.12.2011	Gross value 31.12.2010	Write-downs 31.12.2010
Not yet due	53.008		64.426	(4.637)
Overdue by 0-30 days	10.571		14.053	
Overdue by 31-120 days	12.651		7.705	
Overdue by 121-365 days	7.169	(4.045)	627	
by more than 1 year	13.161	(6.279)	19.248	(6.878)
Total	**96.560**	**(10.323)**	**106.059**	**(11.515)**

It is hereby noted that the main customers from which over 10% of the company's revenues derived in 2010 and 2011 are the following:

- Rete Ferroviaria Italiana, Euro 57,052 thousand in 2010 and Euro 54,490 thousand in 2011;

- Trenitalia, Euro 29,299 thousand in 2010 and Euro 26,418 thousand in 2011.

The aforementioned revenues are all related to the company's usual operations involving the rental and management of the spaces.

The maximum exposure to credit risk, shown by geographic region, is the following:

	31.12.2011	31.12.2010
Domestic	82.440	92.254
Euro area countries	3.796	2.290
Total	**86.236**	**94.544**

12 Other non-current and current assets

This item is broken down as follows:

	31.12.2011		31.12.2010	
	Non-current	Current	Non-current	Current
Other tax receivables	1.805	122	2.321	-
VAT credits	-	80	-	66
Deposits on rents	38.932	-	40.354	-
Other State Bodies	-	-	-	9
IRES for tax consolidation		354		
Various debtors	2	12.005	4	13.945
Accruals and deferrals	-	325	-	498
Total	**40.739**	**12.886**	**42.679**	**14.518**

The "non-current" tax credit refer mainly to: The Irpeg receivables of Euro 1,805 thousand Euros at 31 December 2011 (with expiry over 12 months) transferred from Ferrovie dello Stato S.p.A. in 2004, used in each financial year in the maximum limit provided by the laws in force on the matter (Legislative Decree 241/97). The other debtors amount of Euro 2 thousand and refers to deposits; the amount under "deposits on rents" refers to indirect and direct costs incurred by the subsidiary Grandi Stazioni Ceska for the restoration of the Prague and Mariànské Làzne stations. These are therefore costs suspended among non-current assets which are recognized in the income statement on a straight line basis for the duration of the lease with Ceske Drahy a.s. In 2011 and 2010 the total costs recognize in income mainly relate to the subsidiary Grandi Stazioni Ceska Republika and respectively a mound to Euro 1,140 thousand and Euro 645 thousand; please see note 31 "use of third party assets."

The most important assets include: The IRES credit for the tax consolidation relates to the difference resulting from the deposits paid to the holding company Ferrovie dello Stato Italiane S.p.A. and the taxes set aside during the current year; the other debtors amount is comprised mainly of deposits paid to suppliers mainly in regard to the association contract for participation in the "Media" activity (Euro 10,041 thousand); the accruals and deferrals refer mainly to insurance premiums (Euro 237 thousand) and the payments for software maintenance (Euro 69 thousand).

The maximum exposure to credit risk, shown by geographic region, is the following:

	31.12.2011	31.12.2010
Domestic	14.693	16.842

Euro area countries	38.932	40.354
Total	**53.625**	**57.196**

13 Construction contracts

The balance sheet item is shown below:

		31.12.2011	31.12.2010
Construction contracts		36.251	32.112
Provision for doubtful debts		(157)	(727)
	Net value	**36.094**	**31.385**
Advance payments received		(21.880)	(19.698)
	Net value	**(21.880)**	**(19.698)**
Total Construction contracts		**14.214**	**11.687**

The construction contracts referring to orders not completed as at 31 December 2011 were recognized under inventories, based on the contractual consideration as indicated in the contracts concluded mainly with RFI S.p.A. and Trenitalia S.p.a. (Both companies belonging to the Ferrovie dello Stato Italiane Group).

The increase in the construction contracts item as at 31 December 2011 compared to the previous year of Euro 2,527 thousand is due to the following: increase of Euro 4,139 thousand for the increase in the contractual consideration coming due in the year for work completed, net absorption of the provision for doubtful debts of Euro 570 thousand, increases of Euro 2,182 thousand for advances received mainly from RFI and Trenitalia.

The table below shows the changes in the provision for doubtful debts over the period, with the allocations and releases relating to the expected losses.

	Balance as at Dec. 31	Allocations	Uses	Release of excess	Balance as at Dec. 31
Provisions for doubtful debts/construction contracts	727	39		(609)	157
TOTAL	**727**	**39**	**-**	**(609)**	**157**

14 Current and non-current financial assets (including derivatives)

The table below shows the non-current financial assets as compared to 2010.

	Book value			
	31.12.2011		31.12.2010	
	Non-current	Current	Non-current	Current
Financial assets				
Hedging derivatives	-	-	-	469
-other financial receivables (from holding company)	-	16.974	-	17.924
Total	**-**	**16.974**	**-**	**18.393**

It is hereby noted that the book values correspond to the respective fair values determined as at the balance sheet dates.

The financial receivables from the holding company consists of the balance of the intercompany current account held by Ferrovie dello Stato Italiane S.p.A. Through which transit the collections and payments for the economic relations in existence with companies belonging to the Ferrovie dello Stato group, (in addition to the holding company, Ferservizi, Italferr, RFI and

Trenitalia). As at 31 December 2011, the balance of the intercompany current account was equal to Euro 16,974 thousand. This current account relationship takes place at arm's length and based on a contract that provides for the payment of an interest rate equal to average monthly Euribor minus a spread of 0.175% annually. The average rates applied for 2010 and 2011 are respectively equal to: 0.41% and 1.017%. In regard to the changes in the "derivative financial instruments," due exclusively to subsidiary Grandi Stazioni Ceska, please see note 6 " exchange risk" and "interest rate risk" and note 22 "current and non-current financial liabilities (*including derivatives*)."

15 Cash & cash equivalents

This item is broken down as follows:

Description	31.12.2011	31.12.2010	Difference
Bank and post office balances	28.365	28.125	240
Cheques	-	1	(1)
Cash and valuables on hand	10	8	2
Total	**28.375**	**28.134**	**241**

The current end of your balance has not changed significantly compared to the prior year and shows the cash and cash equivalents as at 31 December 2011.

16 Tax receivables

The tax credits as at 31 December 2011 show a balance of Euro 4 thousand; the decrease compared to the previous year is due to the decrease in the deposits paid compared to the recognition of the IRAP amount due as estimated for 2011. The item is broken down as follows:

	31.12.2011	31.12.2010
Irap receivables	4	814
Total	**4**	**814**

17 Non-current assets available for sale

As at 31 December 2011, the non-current assets available for sale consisted of the value of the Genoa building reclassified from Property Investments, following the resolution of the Board of Directors at its meeting of 4 August 2010 which provided a mandate to the managing director to initiate the procedures for disposal of the properties in question. The negative change of Euro 10,072 thousand recognised compared to the previous year refers to the disposal of the building in Rome located on Via Marsala 9 which took place in August and was sold to IMMO 2006 S.r.l. that was awarded to the contract following the call for tenders announced by Grandi Stazioni, against an overall amount of Euro 25 million.

Assets held for sale	31.12.2011	31.12.2010
Land and buildings for trading	7.266	17.338

Total Assets held for sale	**7.266**	**17.338**

18 Shareholders' equity

The goals of Grandi Stazioni S.p.A. as regards the management of capital are based on the creation of value for shareholders, guaranteeing the interests of stakeholders and safeguarding the status of the company as an ongoing concern, as well as maintaining an adequate level of capitalisation so as to enable the strengthening of the equity and financial structure of the Company and the Group, also in consideration of the significant investments currently being made.

The changes that occurred during the 2011 regarding the main items comprising consolidated shareholders' equity are shown below:

Share capital

The share capital of the parent company as at 31 December 2011, fully subscribed and paid up, consists of 83,334 ordinary shares of nominal Euro 51.65 each, totalling Euro 4,304,201.10. As at 31 December 2011, based on the results of the book of shareholders, the share capital was held 60% by Ferrovie dello Stato Italiane S.p.A. and 40% by Eurostazioni S.p.A..

Legal reserve

The legal reserve, totalling Euro 861 thousand, was unchanged compared to 31 December 2010, as it had reached the limit as indicated in art. 2430 of the Italian Civil Code (20% of the share capital).

Share premium reserve

The share premium reserve is due to the increase in the share capital which took place on 28 July 2000 and has not changed compared to the previous financial year.

Extraordinary reserve

The extraordinary reserve is a result of the allocation of profits from previous years which were not distributed. This reserve has therefore increased by Euro 4,005 compared to 2010 due to the allocation of a portion of last year's profit.

Translation of financial statements denominated in foreign currency

The translation reserve includes all the exchange differences deriving from the conversion of the financial statements of foreign subsidiary Grandi Stazioni Ceska.

Cash flow hedge reserve

The cash flow hedge reserve includes the effective portion of the net accumulated change in fair value from the cash flow hedges relating to hedge transactions that had not yet taken place given the relative tax effect. For additional details please see note 6 under paragraph "interest rate risk" and note 22 "”current and non-current financial liabilities (including derivatives).

Revaluation reserve

The item includes the gains and losses from the actuarial calculation entirely allocated to equity during the year of reference, with account taken of the relative deferred tax effect.

Period results

The result for the period amounts to Euro 30,700 thousand. The increase compared to the previous period is mainly due to the extraordinary transactions that characterized this period.

Following the resolutions of the shareholders' meeting which took place on 2 May 2011, during 2011 the company distributed dividends based on 2010 results amounting to Euro 15,417 thousand.

In its meeting of 5 April 2012, the parent company's Board of Directors proposed the distribution of dividends for 2011 in the amount of Euro 15,833 thousand, equal to Euro 190 per share.

Other components from the statement of comprehensive income recognized that during the period

The statement of comprehensive income for the period is shown among the consolidated financial statements and presents other components of the comprehensive result net of the tax effect. The following table shows the gross amount and the relative tax effect of these components:

	31.12.2011	**31.12.2010**
Result for the period	**31.630**	**19.741**
Other components of the statement of comprehensive income		
Effective portion of changes in the fair value of cash flow hedges	(4.096)	(1.524)
Profits (losses) from actuarial benefits	(132)	57
Exchange differences from foreign operations	(396)	485
Tax effect	1.254	419
Profits and losses recognized directly in equity	(3.370)	(563)
Total profit for the period	**28.260**	**19.178**

19 Medium/long term and short-term loans

The medium/long-term loans and relevant current portions are shown by type below:

	Book value	
Medium/long-term loans	**31.12.2011**	**31.12.2010**
Loans from banks	197.185	185.205
Total	**197.185**	**185.205**

Short–term borrowings	**31.12.2011**	**31.12.2010**
Loans from banks (short term)	16.156	39.179

Total	**16.156**	**39.179**

Total loans	**213.341**	**224.384**

As regards the breakdown of the contractual expiries of these financial liabilities, inclusive of interest to be paid, see note 6 ("Risk management"), paragraph entitled "Liquidity risk".

The terms and conditions for the ongoing loans are as follows:

				31.12.2011		**31.12.2010**		**Difference**	
Debtor:	**Currency**	**Interest rate**	**Year of expiry**	**Book value**	**Book value**	**Book value**	**Book value**	**Book value**	**Book value**
Banca BIIS Mortgage – Florence-Bologna Property	EUR	6 month Euribor	2022	14.206	14.223	15.270	15.270	(1.064)	(1.047)
Banca BIIS Mortgage-Venice Bologna property	EUR	6 month Euribor	2022	42.619	42.669	45.812	45.812	(3.193)	(3.143)
Bipop Carire	EUR	6 month Euribor	2013	979	979	1.629	1.629	(650)	(651)
EIB loan	EUR	Euribor 6 months+	2023	126.959	127.332	138.143	138.516	(11.184)	(11.184)
Unicredit Medio Credito Centrale loan	EUR	Euribor 12 months +	2010			23.040	23.157	(23.040)	(23.157)
Unicredit Bank Austria AG loan	EUR	Pribor 6 months+1,	2024	28.532	28.138	-	-	28.532	28.138
Total loans				**213.295**	**213.341**	**223.894**	**224.384**	**(10.599)**	**(11.044)**

The accountable values of the loans detailed in the above table are representative of the fair values.

The loans refer to:

- the loan take out by the parent company from Banca BIIS (*Banca Infrastrutture Innovazioni e Sviluppo* - Infrastructures Innovations and Development Bank) due to the starting-up of two property mortgages secured by the properties in Florence, Bologna, Venice and Naples totalling 80 million Euros originally. Both of the contracts were concluded on 6 March 2003 for a twenty-year duration, and both provide for the pre-amortization of the interest for the first three years only and the return of the capital in the next 17 years at a variable rate of the six- month Euribor plus a spread of 0.95%.

  During the year, there was a change due to the reimbursement of the respective capital portions;

- the Bipop Carire loan concluded by the parent company on May 2005 for a total amount of Euro 3.25 million in support of the investments in shareholdings in Italian companies abroad (Law 100/90 – SIMEST). This has a duration of 8 years, provides for the amortization of the interest for the first three years only and the return of the capital in the next five years at a variable rate of the six-month Euribor plus a spread of 0.8%;

- the loan subscribed with the EIB (European Investment Bank), concluded by the parent company in April 2008 for Euro 150 million for refurbishment works within the stations. The transaction is guaranteed by the Caylon Bank and Cassa Depositi e Prestiti S.p.A. The duration is 15 years as of the first payment (30 June 2008); reimbursement is to occur in instalments payable every 6 months at a constant capital rate from 30 June 2010 and with an interest rate of the six-month Euribor offered for a duration of six months increased or decreased by the number of basis points communicated by the Bank to the Company.

- In June 2008 and October 2008, two additional guaranties were provided through the Banca Caylon S.A. and the Cassa Depositi e Prestiti S.p.A. respectively, to which a six-monthly commission is payable, amounting to 45 basis points, to be calculated on the amount of capital paid as part of the payments made from time to time. The contract requires that the guarantor be informed regarding the methods of hedging the debt (historical with financial statements figures as at 31 December 2009 and forecasted with figures from the 2010 budget) and as at 31 December 2010 this had been fulfilled. To cover the loan, the hedging contract with Mediobanca was maintained and three new contracts were subscribed during the course of 2009 for IRS hedging. It is hereby noted that to cover the inception costs of this loan, ancillary costs were incurred which amounted to 340 thousand Euros used against the value of the financial debt in calculating the amortized cost.
- for the loan taken out by the subsidiary Grandi Stazioni Ceska with Unicredit Bank Austria A.G, on 9 August 2011 for Euro 28.5 million (CZK 730 million), entirely disbursed as at 31 December 2011. The loan has a duration of 13 years and an interest rate of six month Pribor plus a spread of 1.6% (on an annual basis) up to 30 June 2016 and, subsequently, six month Pribor plus a spread of 2.2%-2.55% (on an annual basis. This loan is guaranteed in full by the parent company Grandi Stazioni S.p.A.

As at 31 December 2011, there existed a financial lease concluded by the company it with BMW Group Financial Services Italia totalling Euro 33 thousand, of which Euro seven thousand were paid during the year, these representing the balloon payment and the first capital payment. In 2011, the company recognized amortization of Euro 142 thousand for prior and current financial leases.

20 Staff Severance and other employee benefits

	31.12.2011	31.12.2010
Current value of TFR liabilities	1.906	1.886
Total value of current obligations	**1.906**	**1.886**

The following table shows the changes that occurred in the current value of the liabilities due for obligations and defined benefits constituted exclusively by the TFR [Staff Severance Indemnity].

	31.12.2011	31.12.2010
Defined benefits and obligations as at 1 January	1.885	2.003
Service cost	31	
Interest cost (*)	83	80
Actuarial (gains) losses recognized in shareholders' equity	115	(57)

Advances and uses	(209)	(141)
Liabilities for defined benefits and obligations as at 31 December	**1.906**	**1.886**

(*) recognized in income

There are no assets in the defined benefits plan and the cost recognized in income for 2010 and 2011 is constituted exclusively by the financial costs deriving from discounting the TFR totalling Euro 80 thousand and Euro 83 thousand respectively.

Actuarial assumptions

The following is a summary of the main assumptions made in the actuarial process:

	31.12.2011	31.12.2010
Discount rate	4,05%	4,70%
Future increases in pensions (*annual rate of TFR increase)*	3%	3%
Expected rate of employee turnover	4,50%	4,50%
Expected rate of advances	1%	2%
Probability of death	RG48	RG48

Assumptions regarding mortality are based on the statistics that have been published in mortality tables.

The average number of Group employees in 2011 was 274 and is divided by category as follows:

	Average 2011	Average 2010	Change
Managers	14,1	13,3	0,8
Executives	43,1	40,6	2,5
Employees	198,5	191,5	7,0
TOTAL	**255,7**	**245,4**	**10,3**
Atypical	17,8	25,8	(8,0)
TOTAL	**273,5**	**271,2**	**2,3**

21 Provision for risks and charges

The following table shows the amounts at the beginning and end of the year and movements in 2011 of the provision for risks and charges.

Description	31.12.2010	Allocations	Uses	Release of excess funds	31.12.2011
Disputes with personnel	1.521	20	(276)	(16)	1.249
Bonuses to be paid	15			(15)	0
Disputes with third parties	4.720	742	(589)	(1.056)	3.817
Tax disputes	*448*	*525*	*0*	*0*	*973*
Civil disputes	*4.272*	*217*	*(589)*	*(1.056)*	*2.844*
Other expenses		47			47
Total non-current and current	**6.255**	**809**	**(865)**	**(1.087)**	**5.113**

Civil-law disputes arisen in previous periods

Disputes with agents

In regard to the lawsuits brought by Grandi Stazioni against agents Publica S.r.l., Spaziale S.r.l., AD S.r.l. and Media & Sport S.a.s., for which the company has requested ascertainment and of the already completed termination of the contracts and of ruling requiring the agents to pay damages due to their breach of contract, the appraisal for the compose edition of the expert witness reports ordered by the judges have been concluded and disputed by Grandi Stazioni. Currently there is a risk that the company will lose the case and therefore the allocation made in the previous period has been maintained.

Vidion S.r.l. 2009-2010 arbitration ruling

The expert witness report has been issued for the two arbitration process is brought by Vidion s.r.l. in 2009 and 2010 the purpose of which were the presumed non compliance is of Grandi Stazioni insofar as the obligations undertaken with the association in participation the agreement concluded on 19 February 2007. The two arbitration proceedings took place on 25 July 2011. The expert witness report was submitted in December. Currently, the risk of losing the case appears in regard to certain issues to be probable while in regard to certain others in appears to be possible, and therefore the allocation made in the previous period has been kept.

Ingenium Real Estate S.p.A. Ruling

With regard to the injunction proceedings brought by Ingenium Real Estate S.p.A. in order to obtain compensation allegedly in relation to the execution of engineering services pursuant to the contract concluded on 20 April 2006 and in relation to the supplementary agreement of 25 May 2006, the judge did not accept the plaintiffs' request to grant provisional execution. Negotiations are underway for an out of court settlement of the dispute. At the end of December the dispute was settled through the payment of an overall amount equal to Euro 415,347.64 which had already been set aside under liabilities.

Retail Group S.p.A. Arbitration

The expert witness report has been submitted to in the arbitration brought by Grandi Stazioni in July 2010 against Retail Group S.p.A., to ascertain the latter's non-compliance with the obligations ensuing from the rental contract signed on 18 December 2002 and for termination of the rental contract itself pursuant to article 1454 of the Italian civil code.

CBS Outdoor Ruling

CBS Outdoor Holding, the former concessionary for advertising in the railway stations managed by the company, appealed the ruling no. 240045/2009 with which the court of Rome had dismissed the claims of the aforementioned company which aimed to obtain a ruling against Grandi Stazioni and compensation from it for a civil wrongdoing relating to the failure to pay certain advertising commissions amounting to approximately Euro 7 million, and the plaintiff was required to pay two-thirds of the costs of the trial while the remaining one third is to be paid to jointly by the parties.

Grandi Stazioni was present at the appeal hearing; no potential contingent liabilities are expected.

RomArtifico Ruling

In his ruling of 5 May 2011, the court of Rome upheld the position of Grandi Stazioni in regard to the termination of the association in participation agreement of 19 April 2002 with

RomArtificio and ruled that the premises occupied in the Termini station of Rome be returned and various amounts be paid totalling Euro 125,677.11 in addition to compensation for noncompliance and the release of the property.

The judge dismissed both of the compensation request brought forth by Grandi Stazioni and the counterclaim brought by RomArtificio to obtain compensation for damages of amounting to Euro 16 million. Furthermore, Grandi Stazioni's application to obtain payment of certain contractual amounts from RomArtificio equalling approximately Euro 150 thousand was also dismissed. We are currently assessing whether to appeal this ruling.

Disputes with employees at the Naples offices

In its sentences rendered on 23 March 2011, 9 May 2011 and 23 June 2011, the Court of Naples accepted the appeals of three of the company's employees aiming to obtain cancellation of their terminations which were announced by the company in June 2010 following the discovery of serious irregularities in regard to the ways they were using their company badges, with the consequent reinsertion into their work positions and the compensation of damages incurred. Grandi Stazioni appealed the sentences.

In regard to a similar lawsuit brought by another employee, an out of court settlement was reached on the basis of a legal settlement dated 25 May 2011 according to which the employee accepted the termination of the employment relation.

The previously established fund amounting to Euro 124 thousand was used for all the above.

Disposals of equity interests

In regard to the disposal of the equity interest in Network Italia Edicole srl which took place in 2009, no request has been received for compensation and the delivery of the spaces took place as provided by the contract. Therefore, the provisions established in the previous year for this purpose were decreased.

Appeal regarding the call for tenders for executive planning and executive interventions for the functional adaptation of the station buildings and complementary infrastructure works for the railway stations of Venezia S. Lucia, Venezia Mestre and Verona P. Nuova

With the appeal served on 20 October 2010, CIR S.p.A. appealed to the Council of State against this sentence with which the Administrative tribunal (TAR) of Lazio had dismissed the company's appeal, following the evidence brought on examination of the second awardee pursuant to article 140 of Legislative Decree 163/2006, for awarding of the contract for the executive design and execution of the functional interventions for adaptation of the station buildings and complementary infrastructure works for the railway stations of Venezia Santa Lucia, Venezia Mestre and Verona Porta Nuova, including the execution and maintenance of the works and installations of the station buildings, to ATI CMB-Fatigappalti S.p.A.

The appeal does not include a stay order. Grandi Stazioni submitted an official memorandum of appearance on 2 November 2010. The hearing date has not yet been set. The risk of losing is not probable.

Works for the functional adaptation of building D at the Roma Termini station

With its summons served on 21 October 2010, Mucciola Piero S.p.A. brought a lawsuit against Grandi Stazioni before the Court of Rome to obtain payment of approximately Euro 121,000, plus interests and revaluation as compensation for the "caro ferro" [price revision] pursuant to article 26, paragraph 4 bis of law 109/1994 for the higher expenses incurred in the period from 2004 to 2007 while executing the tender contract concluded on 16 December 2004 regarding the functional adaptation of building D in the Roma Termini station.

The first hearing, listed in the summons for 21 February 2011 was postponed to 24 March 2011 and the risk of losing does not appear probable.

Civil-law disputes arisen in the financial year

Rulings regarding former employees

With its appeal pursuant to article 414 of the code of civil procedure, submitted in February 2011, Grandi Stazioni requested the Labour Tribunal of the Court of Rome acting as the Labour Judge to ascertain the legitimacy of a former employee's termination by the company after discovery of serious irregularities in the use of the company badges.

A former company employee, terminated for just cause on 20 May 2009, on 12 April 2011 had served to the company an appeal pursuant to article 414 of the code of civil procedure made to the Labour Tribunal to have the termination judged as illegitimate and therefore to have the company pay moral damages, salary differences, compensations, TFR differences amounting to Euro 829 thousand approximately. On 13 December 2011 the dispute was settled out of court at the Court of Rome, Labour Section with the payment of Euro 170 thousand.

Disputes involving former directors

A member of the Board of Directors who resigned on 21 July 2008 served on 22 March 2011 to Grandi Stazioni a provisionally executable injunction issued by the Labour Tribunal of the Court of Rome to obtain payment of Euro 484 thousand plus ancillary expenses pursuant to the clause of 20 July 2006 concerning the remuneration of the managing director established on the basis of article 2389, paragraph 3 of the Italian civil code. The company appeared at the hearing and requested suspension of the provisional execution. At the hearing of 30 June 2011, the Labour Tribunal of the Court of Rome ruled in favour of the revocation of the provisional execution of the injunction which had been served to the company. With its ruling of 3 November 2011, the Labour Tribunal of the Court of Rome cancelled the injunction served in may to the company by the former director, and condemned the latter the latter to pay legal expenses.

Dispute involving a former consultant

On 26 July 2011, a former consultant of the company served an appeal to the labour tribunal pursuant to article 414 of the code of civil procedure to have his relation with the company declared an employment relation starting from 28 December 1998 and ending on 31 December 2008, endorsing the appellant's right to be qualified as a manager based on the CCNL [trade union] agreements for company managers working in the tertiary sector or, alternatively, as an executive and to order the company to pay remuneration differences, TFR differences, compensation for unjustified termination, plus ancillary costs amounting to approximately Euro 927 thousand. The company appeared at the hearing and asked for dismissal of the appeal.

On 7 December 2011, a former consultant of the company served an appeal to the labour tribunal pursuant to article 414 of the code of civil procedure to have his relation with the company declared an employment relation starting from 1 June 2003, endorsing the appellant's right to be qualified as a manager based on the CCNL [trade union] agreements for company managers working in the tertiary sector or, alternatively, as an executive and to order the company to pay TFR differences, compensation for unjustified termination, moral damages plus ancillary costs amounting to approximately Euro 552 thousand. The company appeared at the hearing and asked for dismissal of the appeal.

Civil-law disputes arisen in previous periods

In 2001, the Guardia di Finanza (Italian finance police) served an official Notice of Assessment charging the company with failure to withhold tax on employee incomes for the years 1997-2000 amounting to Euro 1.2 million, plus fines.

The decisions by which the Tax Board of the Province of Rome upheld the appeals filed by the company against the notices of assessment relating to 1997 and 1998 for Euro 0.3 million , served by the Inland Revenue Service in 2005, were lodged with the Registry in 2008. The Inland Revenue Service appealed against these sentences to the Regional Tax Board of Rome; With rulings 80/21/10 and n. 81/21/10, both submitted on 19 April 2010, the Regional Tax Board of Rome dismissed the appeal and confirmed the cancellation of the notices; at this time there has been no notification of an appeal at the court of cassation by the Inland Revenue Service. For 1999 and 2000, following an initial acceptance of the company's positions by the Regional Tax Board with sentence 227/48/2009, the Rome 1 department of the Inland Revenue Service appealed to the Regional Tax Board of Rome and the company immediately submitted to the necessary counterclaims. With sentence 134/38/11 was submitted on 29 March 2011, the Regional Tax Board dismissed if the Inland revenue Service's appeal and confirmed the cancellation of the notices; at the moment we have no notifications regarding an at the court of cassation by the Inland Revenue Service.

On 21 February 2008 the company was served a payment notice for approximately Euro 158 thousand for payment of the ICP [municipal advertising tax] due mainly to the city of Rome for the year 2004. As it considered to that the company does not owe what the municipality claims, on 18 April 2008 the company appealed to the Tax Board of the Province of Rome and the latter, was that sentence 367/16/10 of 24 June 2010 partially accepted this appeal and ruled that only the amount of Euro 19 thousand is due. To date, despite numerous notifications, the city has not returned the excess amount.

Tax disputes arisen in the financial year

On 5 December 2011, the city of Florence served the city a penalty notice for installation of advertising media in the Santa Maria Novella station of Florence without the necessary authorization. This penalty amounts to a total of Euro 71 thousand. After several verifications to this end, the company decided to accept the proposal for payment in a reduced amount of Euro 24 thousand (to be settled within the time provided of 60 days). This amount has been allocated to the provision for risks and charges.

At the end of December 2011, the city of Venice served the company a series of payment notices for municipal advertising taxes for the years 2006, 2007, 2009 in 2010 for a total amount of approximately Euro 50 thousand, including penalties and interest. After careful analysis of these notices and a subsequent checked with the municipal offices in question it was discovered that certain amounts involved to incorrect information entered by the city of Venice to which an appeal for resettlement was sent for an amount equal to Euro 20 thousand allocated in the provision for risks and charges.

On 21 December 2011, the regional Lazio department of the Inland Revenue Service served the company an assessment notice relating to a total verification for the year 2008. The Inland Revenue Service requested a higher tax base for IRES [corporate income tax] of Euro 4,215 thousand, EURO 4,050 thousand for IRAP [regional business tax] and VAT in the amount of Euro 127 thousand. As the company considers that certain amounts are acceptable, it allocated approximately Euro 86 thousand to the provision for risks and charges.

Following the signature of the rental contracts with Trenitalia and Ferservizi, applicable retroactively, the company is required to register these contracts with payment of the relative registration taxes. These have been calculated and allocated to the provision for risks and charges (approximately Euro 396 thousand).

22 Current and non-current financial assets (including derivatives)

Non-current financial liabilities are broken down as follows:

	Book value			
	31.12.2011		31.12.2010	
	Non-current	Current	Non-current	Current
Financial liabilities				
Hedging derivatives	6.116	164	2.072	-
	6.116	**164**	**2.072**	**-**

The derivatives were stipulated during the course of 2009 by the parent company to hedge the risk of changes in interest rates deriving from the loan contract with the EIB; the derivative (cap) concluded with Mediobanca in 2006 expired as at 30 June 2011. The value of the current portion refers to the subsidiary **G**randi Stazioni Ceska Republica which in 2011 concluded a series of derivatives hedging the loan contract with Unicredit Bank Austria A.G. as mentioned in note 19.

All the contracts described previously are qualified as cash flow hedge contracts, and therefore the value recorded in the financial statements constitutes the fair value determined at the end of the year and recorded under a specific item in shareholders' equity.

For more information on the Group's derivative Financial Instruments please see note 6.

23 Current and non-current trade payables

Trade payables are shown below:

	31.12.2011		31.12.2010		Difference	
	Non-current	Current	Non-current	Current	Non-current	Current
Trade payables	712	90.777	460	92.983	252	(2.206)

Payables referring to construction contracts		307		305	0	2
Trade payables to Group companies		17.590		17.419	0	171
Total	**712**	**108.674**	**460**	**110.707**	**252**	**(2.033)**

Non-current payables refer to amounts withheld by the subsidiary Grandi Stazioni Ceska from the supplier Metrostav s.a. as a guarantee of the restructuring works carried out in the Prague station.

The decrease in the trade payables is mainly due to the payments made by subsidiary Grandi Stazioni Ceska to suppliers for investments, particularly Metrostav a.s.. The payables to other companies belonging to the Ferrovie dello Stato Italiane Group have remained essentially unchanged (for further details please see note 44 “related parties”).

24 Other non-current and current liabilities

Other non-current and current liabilities are shown below:

	31.12.2011		31.12.2010	
	Non-current	**Current**	**Non-current**	**Current**
Deferred Social Security liabilities	-	1.286	-	1.142
Other tax liabilities	-	1.391	-	1.473
Payables for VAT	-	4.261	-	2.670
Other payable to Group companies	1.805	0	2.321	3.752
Other payables	849	2.448	625	3.073
Accrued liabilities and deferred income	2.163	1.044		3.197
Total	**4.817**	**10.430**	**2.946**	**15.307**

Other non-current liabilities mainly consist of: payables to parent companies concerning the remaining debt towards Ferrovie dello Stato S.p.A. for the IRPEG credit transferred by the latter to the Group leader Grandi Stazioni S.p.A. in 2004, as already mentioned in the item “other non-current assets” (note 12). The “other payables” item refers to deposits provided by tenants in guarantee of compliance with the rent contracts. The accrued liabilities and deferred income item refers to up rents paid in advance by customers, the portion referring to future periods being suspended. Other current liabilities mainly refer to:payables to social security institutions (Euro 1,286 thousand); withholdings made at the end of the year and settled during January 2011 (Euro 1,353 thousand); VAT payable to FSI [*Fondo Sviluppo Impresa*] which became due as part of the Group consolidated VAT which the company joined at the beginning of the period (Euro 3,529 thousand) and which it renewed for 2012 as well; payables to personnel for work carried out but not paid (Euro 1,827 thousand); accrued liabilities and deferred income mainly for the portions applying to 2012 regarding the repayment of expenses invoice during the period which will be recognized in income based on the duration of the rental agreement in question.

25 Tax payables

This item amounts to a Euro 645 as at 31 December 2011 and is broken down as follows:

	31.12.2011	31.12.2010

IRES payable for the tax consolidation to Ferrovie delle Stato Italiane	0	215
IRAP	498	78
IRES GS Cesca Rapublika	147	
Total	**645**	**293**

The IRAP payable refers to Grandi Stazioni S.p.A. provisions for 2011 taxes net of the advances paid during the year. The payable of Euro 147 thousand refers to the income tax for the company payable on the foreign subsidiary GS Cesca Republika during 2011. It is hereby noted that Grandi Stazioni and Grandi Stazioni Ingegneria have elected to participate in the domestic consolidation of the Ferrovie dello Stato Italiane Group for the three year period from 2010 to 2012.

Analysis of the consolidated income statement items

Following is an analysis of the consolidated income statement items for 2011, compared with the previous year. It is noted that for better comparability with the current year, a reclassification of the "other revenues and income" item for 2010 took place for the risks and charges provisions of specific cost items and the provision for doubtful debts (specific comments are provided in the items themselves)

TOTAL REVENUES AND INCOME

The total revenues and income for 2011 amounted to Euro 216,454 thousand, which has increased by Euro 22,939 thousand compared to the previous year. Revenues and income are broken down below:**1)**

26 Revenues from salescost to cost

27 and services

This item amounted to Euro 198,933 thousand, and is broken down as follows:

	2011	2010	Change
1) Revenues from sales of products and services			
- *Income from Long-Term Leases*	96.660	91.793	4.867
- *Engagement activities and special installations*	3.893	2.729	1.164
- *Income from Tenancy Costs*	67.725	68.883	(1.158)
- *Income from Design and Works Direction Activities*	28	616	(588)
- *Income from Management of Advertising Spaces*	15.405	15.517	(112)
- *Income from customer services*	10.512	9.188	1.324
- *Change in work in progress*	4.709	2.852	1.858
Total	**198.933**	**191.577**	**7.356**

The revenues from leases (36% of which refer to companies belonging to the Ferrovie dello Stato Italiane Group) have increased due to the action undertaken during the year in station areas, particularly the stations located in Milan, Turin, Naples and Prague central station which resulted in an increase of the areas rented and the rents received. In the Prague stationed there was an increase in the revenues from rentals from Euro three million in 2010 to over Euro 6 million in 2011; in the Roma Termini there was a prolonged a vacancy of an area used for office space starting from the second half of 2011. The balance as at 31 December 2011 includes furthermore the extraordinary income recognized following the normal revision of the estimates amounting to a total of Euro 78 thousand.

The "income from tenancy costs" (88% of which refer to the Ferrovie dello Stato Italiane group), remain essentially the same as the previous year; the balance includes contingent losses of approximately Euro 1,307 thousand due to revised estimates. The increase in the item "engagement activities and special installations" is particularly significant since, after contraction due to the general economic trend, growth is becoming evident with customers showing up reference to innovative forms of digital promotion compared to the traditional advertising channels. The revenues for customer services have improved considerably and refer to: hygiene services, baggage drop-off and parking.

The change in work-in-progress amounts to Euro 4,709 thousand, with the change upwards of Euro 1,857 thousand compared to 2010 and is broken down as follows:

Description	2011	2010	Change
Increase for the year	4.139	3.133	1.006
Recovery of prior year losses	609	111	498
Write down for future losses	(39)	(392)	353
Total	**4.709**	**2.852**	**1.857**

31

The change in the work in progress in 2011, accounted for using the cost to cost method as required by IAS 11 refers to the assessment of the progress of the consideration due during the year for the technical activities necessary for the implementation of the requalification, restructuring, maintenance and enhancement works in the complex of 13 stations under consolidated management, carried out mainly for RFI and Trenitalia. The aforementioned change is net of the losses forecasted for subsequent years referring to their completion, which are examined individually.

27 Other revenues and income

Other revenues amount to Euro 17,521 thousand and have increased by Euro 15,584 thousand compared to 2010; the item breaks down as follows:

	2011	2010	Change
Other income			
ò *Sale of buildings and land held for sale*	14.928		14.928
ò *Various repayments*	2.149	1.949	200
ò *Other income*	444	(12)	456
Total	**17.521**	**1.937**	**15.584**

The capital gain from the disposal of the former department building in Rome on via Marsala equals Euro 14,928 thousand, given the sales price of Euro 25 million.

The other income refers mainly to: the revenues from the reimbursement of expenses that Grandi Stazioni incurred to increase the qualitative or functional standards of the stations, invoiced during the year and prepaid according to the number of years within the relative rental contracts and for recovery of the promotional and advertising expenses carried out within the stations on behalf of the tenants.

It is noted that for better comparability with the current year, a reclassification of the "other revenues and income" item for 2010 took place for the risks and charges provisions of specific cost items (Euro 2,068 thousand) and the provision for doubtful debts (Euro 229 thousand).

28 Payroll costs

This item amounts to Euro 18,514 thousand, up by Euro 1,383 thousand compared to 2010 and breaks down as follows:

	2011	2010	Change
Personnel by category			
Wages and salaries	12.407	11.712	695
Social security contributions	3.804	3.266	538
Other personnel costs	417	233	184
Staff leaving indemnities	833	777	56
Independent staff and associates			
Wages and salaries	669	826	(157)
Social security contributions	66	65	2
Seconded personnel	273	252	21
Other costs referring to independent staff and associates	44	1	44
Total	**18.514**	**17.131**	**1.383**

This amount includes all employee costs, including promotions, transfers from one category to another, allocations required by the law and those for premiums and incentives accrued on the basis of the merit-based personnel policies.

The change in labour costs in 2011 is mainly due to the increase in the personnel costs of the various categories due to the increased quality of the human resources hired, especially in the areas required by the Lines and which were not present within the company. In regard to the unit cost, in addition to the aforementioned reason, the change in the cost for the entire year 2011 of the managing director has affected the results (he was hired as a manager starting from the last quarter of last year).

Other personal costs include the costs incurred for meal vouchers and training as well as the cost for the annual health insurance quota for employees stipulated following the signing of the second level company agreement on 11 September 2007.

The independent personnel and associates includes the cost of seconded personnel and trainees.

For better comparability with the current year, a reclassification took place on the "cost for independent personnel" in 2010, insofar as the costs incurred for the services provided by the supervisory organization of Euro 56 thousand. As regards the composition of the differences in the corporate workforce, see that described in note 20.

29 Raw materials, consumables, supplies and goods

This item amounts to Euro 212 thousand, up by Euro 22 thousand compared to 2010 and breaks down as follows:

	2011	2010	Change
Materials and consumables	210	188	22
Fuel and lubricants	2	2	
Total	**212**	**190**	**22**

30 Costs for services

The costs for services amounted to Euro 86,569 thousand, down by Euro 1,141 thousand compared to the previous year. The table below shows the breakdown of this item:

	2011	2010	Change
Contracted services and works:	**61.886**	**62.766**	**(881)**
-Services - Security	4.932	5.191	(259)
- cleaning	21.791	22.626	(836)
Maintenance	20.591	19.028	1.563
Utilities	14.572	15.782	(1.210)
- improvements to owned assets		139	(139)
Miscellaneous services:	**24.684**	**24.943**	**(259)**
- consultancy	188	222	(34)
-Engineering services	3.080	4.193	(1.112)
Professional services	2.375	1.854	521
Utilities	1.153	435	718
-Travel	645	557	88
Insurance premiums	1.033	1.017	16
IT services	831	942	(111)
Commissions	2.255	1.776	479
- Remuneration of corporate bodies	329	993	(664)
-Advertising and promotional costs	1.157	1.121	36
-Consideration paid for media services	3.023	2.928	94
- Costs for services to customers	5.428	5.290	139
- Other services	3.186	3.615	(429)
Total	**86.569**	**87.710**	**(1.141)**

The differences in contracted services and works compared to the same period in the previous year mainly concern: a reduction in costs for utilities, security and cleaning and maintenance due to a general rationalisation of costs during the period, while the increase in the maintenance costs is due to the increases in the services provided during the period.

The main changes in the various services refer to: the decrease in the engineering services, consultancy and IT services; while there were increases in the professional services, commissions, promotional services consideration paid for other media services and the costs for services to customers which are strictly connected to the increase in the relative revenues. The decrease in the remuneration of corporate bodies is due to the different calculation of the competences of the managing director which, as mentioned above, are included on long personnel costs.

For better comparability with the current year, a reclassification took place from the "remuneration of corporate bodies " in 2010 from "costs for independent personnel" of the costs incurred for the services provided by the supervisory organization of Euro 56 thousand.

31 Costs for the use of third party assets:

This item totalled Euro 40,149 thousand, a reduction of Euro 1,374 thousand compared to 2010, and is broken down as follows:

	2011	2010	Change
Operating leases	1.140	645	495
Reconveyance paid to RFI S.p.A.	38.795	37.733	1.062
Reconveyance paid to Sistemi Urbani S.p.A.	204	290	(86)
Rents for rental of premises	9	23	(14)
Other rents	-	84	(84)
Total	**40.149**	**38.775**	**1.374**

The difference is due mainly to the reduction in the reconveyance amount relating to RFI, which is a consequence of the increase in rental and advertising revenues

The operating lease amounts include mainly the release of rental amounts paid enough advance by subsidiary Grandi Stazioni Ceska.The book value of these rents includes all the direct costs sustained for the refurbishment of Hlavní nádraží and Mariánské Lázně stations in Prague. These costs are initially placed under "other non-current assets" and then included in incomeon a straight line basis for the remainder the ongoing operating lease with České dráhy a.s. These costs were recorded in the subsidiary's income statement starting from the 2008 financial year. The operating lease amounts concerning the subsidiary Grandi Stazioni Ceska recorded in the 2011 and 2010 income statements at Euro 965 thousand and Euro 631 thousand respectively. The duration of the subsidiary's leasing contract is 30 years as from the final testing expected during the refurbishment phase. The costs recorded as advance leasing fees mainly include the construction costs, in addition to design and insurance costs and other costs directly attributable to the refurbishment of station complexes, including the financial costs, management fees and assignment fees paid during the period of refurbishment and throughout the duration of the lease

32 Other operating costs

This item amounts to Euro 6,012 thousand, up by Euro 273 thousand compared to 2010 and breaks down as follows:

	2011	2010	Change
Taxes and duties	5.231	4.943	288
Penalties, sanctions, amends	111	128	(17)
- bad debts	-	3	(3)
Subscriptions and membership fees	80	155	(75)
Capital losses from sales of fixed assets	-	3	(3)
Other operating costs	589	506	83
Total	**6.012**	**5.739**	**273**

The main changes involved: the increase in tax expenses for TARSU, ICP (*Imposta Comunale di Pubblicità* – Municipal Advertising Tax). Approximately Euro 286 of contingent liabilities due to the normal estimate adjustments.

33 Costs for in house work capitalised

The costs for in-house work capitalized amount to Euro 3,615 thousand as at 31 December 2011 and have increased by Euro 857 thousand compared to the previous year. The amount refers to the capitalization of costs that are directly related to the investment underway on the stations managed by the Group.

34 Amortisation and depreciation

This item amounts to Euro 10,947 thousand, up by Euro 3,040 thousand compared to 2010 and breaks down as follows:

	2011	2010	Change
Amortization/depreciation of tangible and intangible fixed assets			
Amm.of intangible fixed assets	181	77	104
Amm. of property plant and machinery	10.766	7.830	2.936
Total	**10.947**	**7.907**	**3.040**

The increase in the depreciation of tangible assets is mainly due to the calculation for the current year of the deployment of works relating to the building complexes of Milan, Naples and Turin (*respectively 30 April, '30 June and 31 August of 2010)* and the amortisation of the new SAP software.

35 Write-downs and value adjustments of loans

This item is broken down below, with reference to the Ferrovie dello Stato Italiane S.p.A. Group as well as third parties:

	2011	2010	Change
Write-downs and value adjustments of loans	3.996	3.942	54
Group	*(265)*	*309*	*(574)*
Third parties	*4.261*	*3.633*	*628*
Total	**3.996**	**3.942**	**54**

The write-down of loans shown under current assets is based on a careful analysis of these loans and the degree to which they are recoverable.

For better comparability with the current year, 2010 releases of Euro 229 thousand were reclassified from "other revenues and income" to the value adjustments of loans,

36 Provisions for risks and charges

This item amounted to Euro 277 thousand, and is broken down as follows:

	2011	2010	Change
Allocations to provisions for risks			
Civil lawsuits	(314)	(1.757)	1.443
Labour *lawsuits*	4	1.386	(1.382)
Other	33	14	19
Total	**(277)**	**(357)**	**80**

The increase in 2011 is the result of the allocations and releases to the provision for risks given the improved estimate regarding the probable outcome of the disputes arising in the period.For further analysis please see note 21 "provision for risks and charges." For better comparability with the current year, releases of Euro 2,068 thousand relating to 2010 were reclassified from "other revenues and income." to the provisions for risk.

37 Finance income

As at 31 December 2011, finance income amounted to Euro 1,768 thousand, essentially remaining unchanged compared to the previous year. The finance income is broken down as follows:

	2011	2010	Change
- interest income on bank deposits	423	231	192
Interest income from parent companies	337	179	158
Interest income from rentals	21	32	(11)
Profits on exchange rates	883	1.323	(440)
revaluation of [equity] investments		6	(6)
Other interest income	104	-	104
Total	**1.768**	**1.771**	**(3)**

The "interest income on bank deposits" refer to the interest income earned during the year on bank deposits. Compared to the previous year there has been a decrease in the average liquidity and a significant decrease in the interest rates earned.

The item "interest income from parent companies" refers to the interest income from the current intercompany account held with Ferrovie dello Stato Italiane S.p.A., The terms and conditions of which are shown in detail under note 14 "current and non-current financial assets (including derivatives)."

The profits on exchange rates refer to the subsidiary Grandi Stazioni Ceska and in particular the differences recognized during 2011 on transactions in a foreign currency.

38 Financial charges

As at 31 December 2011, finance expenses amounted to Euro 6,447 thousand, up by Euro 1,456 thousand compared to the previous year. The finance charges are broken down as follows:

	2011	2010	Change
Interest on arrears	25	107	(83)
Interest payable on long-term loans	4.989	3.295	1.694
Interest payable on bank deposits		6	(6)
Other interest expenses		313	(313)
Financial charges on derivatives	2.102	1.589	513
Various financial charges	106	1.254	(1.148)
Foreign exchange loss	46	451	(405)
Capitalised financial charges	(822)	(2.025)	1.203
Total	**6.447**	**4.990**	**1.456**

The interest payable on long-term loans refers to the interest due on the mortgages contracted by the parent company with the Banca BIIS (Banca Infrastrutture Innovazione e Sviluppo – Infrastructures Innovation and Development Bank – formerly OPI) and the long-term loans from Bipop Carire and the EIB.For further details please see note 19 "medium/long-term loans." The significant increase compared to 2010 is due to the increase in the 6 month EURIBOR rate (the basis on which the cost of loans is calculated) as well as the decrease in the borrowings recorded during the period, due to repayments that took place on mortgages and the EIB loan. Please see note 19 regarding financial expenses related to derivatives. It is hereby noted that the financial expenses are presented net of capitalization of the property plant and equipment item of the Euro 822 thousand for 2011 and Euro 2025 thousand for 2010.

39 Income tax

As at 31 December 2011, Income Tax amounted to Euro 17,640 thousand, up by Euro 5,364 thousand compared to the previous year. Income taxes were comprised of:

	2011	2010	Change
Current taxes			
IRAP	3.254	2.760	494
IRES	11.095	13.270	(2.175)
Deferred and prepaid taxes	3.291	(3.754)	7.045
Total	**17.640**	**12.276**	**5.364**

Below is the reconciliation schedule between effective and theoretical Ires and Irap taxes.

Reconciliation between effective and theoretical Ires and Irap taxes	IRES			
	2011		2010	
	Assessable	Taxation	Assessable	Taxation
Profit before tax	49.269		32.017	
Theoretical tax charge		**13.549**		**8.805**
Theoretical tax rate		27,50%		27,50%
Temporary deductible differences in future years	14.086	0	19.602	5.391
Temporary differences of prior years	(22.716)		(7.137)	(1.963)
Permanent taxable differences	1.771	0	4.289	1.179
Permanent deductible differences	(2.066)		(518)	(142)
IRES	**40.344**	**11.095**	48.253	**13.270**
Effective rate		22,52%		41,45%
IRAP		**3.254**		**2.760**
Tax for the previous year				
Total deferred taxes		**3.291**		**(3.754)**
total taxes		**17.640**		**12.276**

Other information

40 Contractual commitments and guarantees

Guarantees granted to third parties are shown below:

Description	31.12.2011	31.12.2010	Difference
RISKS			
Guarantees			
issued in favour of associated companies	116	116	
- in favour of third parties	631	500	131
Other personal guarantees			
issued in favour of subsidiaries	30.795	25.300	5.495
TOTAL	**31.542**	**25.916**	**5.626**
COMMITMENTS			
Contracts with deferred execution	21.000	21.000	
TOTAL	**21.000**	**21.000**	
TOTAL MEMORANDUM ACCOUNTS	**52.542**	**46.916**	**5.626**

This amount consists of:

- a guarantee issued by Ferrovie dello Stato Italiane for Metropark guaranteeing a rent agreement for various equipment which expires on 1 January 2013;
- A guarantee issued by Intesa-San Paolo for the municipality of Venice (*Direzione Centrale Sportello Unico*) which originally was to expire on 10 September 2008 and has been tacitly renewed since, in guarantee of the restructuring works under way on the former departmental building in Venice (Euro 500 thousand) with automatic renewal until receipt of the release from the municipality;
- A provisional guarantee issued by Intesa-San Paolo on behalf of Rete Ferroviaria Italiana S.p.A., in guarantee of the participation in the call for tenders "concession for the economic exploitation of the building complex of Roma Tiburtina, with operational management thereof through the assignment to third parties of the ordinary operation and maintenance activities –CIG no. 2530135D70" (Euro 50 thousand);
- A guarantee issued by Intesa-San Paolo on behalf of the Ministry of Economic Development in guarantee of the premiums due relating to the "Roma Termini- Shopping with the Stars" tender (Euro 16 thousand), expiring 11 November 2012;
- A guarantee issued by Intesa-San Paolo on behalf of the Ministry of Economic Development in guarantee of the premiums due relating to the "Book and Buy" tender (Euro 5 thousand), expiring 15 June 2012;
- A provisional guarantee issued by Intesa-San Paolo for *Direccion de Contratacion y Coordinacion Comercial de la Direccion General de Explotacion de la Infraestrucrura de ADIF – Estacion de Chamartin* for participation in the call for tenders for the exploitation of Centro Vialia in the railway station of Vigo (Spain) – (Euro 60 thousand);
- A guarantee amounting to Euro 28.3 billion, which corresponds to CZK 730,000 at the

exchange rate of 25.8 as at 30 December 2011, issued in favour of Unicredit Bank of Austria on behalf of Grandi Stazioni Cesca Republika to guarantee the facility agreement of 3 August 2011;

- A guarantee of Euro 2.5 million issued to Unicredit S.p.A. on behalf of Grandi Stazioni Cesca Republika two guarantee derivative transactions, connected to the loan of CZK 730,000;
- An obligation ensuing from the signing (on 20 April 2010) of a preliminary contract between Grandi Stazioni and Metropolitana di Napoli Spa the objective of which is the undertaking by Metropolitana di Napoli Spa of the obligation to rent to Grandi Stazioni the building portion comprising the Galleria Commerciale for a total duration of 35 years from the date of delivery which provides for the advance payment by Grandi Stazioni of the rental amount equal to Euro 21 billion plus VAT on the date the final contract is signed.

41 Contingent assets and liabilities

Regarding contingent liabilities please see note 21 provisions for risks and charges."

We note furthermore that there are no contingent assets based on which an increase in operations as expected.

42 Remuneration of corporate bodies

The following are the overall amounts of remuneration payable to directors, members of the board of statutory auditors and the Supervisory Body for their services. The remuneration of the Directors also includes the cost of the Managing Director who was hired as a manager as at 1 October 2010. The decrease compared to the previous year is due to the adjustment of the remuneration paid in 2010 to the managing director compared to prior years.

RECIPIENTS	2011	2010	Change
Directors	796	1.283	(487)
Statutory Auditors	57	57	-
Supervisory body	60	56	4
TOTAL	**913**	**1.396**	**(483)**

43 Independent auditors' fees

It is hereby noted that pursuant to article 37, par. 16 of Legislative Decree 39/2010 and section 16 bis of article 2427 of the Italian civil code, the total amount of remuneration due to the independent auditing firm accrued as at 31 December 2011 for group companies amounted to Euro 74 thousand.

44 Related parties

Transactions with managers with strategic responsibilities

The compensation of persons with strategic responsibilities are shown in the table below. The schedule has been prepared with regard to the period that the office was held and on an accruals basis.

	2011	2010
Short term benefits	2.636	2.095
Termination benefits	111	86
Total	**2.747**	**2.181**

During the periods under review a total of 10 directors could be classified as directors with strategic responsibilities (including the managing director and a manager seconded by Ferrovie dello Stato Italiane S.p.A.).

It is hereby noted that all strategic directors have declared that during the period they did not carry out any transactions, whether directly or through close family members, with companies belonging to the Ferrovie dello Stato Italiane group or companies that are directly or indirectly controlled by the latter.

Other transactions with related parties

The inter-relations between Grandi Stazioni and other related parties are conducted on an arm's length basis, this being identified with the assistance of external professionals if required.

The inter-company transactions conducted within the Ferrovie dello Stato Group, of which Grandi Stazioni is a member, pursue the common goal of creating value. In this regard, it must be noted that, in coherence with the new Ferrovie dello Stato Group Business Plan for 2007-2011, a more rational allocation of assets and resources within the Group is being implemented, in order to concentrate the focus of each company on its own core business, improving the valorisation and usage of the company equity not strictly related to the everyday activities of the companies in the Ferrovie Group, assigning this duty to specialised individuals, also through split-offs and conferments, and increasing synergy and economies at the infra-group level.

These processes and transactions occur according to the civil law and tax regulations of the specific sector, in compliance with the guidelines of the supervising Ministries and taking into account the characteristics and peculiarities of the activities carried out by many companies in the Ferrovie dello Stato Group.

Below is a summary table representing the main asset and liability relations ongoing during the year with subsidiaries, parent companies and other associated companies. Relations with the company exercising management and coordination activities and with the companies subject to these management and coordination activities are also highlighted

Company	Relations involving assets	Relations involving liabilities
Parent companies		

Ferrovie dello Stato Italiane (a)	Commercial and other: ’tenancy costs occupancy of complexes Financial: Inter-company current bank account interests	Commercial and other: service Remuneration of corporate bodies
Associated companies		
(b)	Commercial and other: Tenancy costs Occupational allowance	Commercial and other: deposits on engineering work reimbursements
Rete Ferroviaria Italiana (b)	Commercial and other: Tenancy costs Occupational allowance	Commercial and other: retrocession amount deposits on engineering work
Ferservizi (b)	Commercial and other: Tenancy costs Occupational allowance	Comercial and other: and/travel fee
(b)	Commercial and other: Tenancy costs Rentals	
FS Sistemi Urbani (b)		Commercial and other: retrocession amount
(b)	Commercial and other: Tenancy costs Rentals	
(b)	Commercial and other: reimbursements Rentals	Commercial and other services leasing of equipment
Other related parties		
Anas	Commercial and other: Rentals Tenancy costs	
Poste italiane	Commercial and other: Tenancy costs Rentals	Commercial and other: services
Rai	Commercial and other: Average	
Toscana Energia Clienti		Commercial and other: services
Eni		Commercial and other: services
Enel		Commercial and other: services
Fondo Mario Negri		Commercial and other: Pension fund
Cassa depositi e prestiti		Commercial and other: commissions

Company exercising management and coordination activities (direct parent company)
(b) Company subject to the management and control of (a).

Trade and other receivables

The following are the economic and equity amounts resulting from the previously indicated relations (amounts in thousands of Euro).

Company	31.12.2011				2011	
	Receivables	Payables	Acquisitions for investment	Guarantees and commitments	**Costs**	**Revenues**
Parent companies						
Ferrovie dello Stato Italiane	506	6.113			693	174
Other associated companies						
Trenitalia	16.532	77			75	26.418
Rete Ferroviaria Italiana	11.133	15.289			38.545	54.490
Ferservizi	1.323	492			48	2.804
Fs Sistemi Urbani		670			204	
Italferr	1.189					7.223
Metropark	154	227			375	119
Trenord	117					73
Total other associated companies	**30.448**	**16.755**			**39.247**	**91.127**
Other related parties						
Anas S.p.A.	550					4.260
Partecipazioni Italiane S.p.A.	62	1			2	351
RAI S.p.A.	58					48
Toscana Energia Customers		32			134	
Eni S.p.A.		1			2.509	
Fondo Mario Negri		60			115	
Enel S.p.A.		23			6.121	
Total other related parties.	**670**	**117**			**8.881**	**4.659**
TOTAL	**31.624**	**22.985**			**48.821**	**95.960**

Financial relations

The relations with the companies belonging to the Group were mainly of a commercial nature, and , therefore, the costs and revenues and the relevant payables and receivables refer to: the leasing of stations areas, reimbursement of accessory costs, recovery of costs for detached personnel, supply of general group services and business travel services.

Lastly, it should be highlighted that there is an inter-company bank account shared by Ferrovie dello Stato S.p.A. and Grandi Stazioni S.p.A., through which the receipts and payments concerning economic relations with FS Holding, Ferservizi, Italferr, RFI and Trenitalia transit. As at 31 December 2011, the balance of the intercompany current account was equal to Euro 16,973,868.

The following are the economic and equity amounts resulting from the previously indicated relations (amounts in thousands of Euro).

Company	31.12.2011			2011	
	Receivables	Payables	Guarantees and commitments	Charges	Income
Parent companies					
Ferrovie dello Stato Italiane	16.974				335
Other associated companies					
Metropark			116		
Other related parties					
Cassa Depositi e Prestiti				310	
TOTAL	**16.974**		**116**	**310**	**335**

With its resolution of 16 March 2010, the company's Board of Directors and the holding company FSI, elected to apply the Italian income tax consolidation act for the three year period from 2010 to 2012.

45 Events after the balance sheet date

And in January the North and South Lot Environmental Service contracts were signed. The cleaning contracts for the entire network were extended to 29 February 2012, the date of the call for tenders. Grandi Stazioni SpA has presented an offer to PKP (the Polish railway service) for the selection of the tenants in the commercial areas and the management of the Krakow station which was recently renewed.

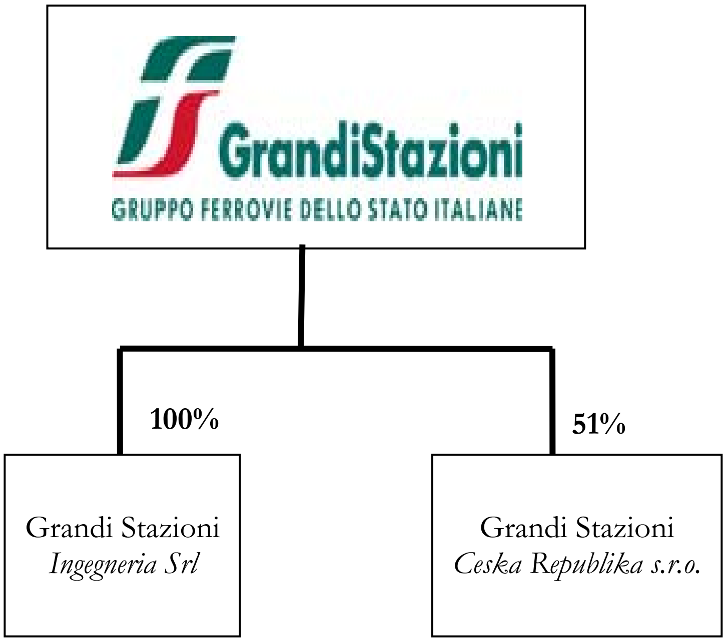
The quality management system for the internal auditing activities of Grandi Stazioni and the Ferrovie dello Stato Italiane group in general were reviewed by an external certification organization (TÜV). This organization confirmed of the certification which had been issued on 3 December 2009.

In February the SAP PM (Project Management) module was deployed and the corresponding SAVVION module for the management of the cleaning and maintenance services of the building complexes was abandoned.

The public call for tenders by RFI was held for assignment of the management of the high velocity station of Roma Tiburtina. Following the opening an examination of the offers, Grandi Stazioni was selected as the most advantageous tenderer.

An offer was presented to Erjet, a subsidiary of ENR (Egyptian railways) to manage the Cairo Ramses and Sidi Gaber stations in Alexandria, Egypt.

Consolidation area and Grandi Stazioni Group equity investments



Design, planning and supervision of works within the station complexes managed by the Group in Italy and abroad.

Refurbishment, enhancement and management of the complexes at the Marianske Lazne. station in Prague.

Grandi Stazioni SpA balance sheet for the period ended 31 December 2011

Financial statements

Balance sheet

(Euro)	Note	31.12.2011	31.12.2010
Assets			
Property, plant and machinery	(5)	262.685.231	237.661.758
Investment Property	(6)	38.576.300	40.374.715
Intangible assets	(7)	543.126	104.731
Deferred tax assets	(8)	7.052.361	7.166.126
Equity investments	(9)	4.074.371	4.074.371
Non-current trade receivables	(10)	6.161.936	7.308.214
Other non-current assets	(11)	1.806.865	2.324.622
Total non-current assets		**320.900.190**	**299.014.537**
Construction contracts	(12)	14.213.868	11.686.650
Current trade receivables	(10)	77.204.565	85.808.468
Current financial assets (including derivatives)	(13)	16.973.868	17.923.968
Cash & cash equivalents	(14)	26.802.032	26.773.569
Tax receivables	(15)		813.588
Other current assets	(11)	12.802.704	14.390.760
Assets held for sale	(16)	7.266.234	17.338.378
Total current assets		**155.263.271**	**174.735.381**
Total assets		**476.163.461**	**473.749.918**

Shareholders' equity			
Share capital	(17)	4.304.201	4.304.201
Reserves	(17)	105.018.701	103.923.992
Profits (losses) brought forward	(17)	9.387.476	9.387.476
Period results	(17)	29.995.131	19.421.700
Total shareholders' equity		**148.705.509**	**137.037.369**
Liabilities			
Medium/long-term loans	(18)	169.046.900	185.205.329
Staff Severance and other employee benefits	(19)	1.840.320	1.856.499
Provisions for risks and charges	(20)	5.111.830	6.239.874
Deferred tax liabilities	(8)	8.923.334	7.178.393
Non-current financial liabilities (including derivatives)	(21)	6.116.455	2.072.025
Other non-current liabilities	(22)	4.282.460	2.599.299
Total non-current liabilities		**195.321.299**	**205.151.418**
Current portion of medium/long–term borrowings	(18)	16.155.715	16.022.219
Trade Payables, Current	(23)	106.172.104	100.711.621
Tax payables	(24)	497.654	109.277
Other current liabilities	(22)	9.311.180	14.718.014
Total current liabilities		**132.136.653**	**131.561.131**
Total liabilities		**327.457.952**	**336.712.549**
Total equity and liabilities		**476.163.461**	**473.749.918**

Income statement

(Euro)	Note	2011	2010

Revenue and income			
Revenues from sales and services	(25)	192.807.130	187.807.841
Other income	(26)	17.732.172	2.674.457
Total revenues		**210.539.302**	**190.482.297**
Operating expenses			
Payroll costs	(27)	(15.532.784)	(14.497.427)
Raw materials, consumables, supplies and goods	(28)	(200.052)	(188.979)
Costs for services	(29)	(85.105.349)	(87.500.846)
Costs for the use of third party assets:	(30)	(39.013.609)	(38.143.761)
Other operating costs	(31)	(5.978.839)	(5.431.627)
Cost for in-house work capitalised	(32)	863.868	868.070
Amortisation and depreciation	(33)	**(10.928.036)**	**(7.887.227)**
Write-downs (write-backs) and impairment losses			
Write-backs and value adjustments of loans	(34)	(3.825.071)	(3.942.128)
Provisions for risks and charges	(35)	**263.285**	370.768
Operating result (EBIT)		**51.082.714**	**34.129.142**
Finance income and charges			
Finance income	(36)	1.009.532	476.214
Financial charges	(37)	(5.114.829)	(3.317.452)
Profit before taxes		**46.977.418**	**31.287.903**
Income tax	(38)	(16.982.287)	(11.866.203)
Net profit (loss) for the year		**29.995.131**	**19.421.700**

Comprehensive income statement

(Euro)	Notes	2011	2010
Net profit (loss) for the year		**29.995.131**	**19.421.700**
Other components of the comprehensive income statement:			
Effective portion of the change in the fair value of cash flow hedges	(17)	(3.893.841)	(1.524.439)
Profits (losses) from actuarial benefits	(17)	(120.227)	(56.849)
Tax effect	(17)	1.103.869	419.221
Other components of the comprehensive income statement, net	(17)	**(2.910.200)**	**(1.162.067)**
Total comprehensive income statement for the period		**27.084.931**	**18.259.633**

Statement of changes in Shareholders' Equity

Euro	Shareholders' Equity								
	Share capital	Legal	Extraordinary	Share premium	Actuarial	Valuation	Profits	Profit for the	**Total**
Balance as at 31 December 2009	**4.304.201**	**860.840**	**21.351.127**	**58.308.624**	**(102.172)**	**(396.999)**	**7.370.239**	**39.468.278**	**131.164.138**
Distribution of dividends								(12.500.000)	(12.500.000)
Distribution of profit from the previous period			24.950.942				2.017.237	(26.968.278)	(99)
Other changes					56.849	(1.105.219)			(1.048.370)
Total Profits/(Losses) recognized									
of which:									
Profit/(loss) recognized directly in shareholders									
Profit for the period								19.421.700	19.421.700
Balance as at 31 December 2010	**4.304.201**	**860.840**	**46.302.069**	**58.308.624**	**(45.323)**	**(1.502.218)**	**9.387.476**	**19.421.700**	**137.037.369**
Distribution of dividends								(15.416.790)	(15.416.790)
Distribution of profit from the previous period			4.004.910					(4.004.910)	
Other changes									
Total Profits/(Losses) recognized									
of which:									
Profit/(loss) recognized directly in shareholders					(87.165)	(2.823.035)			(2.910.200)
Profit for the period								29.995.131	29.995.131
Balance as at 31 December 2011	**4.304.201**	**860.840**	**50.306.979**	**58.308.624**	**(132.488)**	**(4.325.253)**	**9.387.476**	**29.995.131**	**148.705.510**

Cash flow statement

(Euro)	Notes	2011	2010
Net profit (loss) for the year	(18)	29.995.131	19.421.699
Amortisation and depreciation	(33)	10.928.036	7.887.227
Provisions for risks and charges	(19) (35)	(180.813)	(290.368)
Capital (gains)/losses on the sale of tangible fixed assets	(26)	(14.927.856)	
Change in inventories	(12)	(2.527.218)	2.923.100
Change in trade receivables	(10)	9.750.181	28.549.332
Changes in trade payables	(23)	5.460.483	4.198.015
Changes in other assets and liabilities	(11) (22)	1.442.811	(16.839.424)
Uses of provisions for risks and charges	(34)	(864.759)	
Employee benefits paid	(19)	(98.651)	(227.073)
Net cash flow generated (absorbed)by operating activities		**38.977.345**	**45.622.509**
Investments in tangible fixed assets	(5)	(34.413.102)	(20.608.492)
Investments in intangible assets	(7)	(599.516)	(76.677)
Disinvestments of tangible fixed assets	(6)	25.421.129	(17.130.378)
Net cash flow generated (absorbed) by investments		**(9.591.489)**	**(37.815.547)**
Changes in medium/long-term loans	(18)	(16.024.932)	(16.136.745)
Dividends paid	(18)	(15.416.790)	(12.500.000)
Changes in shareholders' equity	(18)	1.134.229	475.970
Net cash flow generated (absorbed) by financing activities		**(30.307.493)**	**(28.160.775)**
Total cash flow generated (absorbed) during the period	(13) (14)	921.637	20.353.814
Cash and cash equivalents at beginning of year	(13) (14)	44.697.537	65.051.351
Cash and cash equivalents at end of year	(13) (14)	43.775.900	44.697.537
Taxes paid		13.057.915	22.059.659
Interest paid		5.864.120	5.273.025

Statement of changes in Shareholders' Equity

Euro	Shareholders' Equity								
	Share capital	Legal	Extraordinary	Share premium	Actuarial	Fair value	Profits	Profit for the	**shareholder**
Balance as at 31 December 2009	**4.304.201**	**860.840**	**21.351.127**	**58.308.624**	**(102.172)**	**(396.999)**	**7.370.239**	**39.468.278**	**131.164.138**
Distribution of dividends								(12.500.000)	(12.500.000)
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Other changes					56.849	(1.105.219)			(1.048.370)
Total profit/loss									
of which:									
Profit/(loss) recognized directly in equity									
Profit for the year								19.421.700	19.421.700
Balance as at 31 December 2010	**4.304.201**	**860.840**	**46.302.069**	**58.308.624**	**(45.323)**	**(1.502.218)**	**9.387.476**	**19.421.700**	**137.037.369**
Distribution of dividends								(15.416.790)	(15.416.790)
Distribution of profit from the previous period			4.004.910					(4.004.910)	
Other changes									
Total profit/loss									
of which:									
Profit/(loss) recognized directly in equity					(87.165)	(2.823.035)			(2.910.200)
Profit for the year								29.995.131	29.995.131
Balance as at 31 December 2011	**4.304.201**	**860.840**	**50.306.979**	**58.308.624**	**(132.488)**	**(4.325.253)**	**9.387.476**	**29.995.131**	**148.705.510**

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Interest paid		5.864.120	5.273.025

1 Notes to the financial statements Introduction

These statutory financial statements for the period ended 31 December 2011 (hereinafter the "Statutory Financial Statements") have been drawn up in compliance with the International Financial Reporting Standards-IFRS) issued by the International Accounting Standards Board (IASB), adopted by the European Union("EU-IFRS").It is hereby noted that Grandi Stazioni SpA (hereinafter also the "Company") took the option provided by Legislative Decree no. 38 of 28 February 2005, which governs exercising of the options provided by article 5 of the European Regulation no. 1606/2002 regarding the International Accounting Standards.In particular, pursuant to articles 3 and 4 of the aforementioned Legislative Decree, the company has applied EU-IFRS for the preparation of the statutory financial statements beginning from the period ended 31 December 2010. Up to the period ended 31 December 2009, the company prepared its statutory financial statements pursuant to the provisions set forth in Legislative Decree 127 of 9 April 1991, as interpreted by the accounting principles issued by the Organismo Italiano di Contabilità [Italian Accounting Organization] (the "Italian Accounting Standards").

2 The company

Grandi Stazioni S.p.A.is based in Italy and organized according to the laws of the Republic of Italy. The Company's registered offices are in Via G. Giolitti 34 – 00185 Rome.

The principal activity of the Grandi Stazioni Group is the refurbishment and management of station complexes.

In particular, it operates at a national level in the 13 major Italian railway stations: Roma Termini, Milano Centrale, Torino Porta Nuova, Firenze Santa Maria Novella, Bologna Centrale, Napoli Centrale, Venezia Mestre e Santa Lucia, Verona Porta Nuova, Genova Piazza Principe e Brignole, Palermo Centrale and Bari Centrale.

In carrying out its design and works direction activities, the execution of feasibility studies and technical consultancies, Grandi Stazioni collaborates with its subsidiary Grandi Stazioni Ingegneria.

The purpose of the Group's operations is to introduce the public to a new station concept: a business with high economic potential, an attraction point for the city and a warm and welcoming place, able to offer quality services and opportunities to pass the time in a more pleasant and enjoyable way. Stations have a new urban role to play in this new concept.

The goals of the corporate mission are:

- refurbishment and enhancement of the properties through leasing, promotional and advertising activities and direct management of passenger areas and services;
- improvement of the quality and diversification of travel services by improving the existing offer and constant commitment towards improving customer satisfaction;
- promotion of new methods of using the areas, introducing innovative services to the stations in the Network, such as a services centre with numerous branded shops, a

specialised general surgery unit, gymnasium and many leisure activities;

- integration of the station property complexes with the surrounding urban area to transform stations into a lively part of the city, facilitating access to and inter-modality with all other means of transport;
- development of social projects and initiatives in favour of socially disadvantaged groups within the stations, in collaboration with volunteering bodies and associations;
- affirmation of the new station model through communication policies and cultural initiatives.

On 5 April 2012 the Directors approved the financial statements for the period ended 31 December 2011 and resolved to make them available to the shareholders pursuant to article 2429 of the Italian Civil Code. These financial statements shall be submitted for the approval of the shareholders' meeting within the deadlines set forth in article 2364 of the Italian civil code and they will be deposited within the deadlines set forth in article 2435 of the Italian civil code. The Shareholders' Meeting has the power to make amendments to these financial statements. Pursuant to IAS 10, par. 17, the date taken into consideration by the Directors in drawing up the financial statements is 5 April 2012, the date on which they were approved by the BoD.

PricewaterhouseCoopers SpA has been assigned to carry out the legal audit of the accounts, pursuant to article 14 of legislative Decree 39/2010 and articles 2409-bis et seq. Of the Italian civil code.

3 Basis of preparation

Following are the general criteria and accounting principles applied in the preparation of the statutory financial statements.

As previously indicated, these statutory statements have been prepared in compliance with the EU-IFRS, these being all International Financial Reporting Standards (IFRS), International Accounting standards (IAS), Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) previously named the Standing Interpretations Committee (SIC) adopted by the European Union and contained in the relative EU Regulations published up to 5 April 2012, the date on which the company's Board of Directors approved this document.. In particular, the EU-IFRS have been applied in a coherent manner to all the periods presented in this document. It is furthermore noted that these statutory financial statements have been prepared based on the best available knowledge of the EU-IFRS and with account taken of the best theories on this subject; any future guidelines and amendments to the interpretations shall be reflected in subsequent periods, as provided by the accounting standards of reference from time to time.

The statutory financial statements have been prepared and are presented in Euro, which is the company's functional currency and therefore the currency used in the countries in which the company mainly operates; all the amounts included in the tables within the notes that follow are expressed in thousands of Euro, unless otherwise indicated.

Following are the statements used and the relative classification criteria adopted by the company, from among the options provided by IAS 1 "Presentation of Financial Statements":

- The balance sheet has been prepared by classifying the assets and liabilities according to the "current/non-current" criterion;
- The income statement has been prepared classifying the operating costs according to their nature;
- The statement of comprehensive income includes, in addition to the results for the period ended, the other changes to the items of shareholders' equity resulting from transactions that did not take place with shareholders of the company;
- The cash flow statement has been prepared by showing the cash flows from operations according to the "indirect method. "

These statutory financial statements have been prepared on a going concern basis, since the directors have ensured that no financial, operational, or other indicators exist that would indicate the existence of critical issues regarding the company's ability to fulfil its obligations in the foreseeable future and in particular in the next 12 months. The procedures the company uses to manage financial risks are explained in note 4 – Management of financial and operating risks.

The statutory financial statements have been prepared based on the criterion of historical cost, except for the valuation of financial assets and liabilities for which the fair value criterion is required to be applied.

Basis of accounting

Following are the major accounting principles and valuation criteria used for the preparation of the financial statements.

Property, Plant and Machinery

Property, plant and machinery are measured at purchase or production cost net of accumulated amortization and any impairments. Their cost includes all expenses sustained directly in preparing the assets for use and any other costs for disposal and removal that may be sustained as a consequence of contractual obligations requiring the assets to be returned to their original condition. Financial charges that are directly attributable to the purchase, construction or production of the eligible assets are capitalized or amortized based on the useful life of the asset they refer to. Improvement, modernisation and transformation costs which increase the value of the assets, are charged to the balance sheet assets concerned.

Costs incurred for maintenance and repairs of an ordinary and/or cyclical nature are recognized directly in income when incurred. Capitalization of costs inherent in the expansion, updating or improvement of the structural elements that are owned or used by third parties is carried out exclusively to the extent that they fulfil the requirements to be separately classified as assets or parts of an asset through application of the component approach criterion, which provides that the useful life of each element and its relative value must be assessed independently.

Depreciation is allocated monthly on a straight line basis at rates that allow the assets to be depreciated until exhaustion of their useful life. If the asset being depreciated is composed of elements that are distinctly identifiable the useful life of which differs significantly from that of other parts comprising the asset, the depreciation is carried out separately for each part comprising the asset in application of the component approach.

The useful life generally assigned to the various categories of assets by the Company is as follows:

	Rate
Civil works	3%
Plant and machinery	5%-20%
Industrial and trade equipment	20%
Other assets:	
- Furniture and furnishings	12%
Electronic machinery	20%
-Office Equipment	40%
-Cars	25%

The useful lives of the tangible assets and residual value are reviewed annually, and adjusted if appropriate, at each balance sheet date. Land is not depreciated.

Assets under finance leases

The intangible assets held through financial leases which essentially transfer to the Company the risks and benefits of ownership, are recognized as assets of the Company at their current value on the date the contract was concluded or, if lower, at the current value of the minimum payments due for the lease including any amounts payable for exercising the purchase option. The corresponding liabilities towards the lessor are represented in the balance sheet among financial debts. Assets are depreciated applying the previously indicated criterion and rates, unless the duration of the lease is lower than the useful life represented by those rates and there is no reasonable certainty that the ownership of the leased asset will be transferred upon expiration of the contract; in this case the depreciation period is equal to the duration of the lease.

Leases in which the lessor essentially maintains all the risks and benefits of ownership are classified as operating leases. The operating lease costs are recognized throughout the duration of the lease in profit and loss.

Investment Property

Property investments are the real estate properties owned in order to obtain the rental income and/or obtain an increase in the capital invested and are not destined for sale in the normal execution of business operations. Furthermore, the property investments are not used in the production or the supply of goods or services or in the management of the company. The accounting standard used for the accounting of this item are in compliance with the criteria described above under "Property plant and machinery."

If a project is developed in order to be sold in the future, the properties are reclassified under Inventories once the usage of the property is changed. The book value as at the date the usage of the property is changed is used as the cost for the subsequent accounting among inventories.

Buildings are amortized at a rate of 3% while plants are amortized at a rate of 15%.

Intangible assets

Intangible assets consist of non-monetary elements, identifiable and without physical consistency, controlled by the company and capable of producing future economic benefits. Identification is defined with reference to the possibility of distinguishing the intangible assets acquired with respect to goodwill. This requirement is usually satisfied when: (i) the intangible asset is traceable to a legal or contractual right, or (ii) the asset is separable, in other words can be sold, transferred, leased or exchanged autonomously or as an integral part of other assets. Control by the company involves the power to use the future economic benefits deriving from the asset and the possibility of limiting its access by others.

Intangible assets are only recorded at the cost determined according to the same methods as those indicated for properties, plants and machinery when they can be reliably measured.

The following types of intangible assets are present in the financial statements , the lifetime of which has been defined as follows:

	Rate
Software	33%
Licences	33%

After initial recognition, the cost or fair value of intangible assets with a definite lifetime is adjusted by the relevant amortizations accumulated and any impairment, determined as described below. The amortization begins when the asset is available for use and is distributed systematically in relation to the residual possibility of its use and therefore based on its estimated useful life.

The useful lifetime is reviewed on an annual basis and any changes, if deemed necessary, are made using the method of prospective application.

The gains and losses deriving from the disposal of an intangible fixed asset are determined as the difference between the disposal value and the book value of the assets; they are recorded in the income statement at the time of disposal.

Write-downs of tangible and intangible assets

iii) Assets (tangible and intangible) with a definite useful life

On each balance sheet date, an impairment test is carried out on the tangible and intangible assets. To this end both external and internal sources of information are taken under consideration. In regard to the internal sources, the following are taken into account: The obsolescence or physical deterioration of the asset, any significant changes in the use of the asset or the financial performance of the asset as compared to the performance anticipated. The following external sources are considered: The prices for the asset on the market, any discontinuities in terms of technology, the market or regulations, the market interest rates and the cost of capital used to assess the investments.

In the event that such indicators are identified, we proceed to estimate the recoverable value of the aforementioned assets and recognize any write downs in profit and loss. The recoverable value is the greater of the fair value of an asset net of the cost of sale and its value in use, the latter being the current value of the future cash flows estimated for this asset. Value in use is determined by discounting estimated future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset. The recoverable amount of assets that do not generate independent cash flows is determined based on the cash-generating unit to which the asset belongs.

An impairment loss is recognized in the income statement if an asset's Book value or that of the cash-generating unit to which it is allocated is higher than its recoverable amount. Impairment losses of cash generating units are first charged against the Book value of any goodwill attributed to it and then against the value of other assets, in proportion to their Book value. If the reasons for the write down above cease to exist, the book value of the assets is restored and recognized in the income statement, up to the book value the asset in question would have had if the write down had not occurred and amortization had been carried out.

iv) Intangible assets which are not yet available for use

The recoverable value of intangible assets which are not yet available for use is subject to annual or more frequent impairment testing, if there is an indication that these assets may have become impaired.

Equity investments in subsidiary companies

Equity investments in subsidiaries are accounted for at the impairment adjusted cost. When the reasons for the impairment cease to exist, the book value of the equity investment is increased up to its relative original cost. This write back is recognized in the income statement.

Financial instruments

Receivables and payables

Receivables are initially recognized at their fair value which generally coincides with their nominal value. Subsequently they are measured at amortised cost and decreased, in the event of impairment, to their presumable realizable value through recognition in a special adjustment provision. Estimates of amounts considered to be uncollectible is carried out according to the value of the expected future cash flows . Estimated cash flows take into account expected recovery times, the estimated realisable value of possible guarantees, as well as expenses expected to be incurred to recover credit exposure. The write-back is entered in the profit and loss account, and cannot in any event exceed the amortised cost which would have applied in the absence of previous write-downs.

Payables and other debts are accounted for initially at fair value net of directly attributable ancillary costs and subsequently measured using the amortised cost method based on the effective interest rate criterion.

Trade receivables falling due in line with generally accepted trade terms are not discounted.

Cash & cash equivalents

Cash and cash equivalents comprise cash in hand, at banks and short-term financial investments (maturity of three months or less after purchase date). On the balance sheet date, current account overdrafts are classified among financial payables under current liabilities in the balance sheet. The elements included in net cash are measured at fair value and the relative changes are recognized in profit and loss.

Loans

Loans are accounted for initially at fair value net of directly attributable ancillary costs and subsequently measured using the amortised cost method based on the effective interest rate criterion. Whenever there is a change in the cash flows expected and it is possible to estimate these cash flows reliably, the value of the debts is recalculated in order to reflect this change based on the current value of the new cash flows expected and the internal rate of return that had initially been determined. Loans are classified among current liabilities, except those which have a contractual expiration date over 12 months after the balance sheet date and those for which the Company has an unconditional right to defer payment for at least 12 months after the reference date. The financial liabilities are removed from the balance sheet when they are settled and when the company has transferred all risks and expenses relating to the instrument itself.

Financial assets and liabilities

The financial assets which the company intends and is able to keep until maturity pursuant to IAS 39 and financial liabilities are recognized at cost, when the company becomes a party to the contractual clauses of the instrument, represented at the fair value of the initial consideration, net of any directly attributable transaction costs. Following initial recognition, the financial assets and liabilities are measured on an amortised cost basis using the effective interest rate method.

Financial assets and liabilities are no longer presented in the balance sheet when, due to their sale or extinction, the company is no longer involved in their management nor does it hold risks and benefits relating to these sold/extinct instruments.

Derivative financial instruments

The Company uses derivative financial instruments with the intent of hedging, in order to reduce the risks deriving from fluctuations in interest and exchange rates. On the conclusion date of the contract the derivative instruments are initially accounted for at fair value and if the derivative instruments are not accounted for as hedges, any subsequent changes in the fair value are recognised in income.

Derivative contracts are accounted for according to the methods established for hedging transactions ("hedge accounting") only if:

- Upon inception of the hedge, a formal designation exists and the hedge is documented;
- it is assumed that the hedge is highly effective;
- effectiveness can be reliably measured;
- the hedge itself is highly effective during the various accounting periods for which it has been designated.

When financial instruments qualify for hedge accounting, the following accounting treatment is applied:

Cash flow hedges

When an instrument is designated to hedge the risk of changes in the future cash flows of an asset or liability recorded in the balance sheet or a transaction deemed highly probable ("cash flow hedge"), the affected portion of the gains or losses from adjustment to fair value of the derivative instrument is recognized in a specific equity reserve. The cumulative profits or losses are removed from the shareholders' equity and attributed to income in the same periods in which the effects of the hedging transaction are recognized in income. The profit or loss associated to that portion of the ineffective hedge is recognise in income directly. If the transaction hedged is no longer considered probable, the still unrealised profits and losses suspended in equity are immediately recognised in the income statement.

Derivative Financial Instruments are accounted for on the negotiation date.

Fair value estimates

The fair value of financial instruments listed on an active market is based on the market prices on the balance sheet date. The fair value of financial instruments which are not listed on an active market on the other hand is determined through the use of valuation techniques based on a series of methods and assumptions tide to market conditions on the balance sheet date.

Following is the fair value classification of Financial Instruments based on the following hierarchical levels:

Level 1 Fair value determined on the basis of listed prices (non adjusted) on active markets for identical financial instruments;

Level 2 Fair value determined using valuation techniques based on variables observed on active markets;

Level 3 Fair value determined using valuation techniques based on variables which cannot be observed on active markets;

Given the short term nature of trade receivables and payables, it is believed that the book values represent a good approximation of fair value.

Construction contracts

The construction contracts a (hereinafter also "contracts") are recognized at the value of the related contracts concluded, to the degree that they have been ongoing using the method of the completed percentage and taking into account the progress reached and the contractual risks expected. The progress of the works is measured in relation to the costs of the contract that have been incurred up to the balance sheet date as a percentage of all estimated costs for every single job order.

When the results of a contract cannot be reliably estimated, the revenue from the job is recognized only to the extent to which the costs incurred can reasonably be expected to be recovered. When the results of a contract cannot be reliably estimated and it is probable that the contract will generate a profit, the revenue from the contract is recognized for the entire duration of the contract itself. When it is probable that the total contract costs will exceed the total revenues of the contract, the potential loss is recognized in the income statement directly.

The Company presents as assets the gross amount due from customers for contracts relating to work under way for which the costs incurred plus the margins (minus the losses that have been recognized) exceed the invoicing for the work to that date. The Company presents as liabilities the gross amount due to customers for all work underway for which the amounts invoiced for the progress made exceed the costs incurred, including the margins (mine is derecognised losses).

Employee benefits

Short-term benefits are salaries, wages, the relative social security charges, compensation in lieu of holidays and incentives provided in the form of a bonus payable within the 12 months from the balance sheet date. These benefits are accounted for as components of personnel costs in the period in which the work is provided.

Staff severance and other employee benefits

The Company has defined contribution as well as defined benefit plans in place. The defined contribution plans are managed by third parties/ asset managers in relation to whom there are no legal obligations or other obligations to pay further contributions should the fund not have enough assets to cover the obligations assumed towards the employees. For the defined contribution plans, the Company pays contributions voluntarily or those which are established by contract, into insurance funds, both public and private. The contributions are recognised as personal costs on an accruals basis. The contributions paid in advance are recognized as assets that will be reimbursed or offset against future payments, should these be due.

A defined benefit plan is a plan which cannot be classified as a defined contribution plan. In defined benefit plans the amount of the benefit payable to the employee can be calculated only after the work relation has been terminated and is connected to one or more elements such as age, years of service and remuneration. The obligations for defined benefit plans are therefore determined by an independent actuary using the projected unit credit method. The current value of the defined benefit plan is determined by discounting the future cash flows at an interest rate equal to that of bonds (high quality corporate) issued in the currency in which the liability shall be settled in which takes into account the duration of the relative pension plan. The gains and losses from the actuarial calculation are entirely allocated to equity during the year of reference.

In particular, we note that the Company operates a defined benefit plan which is represented by the Trattamento di Fine Rapporto ("TFR") [staff severance indemnity fund]. The TFR is mandatory for Italian companies pursuant to article 2120 of the Italian civil code, provides deferred retribution and is related to the duration of the employees working lives and the remuneration received over the period of service they provided. Starting from 1 January 2007, law 296 of 20 December 2006 "Finance Law 2007" as it is currently applicable introduced significant amendments to the TFR, including providing employees with the option to pay into their own TFR into which all complementary social security funds are placed or into the "Treasury Fund" managed by the INPS It ensues therefore that the obligation towards the INPS and the contribution to complementary pension funds have assumed, pursuant to IAS 19 Employee Benefits, the nature of defined contribution plans, while the funds placed in the TFR fund as that 1 January 2007 maintain the essential qualities of defined benefit plans.

Provisions for risks and charges

Provisions for risks and charges are accrued against certain or probable losses or liabilities, the amount and date of occurrence of which are unknown at year end. This entry is made only when there is a current obligation (legal or implicit) for the future of flow of financial resources as a result of past events and it is probable that this outflow will be requested for extinction of the obligation. This amount represents the best discounted estimate, applied to the cost involved in settling this obligation. The rate used in determining the current value of the liability reflects the current market values and includes any additional effects relating to the specific risk associated with each liability.

When the financial effect of time is significant and the payment dates of the obligations are reliably estimated, the provisions are measured at the current value of the expected outflow using a rate that reflects market terms and conditions, the changes in the cost of money over time and the specific risk connected to the obligation. The increase in the value of the provision which is the result of changes in the cost of money over time is accounted as interest payable.

Risks for which the related liability is only contingent are disclosed in the notes to the financial statements (in the section on provisions); and no provision is made for such risks.

Translation of foreign currency items

The transactions in currencies other than the functional currency are recognized in these financial statements at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in a foreign currency other than the functional currency are later adjusted using the exchange rate at the balance sheet date. Non-monetary assets and liabilities in foreign currency carried at historic cost are translated at the exchange rate prevailing on the date of initial recognition of the transaction. Any exchange rate differences are recognized in the income statement.

Revenues

The revenues are recognised to the extent that it is probable that the company will receive the economic benefits and their amounts can be reliably determined, taking into account also any returns, rebates, discounts and loyalty bonuses.

The revenues for the rendering of services are recognized in income by reference to the stage of completion of the service and only when the outcome of the transaction involving the rendering of services can be reliably estimated.

Revenues from work-in-progress are recognized on the basis of the stage of completion method.

The revenue from the sales of goods are measured at the fair value of the consideration received or forthcoming. The revenue from the sales of goods is measured with the significant risks and rewards of ownership of the goods is transferred to the purchaser and the relative costs can be reliably determined.

Interest income is recognized in the income statement based on the actual rate of return.

Government grants

Government grants for which there is an official resolution and, in any case, when the right to receive of them is considered definite as the reasonable certainty exists that the company will comply with the terms and conditions required for receiving the grants and the grants will be collected, are recognized on an accruals basis directly in relation with the costs incurred.

iii) Grants related to assets

Government grants related to assets refer to the amounts granted by the State or public entities to the company for realization of initiatives directly involving the construction, reactivation or expansion of buildings, plants and machinery. Investment grants are charged against the assets they refer to and reduce the calculation of the amortization rate.

iv) Grants related to income

Grants related to income refer to amounts granted by the State or other public entities to the company and are charged against the costs and expenses incurred. Grants related to income are recognized in the income statement and charged against the cost item they refer to.

Costs recognition

The costs are recognized when they relate to goods and services sold or consumed during the year or by systematic allocation .

Income tax

The current taxes are determined on the basis of an estimate of the applicable tax and in compliance with the current tax laws applicable to the Company.

Prepaid and deferred income taxes are calculated against the differences that emerge between the tax base of an asset or liability and the relative book value, except for the differences arising from equity investments in subsidiaries, when the time they can be reallocated is under the control of the company and it is probable that they will not be reversed over a time period that can be reasonably foreseen. Deferred tax assets, including those referring to prior tax losses, insofar as the portion that is not offset by deferred tax liabilities. are recognized only if there exists a reasonable certainty of their future recovery based on an available taxable income. Deferred taxes are determined using the tax rates which are expected to be applicable in the years in which the temporary differences will be realized or settled.

Current taxes, prepaid and deferred taxes are recognized in the income statement except for those relating to items recognized among other components of the comprehensive statement of income or which are directly charged to or credited to shareholders' equity. Current and deferred taxes are offset when the income taxes applied by the same tax authority and a legal right to compensation exists.

Other taxes not connected with income, such property and capital taxes, are included under "Services and sundry costs."

It is hereby noted that the Company has participated in 2010 (for the three year period from 2010 to 2012) in the Italian income tax consolidation act, prepared by the holding company Ferrovie dello Stato S.p.A., pursuant to article 117 of the T.U.I.R. (Italian income tax code).

The tax consolidation contract provides that for the taxable revenue achieved and transferred to Ferrovie dello Stato S.p.A., the subsidiaries will transfer to the latter "tax settlements" net of the credits transferred within the time period set by the law for payment of the balance and the instalments relating to the revenue transferred. Any offsetting carried out by Ferrovie dello Stato SpA as part of the taxation of the FSI Group shall not be applicable to identification of the measure and the terms of payment.

In the event of the transfer of a fiscal loss, Ferrovie dello Stato S.p.A. must pay to the subsidiaries compensation equal to the loss that they themselves would have used independently in the absence of the taxation of the FSI Group.

IRAP is settled independently by each company participating in the aforementioned tax consolidation regime.

Non-current Assets Held for Sale and Discontinued Operations

- Assets the Book value of which will mainly be recovered through a sale rather than through ongoing use, are classified separately from the other balance sheet assets and liabilities. The corresponding values for the previous period are not reclassified. A discontinued operation is a part of a business that has been discontinued or classified as held for sale and which represents a significant area of activity or geographical area of an activity;
- is part of a coordinated plan for the disposal of a significant area of activity or geographical area of an activity;
- is an activity that has been purchased exclusively for the purpose of being resold.

Results of discontinued operations, whether they have been disposed of or classified as held for sale and in the process of being divested, are reported separately in the income statement, net of the tax effects. The corresponding values for the previous period, where they exist, are reclassified and reported separately in the income statement, net of tax effects, for comparative purposes. Non-current assets (or disposal groups) classified as held for sale are initially recognized according to the IAS or IFRS that is applicable to each asset and liability and subsequently at the lower of their Book value and their fair value, net of costs to sell. Any subsequent impairment is recognized directly against any assets classified as held for sale with a contra entry in the income statement.

There is a write-back for each subsequent increment in the fair value of an asset net of costs to sell, but only up to the cumulative impairment loss that has been recognised

Recently issued accounting standards

Accounting standards endorsed by the European Union and applied prospectively by the company

The community legislator has adopted certain accounting standards and interpretations which are mandatory starting from 1 January 2011 and which govern cases which do not apply to the company as at the date of these annual financial statements and which could have accounting effects on future transactions and agreements.

Amendments to IAS 32 – "Classification of rights issues," in order to address the accounting of rights issues denominated in a currency other than the issuer's functional currency;

Amendments to IFRIC 14 – "Prepayments of a minimum funding requirement," which allows companies that prepay a minimum funding requirement that is due to recognize it as an asset;

Amendments to IFRIC 19 – "Extinguishing financial liabilities with equity instruments," which provides the guidelines regarding the recognition of the extinguishment of a financial liability through the issuing of equity instruments.

New standards which are not yet applicable as they have not been endorsed by the European Union

On 12 November 2009, the IASB issued the first part of IFRS 9 – "Financial Instruments," which will replace IAS 39 – "Financial Instruments:" recognition and measurement." This first publication refers to the classification of financial instruments and is part of a draft in three phases which will respectively refer to procedures for determining the impairment of financial assets and the procedures for applying hedge accounting. The publication of the new standard, which aims to simplify and reduce the complexity of accounting for financial instruments, provides for classification of financial instruments in three categories to be defined according to the business model that is employed, the contractual characteristics and the relative cash flows of the instruments in question.

On 19 October 2010, the IASB published an addition to IFRS 9 which, in order to normalize the affects relating to the volatility that ensues from the decision to measure financial liabilities at their relative fair values, requires recognition of the changes in question in the statement of comprehensive income, without impacting the net result for the period which is presented in the income statement.

On 7 October 2010, the IASB published several amendments to IFRS 7 – Financial Instruments: Disclosures, applicable to accounting periods beginning on or after 1 July 2011. The amendments were issued with the intent of improving understanding of transfer transactions of financial assets (for example, derecognition), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. It is believed that adoption of this amended version will not have any significant effect on the company's separate financial statements.

On 20 December 2010 the IASB issued a minor amendment to IAS 12 –Income Taxes, applicable retrospectively from 1 January 2012, which clarifies the determination of deferred taxes on investment properties measured at fair value. The amendment introduces the relative presumption that deferred taxes on investment property measured using fair-value according to IAS 40 should be determined on the basis of the fact that the Book value will be recovered through sale. As a result of this amendment, SIC-21 Income Taxes—Recovery of Revalued Non-Depreciable Assets will no longer apply. The company is assessing the impacts arising from application of the amendment.

On 12 May 2011, the IASB issued IFRS 10- Consolidated Financial Statements which will replace SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements which shall be renamed Separate Financial Statement and will address the accounting treatment of equity investments in the separate financial statements. The new standard builds on existing principles, by identifying the concept of control as the determining factor in whether an entity should be included within the Consolidated Financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard is applicable retrospectively from 1 January 2013. The company is evaluating the effects deriving from application of the amendment.

On 12 May 2011, the IASB issued IFRS 12 -Disclosure of Interests in Other Entities, applicable retrospectively from 1 January 2013, which addresses the additional information to disclose on every type of equity interest, including in subsidiaries, joint arrangements, associates, special purpose entities and other non-consolidated structured entities. The company is assessing the impacts arising from application of the amendment.

On 12 May 2011, the IASB issued IFRS 13 – Fair Value Measurement, applicable prospectively from 1 January 2013, which clarifies the method for determining fair value and is applicable to all IFRSs that require or permit measurement of fair value or the presentation of information based on fair value. The company is assessing the impacts arising from application of the amendment.

On 16 June 2011, the IASB issued an amendment to IAS 1 – Presentation of Financial Statements applicable from periods beginning on or after 1 July 2012, requiring the grouping together of items within other comprehensive income/(losses) that maybe reclassify and to the profit and loss section of the income statement. Adoption of this standard is not expected to have any significant effect on the company.

On 16 June 2011, the IASB issued an amendment to IAS 19 –Employee Benefits which is applicable retrospectively from periods beginning from 1 January 2013, eliminating an option to defer the recognition of gains and losses, known as the 'corridor method', improving comparability and faithfulness of presentation and separate recognition in the income statement of the costs components related to the actual work and the net financial expenses and the recognition of actuarial profits and losses that derive from re-measurement in at every period of the assets and liabilities among other comprehensive income. Furthermore, the yield of the asset included among net financial expenses must be calculated based on the discount rate of the liability and no longer on the bases of the expected yield from the asset. Finally the amendment introduces new additional information to be provided in the notes to the financial statements. The company is assessing the impacts arising from application of the amendment.

On 16 December 2011, the IASB issued several amendments to IAS 32 – Financial Instruments: Presentation, applicable retrospectively for periods beginning on or after 1 January 2014, to clarify the application of several criteria for offsetting financial assets and liabilities which are present in IAS 32. No significant effects for the company are expected from adoption of this standard.

On 16 December 2011, the IASB issued several amendments to IFRS 7 – Financial Instruments: additional information". The amendment requires information on the effects or potential effects of offsetting financial assets and liabilities on the balance sheet. The amendments are applicable to periods beginning on or after 1 January 2013 and the interim periods subsequent to that date. The information must be provided retrospectively. It is believed that adoption of this amended version will not have any significant effect on the company's separate financial statements.

Use of estimates and valuations

The preparation of financial statements requires that directors apply accounting principles and methods that, in some circumstances. are based on difficult and subjective valuations and estimates that are based on experiences and assumptions that are from time to time considered reasonable and realistic under the relative circumstances. The ultimate actual amounts of accounting items for which these estimates and assumptions have been used might be different from those reported in the financial statements due to the uncertainty characterising the assumptions and conditions on which estimates are based. The estimates and assumptions are periodically reviewed and the effects of any changes are reflected in the statement of income if they only involve that period. If the review involves both the current and future periods, the change is recognized in the period in which the review takes place and in the related future periods.

The final results could differ, including significantly, from these estimates following possible changes in the factors considered in determining these estimates.

Following is a brief description of the major accounting principles requiring more subjectivity on behalf of the administrators in the elaboration of the estimates and for which the conditions underlying the assumptions used could have a significant impact on the recalculated aggregate financial data.

v) ***Impairment of assets***

Pursuant to the accounting principles applied by the Company, the tangible and intangible assets with a definite useful life are tested for impairment which is recognized as a write-down if there are indications that the relative book value will be difficult to recover through use. The verification of the existence of these indications require administrators to make subjective measurements based on information available within the company and the market, as well as based on their historical experience. Furthermore, when impairment is considered to have occurred, the company will determine the extent through the use of the appropriate valuation techniques. Correct identification of the elements of impairment and the estimates for determination of the impairment itself depend on factors that may change over time thereby influencing the measurements and estimates made by the administrators.

vi) ***Residual value of property plant and machinery, property investments and intangible assets***

Pursuant to the provisions of IAS 16, 38 and 40, the depreciable amount of an element of property plant and machinery, Property Investments and intangible assets is determined by deducting the residual value from the cost. The residual value is determined as the estimated value that the entity could receive at the time of its disposal, net of the costs estimated for the disposal itself.

vii) ***Provisions for risks and charges***

Provisions are made for legal and tax risks to cover the event of a negative outcome. The value of the provisions relating to these risks represents the best estimate made by the administrators on that date.The estimate involves the use of assumptions that depend on factors that could change over time and could therefore have effects compared to the current estimates made by the administrators for the preparation of the company's statutory financial statements.***Taxes***The recognition of deferred tax assets is carried out on the basis of expectations regarding tax income in future years. The valuation of the income expected for the purposes of recognition of the deferred taxes depends on factors that could fluctuate over time and significantly affect the measurement of the deferred tax assets.

ix) ***Fair value of derivative financial instruments***

The fair value of derivative financial instruments that are not listed on active markets is determined through the use of valuation techniques. The Company uses valuation techniques that use inputs which can directly or indirectly be a observed on the market on the closing date of the period and which are connected to the asset or liability being evaluated. Though we consider the estimates of the aforementioned fair values to be reasonable, possible changes in the factors used for the estimate on which the calculation of the aforementioned value is based could produce a differing valuations.

4 Management of financial risks

The operations carried out by the company expose it to various types of risks, which include market risk (interest rate risk, price risk and exchange rate risk), liquidity risk and credit risk.

In this section we provide information regarding the exposure of the Company to each of the risks indicated above, the objectives, policies and management processes applied to such risks and the methods used to assess them, including the management of the Group capital. Furthermore, these financial statements include additional quantitative information. The management of the company's risk focuses on the volatility of financial markets and seeks to minimize potential undesirable effects on financial and economic performance.

The overall responsibility for the creation and supervision of a risk management system for the Company lies with the Board of Directors. The strategy of the Company for the management of financial risks is compliant to and coherent with the corporate goals defined by the Board of Directors of the parent company insofar as the strategic plans from time to time approved and is aimed at managing and controlling these risks.

Credit risk

The credit risk is the risk that a customer or one of the counterparties in a financial instrument causes financial losses by failing to fulfil an obligation and derives mainly from trade receivables and the financial investments of the Company.

In order to define the strategies and guidelines for the trade receivables policy, grant credit lines to clients, disperse the credit risk, monitor the solvency of customers and start credit recovery operations, during the course of the financial year, the company set up the post of Credit Manager and issued an organizational procedure for credit management.

The prospects for the recovery of credit are assessed position by position, taking into account the indications of the office managers and internal and external legal experts who follow the recovery process.

Receivables for which there was a probability of loss as at the date of the financial statements were written down.

It should also be pointed out that the Group received fidejussions and/or cautionary deposits covering approximately one quarter of the total annual rents.

The following table shows the Company's exposure to credit risk:

(Amounts in thousands of Euro)	31.12.2011	31.12.2010
Current trade receivables	87.529	97.118
Other current assets	12.803	14.391
Non-current financial assets (including derivatives)	-	-
Other non-current assets	1.807	2.325
Cash & cash equivalents	26.802	26.774
Current financial assets (including derivatives)	16.974	17.924
Non-current trade receivables	6.161	7.308
Construction contracts	14.371	12.414
Total exposure including the provision for doubtful debts	**166.447**	**178.254**

The following table shows the exposure to credit risk by counterparty.

(figures in €)	31.12.2011	31.12.2010
Ordinary customers	56%	59%
Financial institutions	16%	15%
Other creditors	28%	26%
Total exposure including the provision for doubtful debts	**100%**	**100%**

The amount of the financial assets considered to be doubtful debts and which are of a significant amount is covered by appropriate provisions for doubtful debts.

The following tables provide the financial assets as at 31 December 2011 and 2010, grouped by past due dates, net of the provision for doubtful debts.

(figures in €)		31.12.2011				
		Past due by				
	Falling due	0-30	31-120	121-365	beyond 1 year	Total
Ordinary customers	54%	11%	13%	8%	14%	100%
Financial institutions	100%					100%
Other creditors	37%		28%	31%	4%	100%

(figures in €)		31.12.2010				
		Past due by				
	Falling due	0-30	31-120	121-365	beyond 1 year	Total
Ordinary customers	61%	13%	7%	1%	17%	100%
Financial institutions	100%					100%
Other creditors	38%		31%	26%	5%	100%

Liquidity risk

The liquidity risk is the risk that an entity may find it difficult to fulfil the obligations associated to financial liabilities to be settled through the delivery of cash or other financial assets.

The loans stipulated to finance the refurbishment of both station complexes and property investments have all been paid out and are structured on the basis of the estimated future cash flows expected from the leasing contracts.

It is hereby noted that the disbursement of contributions due for the Legge Obiettivo works, which amounted to 230.7 million Euros was suspended since 2009 but in 2011 an extension was authorized by the competent Ministers and Departments, not including the financing institution, therefore a request was submitted to these competent Ministers and Departments to authorize disbursement of the residual contribution directly.

Grandi Stazioni aims to prudently manage liquidity risk which originates from normal operations and utilises major financial institutions of the banking system, from which it has received committed an uncommitted credit lines used to cover liquidity needs. As at 31 December 2011 Grandi Stazioni had credit lines equalling Euro 66 million of which 0.6 were used for the issuing of guarantees.

The contractual expirations of the financial liabilities, including interest to be paid, are shown in the following table (amounts in thousands of Euro):

		Contractual cash flows					
	Book value						
31 December 2011		**Contractual amount**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**5 years and above**
Non-derivative financial liabilities							
Financing from banks	185.203	215.994	10.106	10.344	19.168	58.065	118.311
Trade payables	106.172	106.172	48.995	57.177	-	-	-
Derivative financial liabilities							
Interest rate swaps	5.696	5.015	505	410	1.165	2.397	538
Interest rate collars and interest rate caps	420	302	32	32	80	152	6
Total	**297.491**	**327.483**	**59.638**	**67.963**	**20.413**	**60.614**	**118.855**

		Contractual cash flows					
	Carrying						**and above**
31 December 2010		**Contractual amount**	**6months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**5 years**
Non-derivative financial liabilities							
Financing from banks	201.228	243.484	9.269	9.471	19.478	61.259	144.007
Trade payables	100.712	100.712	43.535	57.177			
Derivative financial liabilities							
Interest rate swaps	2.072	6.102	613	474	914	2.959	1.141
Interest rate collars and interest rate caps		404	70	32	64	200	38
Total	**303.408**	**350.701**	**53.487**	**67.154**	**20.456**	**64.418**	**145.186**

31 December 2011	Total book	Book value due dates				
		Due within 12	6-12 months	1-2 years	2-5 years	Beyond 5
Non-derivative financial liabilities						
Financing from banks	185.203	8.030	8.126	15.930	47.747	105.369
Total	**185.203**	**8.030**	**8.126**	**15.930**	**47.747**	**105.369**

31 December 2010	Total book	Book value due dates				
		Due within 12	6-12 months	1-2 years	2-5 years	Beyond 5
Non-derivative financial liabilities						
Financing from banks	201.228	7.964	8.061	16.086	47.602	121.514
Total	**201.228**	**7.964**	**8.061**	**16.086**	**47.602**	**121.514**

The contractual flows of variable rate financial liabilities have been calculated using the forward rates estimated as at the balance sheet closing date.

With regard to the stratification of the flows expected from derivative financial instruments please see the "exchange risk" and "interest rate risk" paragraphs below.

Market risk

Market risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates, changes in exchange rates, interest rates or the prices of equity instruments. The goal of managing the market risk is to maintain the exposure of the Company to this risk within acceptable levels, while optimising yields from investments. The Company uses hedges in order to check the volatility of results.

Fair value is determined using the official prices for instruments traded on regulated markets. The fair value of instruments not listed on regulated markets is determined using measurement techniques appropriate for each type of financial instrument and market data as of the close of the period (such as interest rates, exchange rates, commodity prices and volatility), discounting expected future cash flows on the basis of the market yield curve at the balance sheet date and translating amounts in currencies other than the euro using year-end exchange rates provided by the European Central Bank.

There were no changes to the criteria for the evaluation of derivatives at the end of the financial year compared to those adopted at the end of the previous financial year. The effect of these evaluations on the profit and loss account and statement of assets and liabilities are therefore due exclusively to everyday market dynamics.

The notional value of a derivative contract is the amount on the basis of which flows are exchanged. The notional amounts of derivatives reported here do not represent amounts exchanged between the parties and therefore are not a measure of the Company's credit risk exposure.

The financial assets and liabilities relating to derivative instruments owned by the company are cash flow hedge derivatives, concerning the hedging of the risk of changes in cash flows or the exchange rate risk connected to long-term indebtedness indexed at a variable rate.

Exchange risk

During the period the company did not carry out any transactions in a foreign currency and therefore there are no risks related to fluctuations in exchange rates.

Interest rate risk

At its meeting on 20 March 2009, the BoD of Grandi Stazioni decided to implement additional hedges compared to those already in existence in order to increase by 50% the ratio between the hedged value and the exposure to variable rates in relation to existing loan contracts.

The company is exposed to interest rate risk in relation to medium/long-term loans. Loans bearing variable interest rates expose the company to the risk of changes in interest rates. The company's policy provides for keeping approximately [70%] of the medium/long-term loans at a fixed rate, converting floating rate loans to fixed rate through the use of hedges. In 2011 and 2010 of the floating rate loans were denominated in Euro.

The instruments provided were traditional derivatives (such as, for example, IRS, FRA, COLLAR, CAP). As at 31 December 2011, Interest Rate Swaps, Interest Rate Collars were used as was an Interest Rate Cap stipulated prior to the date of this resolution.

The credit risk policy for transactions in derivatives has been defined for Grandi Stazioni and the other major companies belonging to the Ferrovie dello Stato Group.

In order to avoid concentrations of this credit risk, it was established that no counterparty could assume positions in excess of 30% of the notional value of the debt being hedged and the minimum rating would have to be at least equal to "A-."

As at 31 December 2011, Grandi Stazioni had 3 ISDA Master Agreements with major domestic and international institutions processing the required credit rating and its transactions were contained within the aforementioned concentration limits. Neither counterparty holds a notional value of derivatives equal to more than 30% of the debt portfolio being hedged.

The loans concluded by the Company are normally settled at a variable rate increased by a spread. The economic results of the Company are therefore significantly influenced by the performance of interest rates.

The policy of the Company is to minimise the risk linked to interest rates as much as possible in the medium-term, so as to remain substantially exposed only to the risks linked to property assets.

As at 31 December 2011 existing hedges are as follows:

- IRS with RBS (Royal Bank of Scotland) concluded in 2009 to hedge the BEI loan, of a notional value of Euro 20 million and an amortising structure with a fixed rate of 3.635%; expiration is on 30 June 2023;
- IRS with Calyon concluded in 2009 to hedge the BEI loan, of a notional value of Euro 30 million and an amortising structure with a fixed rate of 3.738%; expiration is on 30 June 2023;

- Collar with BNP Paribas concluded in 2010 to cover the BEI loan, with a notional value of the Euro 25 million and amortising structure with a cap rate of 3.96%, a floor of 1.25% and a spread of 0.25%; expiration is on 31 December 2016;

The interest rate option derivative contract concluded with Mediobanca in 2006 which expired on 30 June 2011 was originally intended to cover the risk of changes in interest rates from the then existing loan with Monte dei Paschi di Siena and it was maintained subsequently to the closure of that loan (which took place in 2008) as it was used to cover the same risk for the BEI loan.

All the contracts indicated are qualified as cash flow hedges. The expiry of these contracts does not exceed the expiry of the underlying financial liabilities so that any change in fair value and/or expected cash flows of these contracts is balanced by a corresponding change in the fair value and/or expected cash flows of the underlying position.

Interest rate swaps usually provide for the periodic exchange of flows on interest at variable rates against flows on interest at fixed rates, both calculated on the same notional reference capital.

Interest rate options provide for the periodical payment of an interest rate differential calculated on a notional capital reference, once specific predefined values are achieved (the strike). These limit values determine the maximum rate (the cap) or minimum rate (the floor) on which the indebtedness will be indexed by effect of the hedging.

Interest rate options are usually stipulated when the fixed interest rate achievable through an interest rate swap is considered to be too high with respect to the expectations of the company insofar as future interest rates. In addition, the use of interest rate options is considered appropriate in periods of uncertainty regarding the future performance of rates, enabling benefits to be had from any interest rate decreases.

The following table shows the medium/long term fixed and variable rate loans (including the short term portion):

Medium/long-term loans (including the short-term portion)						
		Contractual cash flows				
				Portion of the nominal value expiring in		
	Accounting balance	Notional value	Current notional value	1 and 2 years	2 and 5 years	Beyond 5 years
- floating rate	185.203	185.203	16.156	15.930	47.747	105.369
Balance as at 31 December 2011	185.203	185.203	16.156	15.930	47.747	105.369
- floating rate	201.228	201.228	16.025	16.086	47.602	121.514
Balance as at 31 December 2010	201.228	201.228	16.025	16.086	47.602	121.514

The following table shows the percentage of medium/long term fixed and variable rate loans (including the short term portion):

Medium/long-term loans (including the short-term portion)		
	31.12.2011	**31.12.2010**
Prior to hedging with derivatives		
- floating rate	100%	100%
- fixed rate	0%	0%
After hedging with derivatives		
- floating rate	60%	48%
- floating rate	13%	27%
- fixed rate	27%	25%

It is hereby noted that the company has no transactions of a speculative nature or which are not connected to its own debt position.

If the interest rates in the years ended 31 December 2011 and 2010 have been 50 basis points higher, with all other variables being equal, the profit for the year in net of the tax effect would have been lower by Euro 0.532 million and Euro 0.57 million respectively. On those same dates, if the interest rates have been 50 basis points lower, with all other variables being equal, the profit for the year would have been higher by Euro 0.487 million and Euro 0.544 million respectively.

Capital management

The Company's objective insofar as capital management is mainly to ensure the ongoing nature of the company so as to guarantee the yields to the shareholders and the benefits to other stakeholders. The company has also set for itself the objective of maintaining an optimal capital structure so as to reduce borrowing costs.

Financial assets and liabilities by category

In completion of the information provided on financial risks, the table below provides a reconciliation between financial assets and liabilities as these are shown in the balance sheet and with the financial asset and liability category indicated based on the requirements of IFRS 7 (amounts in Euro thousands):

Financial assets and liabilities by category

31.12.2011	Receivables and loan assets	Payables and loan liabilities	Hedging derivatives
Non-current financial assets including derivatives	-		
Non-current trade receivables	6.162		
Current financial assets (including derivatives)	16.974		
Other non-current assets	1.807		
Construction contracts	14.214		
Current trade receivables	77.205		
Other current assets	12.803		
Medium/long-term loans	-	169.047	
Non-current financial liabilities (including derivatives)			6.116
Trade Payables, Non-Current		-	
Other non-current liabilities		4.282	
Short-term loans and current portion of long-term loans		16.156	
Trade Payables, Current		106.172	
Current financial liabilities (including derivatives)		-	
Other current liabilities		9.311	

Financial assets and liabilities by category

31.12.2010	Receivables and loan assets	Payables and loan liabilities	Hedging derivatives
Non-current financial assets including derivatives	-		
Non-current trade receivables	7.308		
Current financial assets (including derivatives)	17.924		
Other non-current assets	2.325		
Construction contracts	11.687		
Current trade receivables	85.808		
Other current assets	14.391		
Medium/long-term loans		185.205	
Non-current financial liabilities (including derivatives)			2.072
Trade Payables, Non-Current		-	
Other non-current liabilities		2.599	
Short-term loans and current portion of long-term loans		16.022	
Trade Payables, Current		100.712	
Current financial liabilities (including derivatives)		-	
Other current liabilities		14.718	

Analysis of the balance sheet items

5 Property, Plant and Machinery

Below is the schedule showing the properties, plants and machinery at the start and end of the financial year, with the relevant movements. During the course of 2009, there were no changes to the estimated useful lifetime of these assets. During the course of 2011, there were no changes to the estimated useful lifetime of these assets.

	Land, buildings	Plant and machinery	Industrial and trade	Other assets	Assets in progress and	Leased assets	Total
Historical cost	90.969	82.536	1.108	5.199	125.414	980	306.205
Depreciation, amortization and	(2.765)	(10.149)	(982)	(4.486)	(418)	(839)	(19.641)
Grants	-	(18.747)	-	-	(30.156)	-	(48.903)
Balance as at 31/12/2010	**88.204**	**53.639**	**125**	**712**	**94.840**	**141**	**237.662**
Investments	60	102	0	162	34.057	33	34.413
Entry into service	-	498	-	1.061	(1.559)	-	
Amortisation and depreciation	(3.025)	(5.233)	(26)	(543)	-	(142)	(8.969)
Disposals and transfers	(169)	(106)	-	-	(153)	-	(428)
Other reclassifications	3	4	(50)	50		-	7
Total change	**(3.131)**	**(4.735)**	**(75)**	**729**	**32.344**	**(108)**	**25.023**
Historical cost	90.859	83.030	1.058	6.471	157.758	1.014	340.191
Depreciation, amortization and	(5.787)	(15.378)	(1.008)	(5.030)	(418)	(981)	(28.602)
Grants	-	(18.747)	-	-	(30.156)	-	(48.903)
Balance as at 31/12/2011	**85.072**	**48.905**	**50**	**1.441**	**127.184**	**33**	**262.685**

The increases in the item *Assets under construction and deposits* totalling Euro 34,057 thousand in 2011 refer to the capitalisation of external and internal costs mainly concerning design and works costs for the refurbishment activities ongoing in the Venice, Genoa, Verona, Bologna, Florence, Bari and Palermo Centrale stations.

The reclassification of the assets under construction and deposits with the move to Euro 1,559 thousand during the period refers to other assets video (wall installations in the Milan train station) of Euro 1,061 thousand, the *Plant and Machinery* (station equipment) of Euro 498 thousand.

The total capital contributions of Euro 48,903 thousand consist of: Euro 18,747 of Giubileo 2000 grants received by the parent company for the construction of the Rome Termini station; Euro 30,156 thousand to work under way for the "complementary station complex work," approved as part of the strategic infrastructure program (Law 443/2001 – the "Obiettivo Law"). The last portion collected was at the end of 2008 and currently disbursement has been suspended while awaiting an extension required from the Ministry of Infrastructure and Transports of the CIPE resolution no. 129 of 2006. For additional details please see the paragraph the "Loans" in the Group report on operations.

6 Investment Property

The following table lists the property investments and the changes thereto. During the course of 2011, there were no changes to the estimated useful lifetime of these assets.

	2011		Total	2010	
	Land	Buildings	Item	Land	Buildings
Balance as at 1 January					
Cost	10.925	42.891		16.499	56.405
Accumulated amortisation		(13.442)		-	(16.669)
Book value	**10.925**	**29.449**	**40.374**	**16.499**	**39.735**
Changes in the year					
Acquisitions	0	0		-	4.264
Reclassifications(1)	0	0		(5.574)	(17.777)
Amortization/Depreciation	0	(1.798)		-	(2.794)
Reclassifications(1)					6.021
Total change	**0**	**(1.798)**		**(5.574)**	**(10.285)**
Balance as at 31 December					
Cost	10.925	42.891		10.925	42.891
Accumulated amortisation		(15.240)		-	(13.442)
Book value	**10.925**	**27.651**	**38.576**	**10.925**	**29.449**
Reclassifications (1)					
Cost				(5.574)	(17.777)
Accumulated amortisation				-	6.021
Total				**(5.574)**	**(11.756)**

The item property investments includes the value of the properties bordering the stations of Napoli Centrale, Venezia Santa Lucia and the building complexes in Bologna and Firenze. There has been a change in the item related to the amortization/depreciation for the period.

There are mortgages on the Florence, Bologna, Venice and Naples properties amounting to Euro 80 million.

The property investments indicated include various properties occupied by companies in the Ferrovie dello Stato Group and/or by third parties from which the parent company receives compensation or rents. For more details on relations with related parties, see note 44. The total revenues from rents amounted in the period amount to Euro 3,120 (4,023 in 2010) and the maintenance costs amount to Euro 775 thousand (753 in 2010).

The parent company has asked an independent external appraiser to evaluate the investments in properties owned. This appraisal was conducted using the reconstruction cost method, on the basis of which the following guidelines for estimating the market value were determined, bearing in mind that these are old buildings:

- the value of similar new properties would total Euro 102 million;
- the value of similar old buildings would total Euro 60 million;

As the appraisal values exceed the book values, the values in the financial statements were not adjusted.

7 Intangible assets

The table below lists the intangible assets comprised only of software and usage licences.

	Concessions, licenses, trademarks and
Historical cost	4.511
Depreciation, amortization and impairment losses	(4.407)
Balance as at 31/12/2010	**105**
Historical cost	4.511
Depreciation, amortization and impairment losses	(4.407)
Investments	600
Amortisation and depreciation	(161)
Total change	**438**
Historical cost	5.111
Depreciation, amortization and impairment losses	(4.568)
Balance as at 31/12/2011	**543**

The increases in 2011 of the Euro 600 thousand mainly refer to software licenses. It is hereby noted that during 2011, the Group did not incur research and development costs.

8 Receivables for prepaid taxes and liabilities for deferred taxes

The following schedules illustrate the consistency of the receivables for prepaid taxes and the liabilities for deferred taxes and the changes that occurred in 2011:

	31.12.2010	In. and Dec. ... in Income	Other changes	31.12.2011
Receivables from prepaid taxes:				
Adjustments to tangible and intangible fixed assets	1.110	(231)		879
The provisions for risks and charges an impairment which are tax deductible	4.965	(946)		4.019
Valuation of Financial Instruments	570		1.071	1.641
Other items	521	(8)		513
Total	**7.166**	**(1.185)**	**1.071**	**7.052**
Deferred tax liabilities				
Differences on financial fixed assets	587	(143)		444
capital gains with deferred taxation	4.111	1.990		6.102
Valuation of Financial Instruments	87	(7)		80
Employee benefits	91	24	(33)	82
Capitalised financial charges	2.302	(87)		2.215
Total	**7.178**	**1.744**	**-**	**8.923**

Prepaid tax assets totalled Euro 7,052 thousand as at 31 December 2011, down by Euro 114 thousand compared to 31 December 2010. This difference is principally due to the temporary differences that emerged following the allocations made to the provision for doubtful debts, the provision for risks and charges and the valuations of the financial instruments.

It is hereby specified that there are no previous tax losses for which the company would have had to use prepaid taxes.

The deferred tax liabilities totalled Euro 8,923 thousand Euros as at 31 December 1,745, up by Euro 2,004 thousand, mainly attributable to the deferred taxes recorded on the capital gain realised from the sale of the former departmental office buildings in Venice and Rome, payable in instalments during the current year and the next three and four years.

9 Equity investments

The tables below shows the opening and closing amounts for the period under review, grouped by category and the relative changes that took place between 2011 and 2010.

	Original value 31.12.2010	Original value 31.12.2011
Equity investments in subsidiaries	4.074	4.074
	4.074	**4.074**

	Net value 31.12.2010	Acquisitions/subscriptions	Disposals/reimbursements	Tax for the year Write-downs/ write-backs	Reclass.	Other movements	Net value 31.12.2011	Fund write-down cumulato
Equity investments in subsidiaries								
Grandi Stazioni Ingegneria S.r.l.	20						20	
Grandi Stazioni Ceska Repubblica Sro	4.054						4.054	
	4.074					**-**	**4.074**	

Following is a list of equity investments in subsidiaries currently owned by the company and a comparison between the book values and the corresponding proportion of shareholders' equity owned.

	Regi	Share	Profit	Net share-	Participation	Shareholde	Boca	Difference
Equity investments in subsidiaries								
Grandi Stazioni Ingegneria S.r.l.	Rome	20	98	469	100%	469	20	(449)
Grandi Stazioni Ceska Repubblica Sro	Praga	7.950	1.897	10.858	51%	5.537	4.054	(1.483)
TOTAL		**7.970**	**1.995**	**11.327**		**6.007**	**4.074**	**(1.932)**

10 Current and non-current trade receivables

Trade receivables are shown below:

	31.12.2011		31.12.2010	
	Non-current	Current	Non-current	Current
Ordinary customers	6.162	56.032	7.308	51.467
Receivables due from other Group companies		31.496		45.650
Subsidiary companies		929		995
Parent		146		229

Other associated companies		30.421		44.426
Other receivables				
Total	**6.162**	**87.528**	**7.308**	**97.117**
Provision for doubtful debts		(10.323)		(11.309)
Minority interest		10.012		10.204
Banking		312		1.104
Total net of the provision	**6.162**	**77.205**	**7.308**	**85.808**

The trade receivables as at 31 December 2011 have decreased compared to the previous year by Euro 9749 thousand insofar as the "current" receivables and Euro 1146 thousand insofar as the "non-current" receivables. The improvement is mainly due to the FSI Group while there has been a certain slowdown insofar as third party clients despite the careful credit recovery process that has been carried out systematically throughout the period but which is however expected to have positive results in the next year.

The provision for doubtful debts that was used during the year in the amount of Euro 4,811 thousand and Euro 265 thousand were released. Furthermore, following the indications of difficulty that became apparent in certain past due depositions, it was decided to increase the provision for doubtful debts by a total of Euro 4,091 thousand to reach the total amount of Euro 10,323 thousand.

The ageing of the receivables as at the balance sheet date is shown below:

	Gross value 31.12.2011	**Write-downs 31.12.2011**	**Gross value 31.12.2010**	**Write-downs 31.12.2010**
Not yet due	50.827		64.220	(4.431)
Overdue by 0-30 days	10.470		13.943	
Overdue by 31-120 days	12.063		7.376	
Overdue by 121-365 days	7.169	(4.045)	627	
More than 1 year	13.161	(6.279)	18.260	(6.878)
Total	**93.690**	**(10.323)**	**104.426**	**(11.309)**

It is hereby noted that the main customers from which over 10% of the company's revenues derived in 2010 and 2011 are the following:

- Rete Ferroviaria Italiana, Euro 57,052 thousand in 2010 and Euro 54,490 thousand in 2011;
- Trenitalia, Euro 29,299 thousand in 2010 and Euro 26,418 thousand in 2011.

The aforementioned revenues are all related to the company's usual operations involving the rental and management of the spaces.

The maximum exposure to credit risk, shown by geographic region, is the following:

	31.12.2011	**31.12.2010**	**Exchange rate**
National	83.052	92.851	**(9.799)**
Euro area countries	315	266	**49**
Total	**83.367**	**93.117**	**(9.750)**

11 Other non-current and current assets

The item breaks down as follows:

	31.12.2011		31.12.2010	
	Non-current	Current	Non-current	Current
- tax receivables	1.805	40	2.321	-
VAT credits	-	80	-	66
IRES for tax consolidation from FS It.		354		
Other State Bodies	-	-	-	9
Various debtors	2	12.003	3	13.818
Accruals and deferrals		325	-	497
Total	**1.807**	**12.803**	**2.325**	**14.391**
Provision for doubtful debts			-	-
Total net of the provision for doubtful debts	**1.807**	**12.803**	**2.325**	**14.391**

The other "non-current" tax receivables refer to Irpeg receivables of Euro 1,805 thousand Euros at 31 December 2011 (with expiry over 12 months) transferred from Ferrovie dello Stato S.p.A. in 2004, used in each financial year in the maximum limit provided by the laws in force on the matter (Legislative Decree 241/97). Various debtors amounting to Euro 2 thousand referred to guarantee deposits.

The IRES credit from the tax consolidation refers to the difference between the advances paid to the holding company Ferrovie dello Stato Italiane S.p.A. and the taxes allocated during the current year.

The various "current" debtors mainly referred to the advances paid to suppliers mostly of in regard to the association contract for participation in the "media" activity (Euro 10,041 thousand).

The deferrals mainly refer to deferrals of insurance premiums (of Euro 237 thousand) and software maintenance fees (Euro 69 thousand).

All the receivables in this item refer to Italy.

12 Construction contracts

The construction contracts are composed as follows:

		31.12.2011	31.12.2010	Exchange rate
Construction contracts		36.251	32.112	4.139
Provision for doubtful debts		(157)	(727)	570
	Net value	**36.094**	**31.385**	**4.709**
Advance payments received		(21.880)	(19.698)	(2.182)
	Net value	**(21.880)**	**(19.698)**	**(2.182)**
Total Construction contracts		**14.214**	**11.687**	**2.527**

The construction contracts referring to orders not completed as at 31 December 2011 were recognized under inventories, based on the contractual consideration as indicated in the contracts concluded mainly with RFI S.p.A. and Trenitalia S.p.a. (Both companies belonging to the Ferrovie dello Stato Italiane Group).

The increase in the construction contracts item as at 31 December 2011 compared to the previous year of Euro 2,527 thousand is due to the following: increase of Euro 4,139 thousand for the increase in the contractual consideration coming due in the year for work completed, net absorption of the provision for doubtful debts of Euro 570 thousand, increases of Euro 2,182 thousand for advances received mainly from RFI and Trenitalia.

The table below shows the changes in the provision for doubtful debts over the period, with the allocations and releases relating to the expected losses.

	Balance as at 31/12/2010	**Allocations**	**Uses**	**Release of excess provisions**	**Balance as at 31/12/2011**
Provisions for doubtful debts/construction contracts	**727**	39		(609)	**157**
TOTAL	**727**	**39**	**-**	**(609)**	**157**

13 Current and non-current financial assets (including derivatives)

The table below shows the changes in financial assets at the end of the two periods being compared.

	Book value			
	31.12.2011		**31.12.2010**	
	Non-current	**Current**	**Non-current**	**Current**
Financial assets				
Other financial receivables (from holding company)		16.974	-	17.924
	-	**16.974**	**-**	**17.924**

It is hereby noted that the book values correspond to the respective fair values determined as at the balance sheet dates.

The financial receivables from the holding company consists of the balance of the current intercompany account held by Ferrovie dello Stato Italiane S.p.A. Through which transit the collections and payments for the economic relations in existence with companies belonging to the Ferrovie dello Stato group, (in addition to the holding company, Ferservizi, Italferr, RFI and Trenitalia). As at 31 December 2011, the balance of the intercompany current account was equal to Euro 16,974 thousand. This current account relationship takes place at arm's length and based on a contract that provides for the payment of an interest rate equal to average monthly Euribor minus a spread of 0.175% annually. The average rates applied for 2010 and 2011 are respectively equal to: 0.41% and 1.017%.

For information on the Group's financial derivatives please see note 4 "exchange risk" and "interest rate risk."

Cash & cash equivalents

The item breaks down as follows:

Description	**31.12.2011**	**31.12.2010**	**Difference**

Bank and post office balances	26.795	26.767	27
Cheques	-	1	(1)
Cash and valuables on hand	7	5	2
Total	**26.802**	**26.774**	**28**

The current end of your balance has not changed significantly compared to the prior year and shows the cash and cash equivalents as at 31 December 2011.**Tax receivables**

The tax receivables as at 31 December 2011 have a zero balance, with the negative change of Euro 814 thousand due to the re-absorption of the accounts paid last year compared to the allocations made in this year. The corresponding values at the end of the previous year are shown in the table below:

	31.12.2011	31.12.2010
Irap receivables	-	814
Total	**-**	**814**

16 Non-current assets available for sale

As at 31 December 2011, the non-current assets available for sale consisted of the value of the Genoa building reclassified from property Investments, following the resolution of the Board of Directors at its meeting of 4 August 2010 which provided a mandate to the managing director to initiate the procedures for disposal of the properties in question.

Assets held for sale	31.12.2011	31.12.2010	Exchange rate
Land and buildings held for sale	7.266	17.338	(10.072)
Total Assets held for sale	**7.266**	**17.338**	**- 10.072**

The change recognised compared to the previous year refers to the disposal of the building in Rome located on Via Marsala 9 which took place in August and was sold to IMMO 2006 S.r.l. that was awarded to the contract following the call for tenders announced by Grandi Stazioni, against an overall amount of Euro 25 million.

17 Shareholders' equity

The goals of Grandi Stazioni S.p.A. as regards the management of capital are based on the creation of value for shareholders, guaranteeing the interests of stakeholders and safeguarding the status of the company as an ongoing concern, as well as maintaining an adequate level of capitalisation so as to enable the strengthening of the equity and financial structure of the Company, also in consideration of the significant investments currently being made.

The changes that occurred during the 2011 regarding the main items comprising consolidated shareholders' equity are shown in the statement following the financial statements schedules:

Share capital

The share capital of the Company as at 31 December 2011, fully subscribed and paid up, consists of 83,334 ordinary shares of nominal Euro 51.65 each, totalling Euro 4,304,201.10, as it did in 2010 As at 31 December 2011, based on the results of the book of shareholders, the share capital was held 60% by Ferrovie dello Stato S.p.A. and 40% by Eurostazioni S.p.A..

Legal reserve

The legal reserve, totalling Euro 861 thousand, was unchanged compared to 31 December 2010, as it had reached the limit as indicated in art. 2430 of the Italian Civil Code (20% of the share capital).

Extraordinary reserve

The extraordinary reserve is formed through the allocation of profits from previous years which were not distributed. This reserve has increased by Euro 4,005 thousand in 2011.

Share premium reserve

The share premium reserve which amounts to Euro 58,309 thousand is due to the increase in the share capital which took place on 28 July 2000 and has not changed compared to the previous financial period.

Actuarial valuation reserve

The item is less than Euro 132 thousand and includes only the gains and losses from the actuarial calculation entirely allocated to equity during the year of reference, with account taken of the relative deferred tax effect.

Hedging reserve

This item is less than Euro 4325 thousand and includes the effective portion of the net change accumulated from the fair value of the financial hedges for transactions which have not yet taken place due to the relative tax effect. For additional details please see note 4 under paragraph “interest rate risk” and note 21 “”current and non-current financial liabilities (including derivatives).”

Earnings carried forward

The earnings carried forward amount to Euro 9387 thousand and refer to the reserves from the initial adoption of the IAS net of the actuarial valuation reserves and the cash flow hedges mentioned above.

Period results

The result for the period amounts to Euro 29,995 thousand. The increase compared to the previous period is mainly due to the extraordinary transactions that characterized this period.

Following the resolutions of the shareholders’ meeting which took place on 2 May 2011, during 2011 the company distributed dividends based on 2010 results amounting to Euro 15,417 thousand.

The table below shows the origin, availability and distribute ability of the shareholders' equity items as well as their usage in the three prior years.

Origin:	Amount as at 31/12/2011	Unavailable portion (a)	Unavailable portion	Distributable portion of (b)	Withdrawals in past three years			
					Share capital	Cover losses	Distribution	Other
Share capital	**4.304**							
Capital reserve:								
Share premium reserve	58.309		58.309	58.309				
Retained earnings:								
Legal reserve	861		861					
Extraordinary reserve	50.307		50.307	50.307				
IAs 19 reserve	(132)	(132)						
IAs 39 reserve	(4.325)	(4.325)						
FTA reserve	9.387	6.663	2.724					
TOTAL	**118.710**	**2.206**	**112.201**	**108.616**			**0**	**0**

Other components of the comprehensive income statement recognized during the period

In the accounting schedule section, the comprehensive income statement shows the other components of the comprehensive economic result net of the tax effect. The following table shows the gross amount and the relative tax effect of these components:

	31.12.2011			31.12.2010		
	Gross balance	Tax effect	Net balance	Gross balance	Tax effect	Net balance
Effective portion of change in the fair value of cash flow hedges	(3.894)	1.071	(2.823)	(1.524)	419	(1.105)
Profits (losses) from actuarial benefits	(120)	33	(87)	(57)	0	(57)
Other components of the comprehensive income	**(4.014)**	**1.104**	**(2.910)**	**(1.581)**	**419**	**(1.162)**

Please see note 19 "staff severance and other employee benefits" regarding the recognition of the profits and losses related to actuarial benefits.

18 Medium/long term and short-term loans

The note below shows the contractual terms and conditions that govern the medium/long-term loans and the relative current portion measured at amortized cost; the loans are shown by type in the table below:

Medium/long-term loans	Book value 31.12.2011	31.12.2010
Financing from banks	169.047	185.205
Total	**169.047**	**185.205**
Short–term borrowings	**31.12.2011**	**31.12.2010**
Loans from banks (short term)	16.156	16.022
Total	**16.156**	**16.022**
Total loans	**185.203**	**201.227**

As regards the breakdown of the contractual expiries of these financial liabilities, inclusive of interest to be paid, see note 4 ("Risk management"), paragraph entitled "Liquidity risk".

The terms and conditions for the ongoing loans are as follows:

Debtor	Currency	Interest rate	Year of expiry	31.12.2011		31.12.2010		Difference	
				Book value	Book value	Book value	Book value	Book value	Book value
Banca BIIS Mortgage –	EUR	6 month Euribor	2022	14.206	14.223	15.270	15.270	(1.064)	(1.047)
Banca BIIS Mortgage-Venice	EUR	6 month Euribor	2022	42.619	42.669	45.812	45.812	(3.193)	(3.143)
Bipop Carire	EUR	6 month Euribor	2013	979	979	1.629	1.629	(650)	(651)
EIB loan	EUR	Euribor 6	2023	126.959	127.332	138.143	138.516	(11.184)	(11.184)
Total loans				**184.764**	**185.203**	**200.854**	**201.227**	**(16.090)**	**(16.024)**

The book values of the loans detailed in the above table are representative of their relative fair values.

The loans refer to:

- the loan take out by the company from Banca BIIS (Banca Infrastrutture Innovazioni e Sviluppo - Infrastructures Innovations and Development Bank) due to the starting-up of two property mortgages secured by the properties in Rome, Venice and Naples totalling 80 million Euros originally. Both contracts were concluded on 6 March 2003 for a twenty-year duration and both provide for amortization of interest only for the first three years in repayment of capital in the subsequent 17 years at a variable rate equal to six month Euribor plus a spread of 0.95%.During the year, there was a change due to the reimbursement of the respective capital portions; the Bipop Carire loan concluded by the company on May 2005 for a total amount of Euro 3.25 million in support of the investments in shareholdings in Italian companies abroad (Law 100/90 – SIMEST). This has a duration of 8 years, provides for the amortization of the interest for the first three years only and the return of the capital in the next five years at a variable rate of the six-month Euribor plus a spread of 0.8%. The change recognized during the year is due to the repayment of the respective capital portions;the loan subscribed with the EIB (European Investment Bank), concluded by the company in April 2008 for Euro 150 million for refurbishment works within the stations. The transaction is guaranteed by the Caylon Bank and Cassa Depositi e Prestiti S.p.A. The duration is of 15 years starting from the first disbursement (30 June 2008); the repayment will take place in six month constant capital instalments starting from 30 June 2010 with an interest rate equal to 6 months EURIBOR offered for a duration of six months and increased or decreased by the number of basis points communicated by the bank to the company. In June 2008 and October 2008, two additional guaranties were provided through the Banca Caylon S.A. and the Cassa Depositi e Prestiti S.p.A. respectively, to which a six-monthly commission is payable, amounting to 45 base points, to be calculated on the amount of capital paid as part of the payments made from time to time. The contract requires the guarantor to be informed regarding compliance with the debt hedge ratios (historical based on the balance sheet data as at 31 December 2010 and prospective based on budget data for 2011), which as at 31 December 2010 was in order. To hedge the loan, the hedging contract with Mediobanca was maintained and three new contracts described above were subscribed during the course of 2009 for IRS hedging. It is hereby noted that ancillary expenses amounting to Euro 300 thousand and charged against the value of the financial debt for the calculation of the amortized cost were incurred upon inception of the loan.

The following table shows the expirations of financial lease liabilities:

	Present value of minimum lease	
	2011	**2010**
During the period	5	
Between one and five years	21	
	26	

As at 31 December 2011, there existed a financial lease concluded by the company it with BMW Group Financial Services Italia totalling Euro 33 thousand, of which Euro seven thousand were paid during the year, these representing the balloon payment and the first capital payment.

In 2011, the company recognized amortization of Euro 142 thousand for prior and current financial leases.

19 Staff severance and other employee benefits

	31.12.2011	31.12.2010
Current value of TFR liabilities	1.840	1.856
Total value of current obligations	**1.840**	**1.856**

The following table shows the changes that occurred in the current value of the liabilities due for obligations and defined benefits constituted exclusively by the TFR [Staff Severance Indemnity].

TFR [Employee severance indemnities]	31.12.2011	31.12.2010
Defined benefits and obligations as at 1 January	1.856	2.003
Interest cost (*)	82	80
Actuarial (gains) losses recognized in shareholders' equity	105	(57)
Advances and uses	(204)	(170)
Liabilities for defined benefits and obligations as at 31	**1.840**	**1.856**

There are no assets in the defined benefits plan and the cost recognized in income for 2010 and 2011 is constituted exclusively by the financial costs deriving from discounting the TFR totalling Euro 80 thousand and profits of Euro 82 thousand respectively. The amount of the actuarial losses for 2011 of approximately Euro 120 thousand shown in the comprehensive income statement (node 17), differs by approximately Euro 15 thousand due to the absorption of differences from previous years.

Actuarial assumptions

The following is a summary of the main assumptions made in the actuarial process:

	31.12.2011	31.12.2010
Discount rate	4,05%	4,70%
Future increases in pensions (annual rate of TFR increase)	3%	3%
Expected rate of employee turnover	4,50%	4,50%
Expected rate of advances	1%	2%
Probability of death	RG48	RG48

Assumptions regarding mortality are based on the statistics that have been published in mortality tables.

The average number of Company employees in 2011 was 231.5 and is divided by category as follows:

Personnel		Media FTE 2010	Change
Managers	14,1	13,3	0,8
Executives	39,1	37,6	1,5
Employees	186,8	185,4	1,4
TOTAL	**240,0**	**236,3**	**3,7**
Atypical	**10,3**	19,8	(9,5)
Seocnded c\o GSI	**(18,8)**	**(21,8)**	3,0
TOTAL	**231,5**	**234,3**	**(2,8)**

20 Allowances for risks and charges

The following table shows the amounts at the beginning and end of the year and movements in 2011 of the provision for risks and charges.

Description	31.12.2010	Advances	Uses	Release of	31.12.2011
Disputes with personnel	1.521	20	(276)	(16)	1.248
Disputes with third parties	4.720	789	(589)	(1.056)	3.864
Tax disputes	448	525	0	0	973
Civil disputes	4.272	217	(589)	(1.056)	2.844
Other financial		47			47
Total non-current and current	**6.240**	**809**	**(865)**	**(1.073)**	**5.112**

Civil-law disputes arisen in previous periods

Disputes with agents

In regard to the lawsuits brought by Grandi Stazioni against agents Publica S.r.l., Spaziale S.r.l., AD S.r.l. and Media & Sport S.a.s., for which the company has requested ascertainment of the already completed termination of the contracts and of ruling requiring the agents to pay damages due to their breach of contract, the appraisal for the compose edition of the expert witness reports ordered by the judges have been concluded and disputed by Grandi Stazioni. Currently there is a risk that the company will lose the case and therefore the allocation made in the previous period has been maintained.

Vidion S.r.l. 2009-2010 arbitration ruling

The expert witness report has been issued for the two arbitration process is brought by Vidion s.r.l. in 2009 and 2010 the purpose of which were the presumed non compliance is of Grandi Stazioni insofar as the obligations undertaken with the association in participation the agreement concluded on 19 February 2007. The two arbitration proceedings took place on 25 July 2011. The expert witness report was submitted in December. Currently, the risk of losing the case appears in regard to certain issues to be probable while in regard to certain others in appears to be possible, and therefore the allocation made in the previous period has been kept.

Ingenium Real Estate S.p.A. Ruling

With regard to the injunction proceedings brought by Ingenium Real Estate S.p.A. in order to obtain compensation allegedly in relation to the execution of engineering services pursuant to the contract concluded on 20 April 2006 and in relation to the supplementary agreement of 25 May 2006, the judge did not accept the plaintiffs' request to grant provisional execution. Negotiations are underway for an out of court settlement of the dispute. At the end of December the dispute was settled through the payment of an overall amount equal to Euro 415,347.64 which had already been set aside under liabilities.

Retail Group S.p.A. Arbitration

The expert witness report has been submitted to in the arbitration brought by Grandi Stazioni in July 2010 against Retail Group S.p.A., to ascertain the latter's non-compliance with the obligations ensuing from the rental contract signed on 18 December 2002 and for termination of the rental contract itself pursuant to article 1454 of the Italian civil code.

CBS Outdoor Ruling

CBS Outdoor Holding, the former concessionary for advertising in the railway stations managed by the company, appealed the ruling no. 240045/2009 with which the court of Rome had dismissed the claims of the aforementioned company which aimed to obtain a ruling against Grandi Stazioni and compensation from it for a civil wrongdoing relating to the failure to pay certain advertising commissions amounting to approximately Euro 7 million, and the plaintiff was required to pay two-thirds of the costs of the trial while the remaining one third is to be paid to jointly by the parties.

Grandi Stazioni was present at the appeal hearing; no potential contingent liabilities are expected.

RomArtifico Ruling

In his ruling of 5 May 2011, the court of Rome upheld the position of Grandi Stazioni in regard to the termination of the association in participation agreement of 19 April 2002 with RomArtificio and ruled that the premises occupied in the Termini station of Rome be returned and various amounts be paid totalling Euro 125,677.11 in addition to compensation for noncompliance and the release of the property.

The judge dismissed both of the compensation request brought forth by Grandi Stazioni and the counterclaim brought by RomArtificio to obtain compensation for damages of amounting to Euro 16 million. Furthermore, Grandi Stazioni's application to obtain payment of certain contractual amounts from RomArtificio equalling approximately Euro 150 thousand was also dismissed. We are currently assessing whether to appeal this ruling.

Disputes with employees at the Naples offices

In its sentences rendered on 23 March 2011, 9 May 2011 and 23 June 2011, the Court of Naples accepted the appeals of three of the company's employees aiming to obtain cancellation of their terminations which were announced by the company in June 2010 following the discovery of serious irregularities in regard to the ways they were using their company badges, with the consequent reinsertion into their work positions and the compensation of damages incurred. Grandi Stazioni appealed the sentences.

In regard to a similar lawsuit brought by another employee, an out of court settlement was reached on the basis of a legal settlement dated 25 May 2011 according to which the employee accepted the termination of the employment relation.

The previously established fund amounting to Euro 124 thousand was used for all the above.

Sale of an equity interest

In regard to the disposal of the equity interest in Network Italia Edicole srl which took place in 2009, no request has been received for compensation and the delivery of the spaces took place as provided by the contract. Therefore, the provisions established in the previous year for this purpose were decreased.

Appeal regarding the call for tenders for executive planning and executive interventions for the functional adaptation of the station buildings and complementary infrastructure works for the railway stations of Venezia S. Lucia, Venezia Mestre and Verona P. Nuova

With the appeal served on 20 October 2010, CIR S.p.A. appealed to the Council of State against this sentence with which the Administrative tribunal (TAR) of Lazio had dismissed the company's appeal, following the evidence brought on examination of the second awardee pursuant to article 140 of Legislative Decree 163/2006, for awarding of the contract for the executive design and execution of the functional interventions for adaptation of the station buildings and complementary infrastructure works for the railway stations of Venezia Santa Lucia, Venezia Mestre and Verona Porta Nuova, including the execution and maintenance of the works and installations of the station buildings, to ATI CMB-Fatigappalti S.p.A.

The appeal does not include a stay order. Grandi Stazioni submitted an official memorandum of appearance on 2 November 2010. The hearing date has not yet been set. The risk of losing is not probable.

Works for the functional adaptation of building D at the Roma Termini station

With its summons served on 21 October 2010, Mucciola Piero S.p.A. grought a lawsuit against Grandi Stazioni before the Court of Rome to obtain payment of approximately Euro 121,000, plus interests and revaluation as compensation for the "caro ferro" [price revision] pursuant to article 26, paragraph 4 bis of law 109/1994 for the higher expenses incurred in the period from 2004 to 2007 while executing the tender contract concluded on 16 December 2004 regarding the functional adaptation of building D in the Roma Termini station.

The first hearing, listed in the summons for 21 February 2011 was postponed to 24 March 2011 and the risk of losing does not appear probable.

Civil-law disputes arisen in the financial year

Rulings regarding former employees

With its appeal pursuant to article 414 of the code of civil procedure, submitted in February 2011, Grandi Stazioni requested the Labour Tribunal of the Court of Rome acting as the Labour Judge to ascertain the legitimacy of a former employee's termination by the company after discovery of serious irregularities in the use of the company badges.

A former company employee, terminated for just cause on 20 May 2009, on 12 April 2011 had served to the company an appeal pursuant to article 414 of the code of civil procedure made to the Labour Tribunal to have the termination judged as illegitimate and therefore to have the company pay moral damages, salary differences, compensations, TFR differences amounting to

Euro 829 thousand approximately. On 13 December 2011 the dispute was settled out of court at the Court of Rome, Labour Section with the payment of Euro 170 thousand.

Disputes involving former directors

A member of the Board of Directors who resigned on 21 July 2008 served on 22 March 2011 to Grandi Stazioni a provisionally executable injunction issued by the Labour Tribunal of the Court of Rome to obtain payment of Euro 484 thousand plus ancillary expenses pursuant to the clause of 20 July 2006 concerning the remuneration of the managing director established on the basis of article 2389, paragraph 3 of the Italian civil code. The company appeared at the hearing and requested suspension of the provisional execution. At the hearing of 30 June 2011, the Labour Tribunal of the Court of Rome ruled in favour of the revocation of the provisional execution of the injunction which had been served to the company. With its ruling of 3 November 2011, the Labour Tribunal of the Court of Rome cancelled the injunction served in may to the company by the former director, and condemned the latter the latter to pay legal expenses.

Dispute involving a former consultant

On 26 July 2011, a former consultant of the company served an appeal to the labour tribunal pursuant to article 414 of the code of civil procedure to have his relation with the company declared an employment relation starting from 28 December 1998 and ending on 31 December 2008, endorsing the appellant's right to be qualified as a manager based on the CCNL [trade union] agreements for company managers working in the tertiary sector or, alternatively, as an executive and to order the company to pay remuneration differences, TFR differences, compensation for unjustified termination, plus ancillary costs amounting to Euro 927 thousand. The company appeared at the hearing and asked for dismissal of the appeal.

On 7 December 2011, a former consultant of the company served an appeal to the labour tribunal pursuant to article 414 of the code of civil procedure to have his relation with the company declared an employment relation starting from 1 June 2003, endorsing the appellant's right to be qualified as a manager based on the CCNL [trade union] agreements for company managers working in the tertiary sector or, alternatively, as an executive and to order the company to pay TFR differences, compensation for unjustified termination, moral damages plus ancillary costs amounting to Euro 552 thousand. The company appeared at the hearing and asked for dismissal of the appeal.

Civil-law disputes arisen in previous periods

In 2001, the Guardia di Finanza (Italian finance police) served an official Notice of Assessment charging the company with failure to withhold tax on employee incomes for the years 1997-2000 amounting to Euro 1.2 million, plus fines.

The decisions by which the Tax Board of the Province of Rome upheld the appeals filed by the company against the notices of assessment relating to 1997 and 1998 for Euro 0.3 million , served by the Inland Revenue Service in 2005, were lodged with the Registry in 2008. The Inland Revenue Service appealed against these sentences to the Regional Tax Board of Rome; With rulings 80/21/10 and n. 81/21/10, both submitted on 19 April 2010, the Regional Tax Board of Rome dismissed the appeal and confirmed the cancellation of the notices; at this time there has been no notification of an appeal at the court of cassation by the Inland Revenue Service. For 1999 and 2000, following an initial acceptance of the company's positions by the Regional Tax Board with sentence 227/48/2009, the Rome 1 department of the Inland Revenue Service appealed to the Regional Tax Board of Rome and the company immediately submitted to the necessary counterclaims. With sentence 134/38/11 was submitted on 29 March 2011, the Regional Tax Board dismissed if the Inland revenue Service's appeal and confirmed the cancellation of the notices; at the moment we have no notifications regarding an at the court of cassation by the Inland Revenue Service.

On 21 February 2008 the company was served a payment notice for approximately Euro 158 thousand for payment of the ICP [municipal advertising tax] due mainly to the city of Rome for the year 2004. As it considered to that the company does not owe what the municipality claims, on 18 April 2008 the company appealed to the Tax Board of the Province of Rome and the latter, was that sentence 367/16/10 of 24 June 2010 partially accepted this appeal and ruled that only the amount of Euro 19 thousand is due. To date, despite numerous notifications, the city has not returned the excess amount.

Tax disputes arisen in the financial year

On 5 December 2011, the city of Florence served the city a penalty notice for installation of advertising media in the Santa Maria Novella station of Florence without the necessary authorization. This penalty amounts to a total of Euro 71 thousand. After several verifications to this end, the company decided to accept the proposal for payment in a reduced amount of Euro 24 thousand (to be settled within the time provided of 60 days). This amount has been allocated to the provision for risks and charges.

At the end of December 2011, the city of Venice served the company a series of payment notices for municipal advertising taxes for the years 2006, 2007, 2009 in 2010 for a total amount of approximately Euro 51 thousand, including penalties and interest. After careful analysis of these notices and a subsequent checked with the municipal offices in question it was discovered that certain amounts involved to incorrect information entered by the city of Venice to which an appeal for resettlement was sent for an amount equal to Euro 20 thousand allocated in the provision for risks and charges.

On 21 December 2011, the regional Lazio department of the Inland Revenue Service served the company an assessment notice relating to a total verification for the year 2008. The Inland Revenue Service requested a higher tax base for IRES [corporate income tax] of Euro 4,215 thousand, EURO 4,050 thousand for IRAP [regional business tax] and VAT in the amount of Euro 127 thousand. As the company considers that certain amounts are acceptable, it allocated approximately Euro 86 thousand to the provision for risks and charges.

Following the signature of the rental contracts with Trenitalia and Ferservizi, applicable retroactively, the company is required to register these contracts with payment of the relative registration taxes. These have been calculated and allocated to the provision for risks and charges (approximately Euro 396 thousand).

21 Current and non-current financial assets (including derivatives)

Non-current financial liabilities are broken down as follows:

	Book value			
	31.12.2011		31.12.2010	
	Non-current	Current	Non-current	Current
Financial liabilities				
Hedging derivatives	6.116	-	2.072	-
	6.116	**-**	**2.072**	**-**

This item contains the fair value of derivatives which have already been fully described in note 4 which you are kindly requested to refer to for further details.

The two interest rate swaps subscribed with RBS and Calyon were concluded during 2009 while the collar subscribed with BNP Paribas was concluded in 2010; all aimed to hedge of the race cove changes in interest rates ensuing from the loan taken out with BEI the comments for which are contained in note 18. The cap subscribed with Mediobanca in 2006 expired naturally on 30 June 2011.

All the contracts described previously are qualified as cash flow hedge contracts, and therefore the value recorded in the financial statements constitutes the fair value determined at the end of the year and recorded under a specific item in shareholders' equity. The "collar" in 2011 had a time value differential of Euro 149 thousand which was recognized in the income statement under financial expenses.

These derivative financial items were recognized at fair value on the respective balance sheet dates and according to the hierarchy for determining the fair value the measurement took place at level two, that is the fair value was measured using the various input data from listed prices (in an active market for identical Financial Instruments) which can be a observed directly (such as prices) or indirectly (such as price derivatives).

22 Other non-current and current liabilities

Other non-current and current liabilities are shown below:

	31.12.2011		31.12.2010	
	Non-current	Current	Non-current	Current
Deferred Social Security	-	1.210	-	1.142
Other tax liabilities	-	1.353	-	1.473
VAT due to FS Italiane	-	3.529	-	2.670
Other payables to group companies	1.805	-	2.321	4.006
Other payables	314	2.174	278	2.230
Accrued expenses and deferred income	2.163	1.044	-	3.197
Total	**4.282**	**9.311**	**2.599**	**14.718**

Other non-current liabilities mainly consist of: payables to parent companies concerning the remaining debt towards Ferrovie dello Stato S.p.A. for the IRPEG credit transferred by the latter to the Group leader Grandi Stazioni S.p.A. in 2004, as already mentioned in the item "other non-current assets" (note 11). The "other payables" item refers to deposits provided by tenants in guarantee of compliance with the rent contracts. The accrued liabilities and deferred income item refers to up rents paid in advance by customers, the portion referring to future periods being suspended.

Other current liabilities mainly refer to: payables to social security institutions (Euro 1,210 thousand); withholdings made at the end of the year and settled during January 2011 (Euro 1,353 thousand); VAT payable to FSI Holding [Fondo Sviluppo Impresa] which became due as part of the Group consolidated VAT which the company joined at the beginning of the period (Euro 3,529 thousand) and which it renewed for 2012 as well; payables to personnel for work carried out but not paid (Euro 1,827 thousand); accrued liabilities and deferred income mainly for the portions applying to 2012 regarding the repayment of expenses invoice during the period which will be recognized in income based on the duration of the rental agreement in question.

23 Current and non-current trade payables

Trade payables, all current, are shown below:

	31.12.2011 Current	31.12.2010 Current	Difference current
Trade payables	86.746	80.396	6.350
Payables referring to construction contracts	308	305	3
Trade payables to Group companies	19.118	20.011	(893)
Total	**106.172**	**100.712**	**5.460**

The change in the trade payables compared to 31 December 2010 is due to the slowdown which took place in the month of December insofar as the payments to suppliers. The amount of the liabilities for invoices to be received equals Euro 60,601 thousand (of which Euro 6051 thousand due to group companies), compared to a Euro 56,781 thousand (of which Euro 1840 thousand to group companies) as at 31 December 2010.

For further details regarding the liabilities to the holding company and associated companies please see note 44 "related parties."

24 Tax payables

This item amounts to a Euro 498 as at 31 December 2011 and is broken down as follows:

	31.12.2011	31.12.2010
IRES for tax consolidation to FS It.	-	109
IRAP	498	

Total	**498**	**109**

The IRAP liability is due to the difference between the advances paid and the allocations made for taxes during the period. It is hereby noted that the company has elected to participate in the domestic consolidation of the Ferrovie dello Stato Group for the three year period from 2010 to 2012.

Analysis of the income statement items

Following is an analysis of the income statement items for 2011, compared with the previous year. It is noted that for better comparability with the current year, a reclassification of the "other revenues and income" item for 2010 took place for the risks and charges provisions of specific cost items and the provision for doubtful debts (specific comments are provided in the items themselves)

TOTAL REVENUES AND INCOME

The total revenues and income for 2011 amounted to Euro 210,539 thousand, which has increased by Euro 12,900 thousand compared to the previous year.

Revenues and income for 2010 are broken down below:**Revenues from sales of products and services**

This item amounted to Euro192,807 million, and is broken down as follows:

	2011	2010	Change
Revenues from sales of products and services			
ü *Income from Long-Term Leases*	90.537	88.824	1.713
ü *Engagement activities and special installations*	3.893	2.729	1.164
- *Income from Tenancy Costs*	67.725	68.084	(359)
ü *Income from Design and Works Direction Activities*	25	616	(591)
Income from Media Operations	15.405	15.517	(112)
- *Income from customer services*	10.513	9.188	1.325
Change in contract work in progress	4.709	2.852	1.858
Total	**192.807**	**187.808**	**4.999**

The income from leases (36% of which refer to companies belonging to the Ferrovie dello Stato group) have increased due to the actions taken during the year on certain station areas, particularly in Milan, Turin and Naples which were deployed during the period; these involve both the increase in the premises least as well as the rental amounts well for the Roma Termini station there was a prolonged a vacancy of an area set up for offices starting from the second half of 2011. The balance as at 31 December 2011 includes furthermore the extraordinary income recognized following the normal revision of the estimates amounting to a total of Euro 78 thousand.

The "income from tenancy costs" (88% of which refer to the Ferrovie dello Stato group), remain essentially the same as the previous year; the balance includes contingent losses of approximately Euro 1,307 thousand due to revised estimates. The increase in the item "engagement activities and special installations" is particularly significant since, after contraction due to the general economic trend, growth is becoming evident with customers showing up reference to innovative forms of digital promotion compared to the traditional advertising channels. The revenues for customer services have improved considerably and refer to: hygiene services, baggage drop-off and parking.

The change in work-in-progress amounts to Euro 4,709 thousand, with the change up words of Euro 1,857 thousand compared to 2010 and is broken down as follows:

Description	2011	2010	Change
Increase for the year	4.139	3.133	1.006
Recovery of prior year losses	609	111	498
Write down for future losses	(39)	(392)	353
Total	**4.709**	**2.852**	**1.857**

The change in the work in progress during 2011,The change in the work in progress in 2011, accounted for using the cost to cost method as required by IAS 11 refers to the assessment of the progress of the consideration due during the year for the technical activities necessary for the implementation of the requalification, restructuring, maintenance and enhancement works in the complex of 13 stations under consolidated management, carried out mainly for RFI and Trenitalia. The aforementioned change is net of the losses forecasted for subsequent years referring to their completion, which are examined individually.

26 Other income

Other revenues amount to Euro 17,732 thousand and have increased by Euro 15,058 thousand compared to 2010; the item breaks down as follows:

	2011	2010	Change
Other income			
Income recovered from	42	429	(386)
Sale of buildings and land held for	14.928	-	14.928
Various repayments	2.692	2.195	498
Other income	69	50	19
Total	**17.732**	**2.674**	**15.058**

The capital gain from the disposal of the former department building in Rome on via Marsala equals Euro 14,928 thousand, given the sales price of Euro 25,000 million. The various repayments mainly refer to: the revenues from the reimbursement of expenses that Grandi Stazioni incurred to increase the qualitative or functional standards of the stations, invoiced during the year and prepaid according to the number of years within the relative rental contracts (Euro 1,002 thousand) and for recovery of the promotional and advertising expenses carried out within the stations on behalf of the tenants (Euro 1,660 thousand).

It is noted that for better comparability with the current year, a reclassification of the "other revenues and income" item for 2010 took place for the risks and charges provisions of specific cost items (Euro 2,068 thousand) and the provision for doubtful debts (Euro 229 thousand).

27 Payroll costs

This item amounts to Euro 15,533 thousand, up by Euro 1,036 thousand compared to 2010 and breaks down as follows:

	2011	2010	Change
Personnel by category			
Wages and salaries	10.486	9.789	696
□ Social security contributions	3.156	2.898	258
□ Other personnel costs	440	152	288
Staff leaving indemnities	800	752	48
Independent staff and associates			
Wages and salaries	370	622	(252)
□ Social security contributions	25	33	(8)
□ Seconded personnel	252	252	0
□ Other costs referring to independent staff and	5	1	4
Total	**15.533**	**14.497**	**1.036**

This amount includes all employee costs, including promotions, transfers from one category to another, allocations required by the law and those for premiums and incentives accrued on the basis of the merit-based personnel policies.

The change in labour costs in 2011 is mainly due to the increase in the personnel costs of the various categories due to the increased quality of the human resources hired, especially in the areas required by the Lines and which were not present within the company. In regard to the unit cost, in addition to the aforementioned reason, the change in the cost for the entire year 2011 of the managing director has affected the results (he was hired as a manager starting from the last quarter of last year).

Other personal costs include the costs incurred for meal vouchers and training as well as the cost for the annual health insurance quota for employees stipulated following the signing of the second level company agreement on 11 September 2007.

The independent personnel and associates includes the cost of seconded personnel and trainees.

For better comparability with the current year, it is hereby noted that a reclassification took place on the "cost for independent personnel" in 2010, insofar as the costs incurred for the services provided by the supervisory organization of Euro 56 thousand.

As regards the composition of the differences in the corporate workforce, see that described in note 19.

28 Raw materials, consumables, supplies and goods

This item amounts to Euro 200 thousand, up by Euro 11 thousand compared to 2010 and breaks down as follows:

	2011	2010	Change
Materials and consumables	199	188	11
Fuel and lubricants	1	1	(0)
Total	**200**	**189**	**11**

29 Costs for services

The costs for services amounted to Euro 85,105 thousand, down by Euro 2,396 thousand compared to the previous year. The table below shows the breakdown of this item:

	2011	2010	Change
Contracted services and works:	**60.927**	**62.674**	**(1.747)**
-Services - Security	4.932	5.191	(259)
- cleaning	21.791	22.626	(836)
Maintenance	19.632	18.962	671
Utilities	14.572	15.756	(1.184)
- improvements to third party assets		139	(139)
Miscellaneous services:	**24.178**	**24.827**	**(648)**
- consultancy	188	222	(34)
-Engineering services	4.052	5.975	(1.922)
Professional services	1.867	1.260	607
Utilities	625	435	190
-Travel	512	513	(1)
Insurance premiums	1.033	1.009	24
IT services	689	923	(234)
Commissions	2.255	1.776	479
- Remuneration of corporate bodies	329	971	(642)
-Advertising and promotional costs	1.207	1.101	106
-Consideration paid for media services	3.023	2.928	94
- Costs for services to customers	5.428	5.290	139
- Other services	2.971	2.424	547
Total	**85.105**	**87.501**	**(2.396)**

The differences in contracted services and works compared to the same period in the previous year mainly concern: a reduction in costs for utilities, security and cleaning and maintenance due to a general rationalisation of costs during the period, while the increase in the maintenance costs is due to the increases in the services provided during the period.

The main changes in the various services refer to: the decrease in the engineering services, consultancy and IT services; while there were increases in the professional services, commissions, promotional services consideration paid for other media services and the costs for services to customers which are strictly connected to the increase in the relative revenues. The decrease in the remuneration of corporate bodies is due to the different calculation of the competences of the managing director which, as mentioned above, are included on long personnel costs. For better comparability with the current year, it is hereby noted that a reclassification took place from the "remuneration of corporate bodies " in 2010 from "costs for independent personnel" of the costs incurred for the services provided by the supervisory organization of Euro 56 thousand.

30 Use of third party assets:

This item totals Euro 39,014 thousand, a reduction of Euro 870 thousand compared to 2010, and is broken down as follows:

	2011	2010	Change
Operating leases	5	14	(9)
Reconveyance paid to RFI S.p.A.	38.795	37.733	1.062
Reconveyance paid to Sistemi Urbani S.p.A.	204	290	(86)
Rents for rental of premises	9	23	(14)
Other rents		84	(84)
Total	**39.014**	**38.144**	**870**

The increase is mainly due to the increase in the reconveyance amount to Rete Ferroviaria Italiana and FS Sistemi Urbani, on account of the increases in the rental and media income.

The decrease registered for the rental of buildings is due to the expiration of all the rental contracts for forest service use.

There are currently no minimum payments from irrevocable operating leases.

31 Other operating costs

This Other Costs amounts to Euro 5,979 thousand, up by Euro 547 thousand compared to 2010 and breaks down as follows:

	2011	2010	Change
Taxes and duties	5.231	4.943	288
Penalties, sanctions, amends	111	128	(16)
- bad debt		3	(3)
Subscriptions and membership fees	74	155	(81)
Capital losses from sales of fixed assets		3	(3)
Other operating costs	562	199	363
Total	**5.979**	**5.432**	**547**

The main changes involved an increase in taxes for TARSU, ICP (Municipal Advertising Tax) and registration taxes. Approximately Euro 280 thousand of contingent liabilities have been calculated and are due to normal estimate revisions.

32 Cost for in-house work capitalised

The costs for in-house work capitalized amount to Euro 864 thousand essentially the same as for the previous period. The capitalized cost refers to the direct personnel operating on investments underway.

33 Amortisation and depreciation

This item amounts to Euro 10,928 thousand, up by Euro 3,041 thousand compared to 2010 and breaks down as follows:

	2011	2010	Change
Tangible and intangible fixed assets			
Amm.of intangible fixed assets	161	59	102
Amm.of plants, machinery, other	10.767	7.828	2.939
Total	**10.928**	**7.887**	**3.041**

The increase in the depreciation of tangible assets is mainly due to the calculation for the current year of the deployment of works relating to the building complexes of Milan, Naples and Turin (respectively 30 April, 30 June and 31 August of 2010) and the amortisation of the new SAP software.

34 Write-downs and value adjustments of loans

The item is broken down below, with regards to group companies and third parties alike:

	2011	2010	Change
Write-backs and value adjustments of loans	3.825	3.942	(117)
Group	(265)	309	(574)
Third parties	4.091	3.633	458
Total	**3.825**	**3.942**	**(117)**

The write-down of loans shown under current assets is based on a careful analysis of these loans and the degree to which they are recoverable.

For better comparability with the current year, 2010 releases of Euro 229 thousand were reclassified from "other revenues and income" to the value adjustments of loans.

35 Provisions for risks and charges

This item amounted to € 263 million, and is broken down as follows:

	2011	2010	Change
Allocations to provisions for risks			
Civil lawsuits	(314)	(1.757)	1.443
Labour lawsuits	4	1.386	(1.382)
Other expenses	47		47
Total	**(263)**	**(371)**	**108**

The increase in 2011 is the result of the allocations and releases to the provision for risks given the improved estimate regarding the probable outcome of the disputes arising in the period. For further analysis please see note 20 "provision for risks and charges."

For better comparability with the current year, 2010 releases of Euro 2,068 thousand of value adjustments of loans were reclassified from "other revenues and income";

36 Finance income

As at 31 December 2011, finance expenses amounted to Euro 1,010 thousand, up by Euro 534 thousand compared to the previous year. The finance income is broken down as follows:

	2011	2010	Change
- interest income on bank deposits	417	229	188
Interest income from parent companies	335	179	156
- from subsidiaries	237	31	206
Other interest	21	31	(10)
revaluation of [equity] investments	-	6	(6)
Total	**1.010**	**476**	**534**

The "interest income on bank deposits" refer to the interest income earned during the year on bank deposits. Compared to the previous year there has been a decrease in the average liquidity and a decrease in the interest rates earned.

The item "interest income from parent companies" refers to the interest income from the current intercompany account held with Ferrovie dello Stato S.p.A., the terms and conditions of which are shown in detail under note 13 "current and non-current financial assets (including derivatives)."

The financial income from subsidiaries refer mainly to the interest from Grandi Stazioni Ceska for the bridge loan (repaid during the year) and the guarantee issued for the company for the medium/long-term loan and the hedging derivatives (for further information please see paragraph 39 "guarantees and commitments").

37 Financial charges

As at 31 December 2011, finance expenses amounted to Euro 5,115 thousand, up by Euro 1,798 thousand compared to the previous year. The finance charges are broken down as follows:

	2011	2010	Change
Interest on arrears	25	107	(83)
Interest payable on long-term loans	4.490	3.765	726
Financial charges on derivatives	1.339	1.468	(129)
Financial expenses related to TFR discounting	82		82
Foreign exchange loss	-	1	(1)
Capitalised financial charges	(822)	(2.025)	1.203
Total	**5.115**	**3.317**	**1.798**

The interest payable on long-term loans refers to the interest due on the mortgages contracted by the parent company with the Banca BIIS (Banca Infrastrutture Innovazione e Sviluppo – Infrastructures Innovation and Development Bank – formerly OPI) and the long-term loans from Bipop Carire and the EIB.For further details please see note 18 "medium/long-term loans."

The significant increase compared to 2010 is due to the increase in the 6 month EURIBOR rate (the basis on which the cost of loans is calculated) as well as the decrease in the borrowings recorded during the period, due to repayments that took place on mortgages and the EIB loan. Please see note 18 regarding financial expenses related to derivatives. It is hereby noted that the financial expenses are presented net of capitalization of the property plant and equipment item of the Euro 822 thousand for 2011 and Euro 2025 thousand for 2010.

38 Income tax

The income tax item as at 31 December 2011 amounts to Euro 16,982 thousand, an increase of Euro 5116 thousand compared to the previous year due mainly to the capital gain realised from the disposal of the building . The item is broken down below:

Current taxes	2011	2010	Difference
IRAP	3.136	2.638	498
IRES	10.884	11.189	(305)
Deferred and prepaid taxes	2.963	(1.961)	4.924
Total income taxes	**16.982**	**11.866**	**5.116**

Below is the reconciliation schedule between effective and theoretical Ires and Irap taxes.

Reconciliation between effective and theoretical Ires and Irap taxes	IRES			
	2011		2010	
	Assessable	Taxation	Assessable	Taxation
Profit before tax	46.977		31.288	
Theoretic tax charge		**12.919**		**8.604**
Theoretical tax rate		27,50%		27,50%
Temporary deductible differences in future years	14.025	3.857	12.767	3.511
Temporary differences of prior years	-22.650	- 6.229	-7.138	- 1.963
Permanent taxable differences	1.763	485	4.289	1.179
Permanent deductible differences	-538	- 148	-518	- 142
IRES	**39.578**	**10.884**	40.687	**11.189**
Effective rate		23,17%		35,76%
IRAP		**3.136**		**2.638**
Tax for the previous year				
Total deferred taxes		**2.963**		**-1.961**
Total income taxes		**16.982**		**11.866**

Other information

39 Contractual commitments and guarantees

Guarantees granted to third parties are shown below:

Description	31.12.2011	31.12.2010	Difference
RISKS			
Guarantees			
issued in favour of associated companies	116	116	
- in favour of third parties	631	500	131
Other personal guarantees			
issued in favour of subsidiaries	30.795	25.300	5.495
TOTAL	**31.542**	**25.916**	**5.626**
COMMITMENTS			
Contracts with deferred execution	21.000	21.000	
TOTAL	**21.000**	**21.000**	
TOTAL MEMORANDUM ACCOUNTS	**52.542**	**46.916**	**5.626**

This amount consist of:

- a guarantee issued by Ferrovie dello Stato Italiane for Metropark guaranteeing a rent agreement for various equipment which expires on 1 January 2013;
- A guarantee issued by Intesa-San Paolo for the municipality of Venice (Direzione Centrale Sportello Unico) which originally was to expire on 10 September 2008 and has been tacitly renewed since, in guarantee of the restructuring works under way on the former departmental building in Venice (Euro 500 thousand) with automatic renewal until receipt of the release from the municipality;
- A provisional guarantee issued by Intesa-San Paolo on behalf of Rete Ferroviaria Italiana S.p.A., in guarantee of the participation in the call for tenders "concession for the economic exploitation of the building complex of Roma Tiburtina, with operational management thereof through the assignment to third parties of the ordinary operation and maintenance activities –CIG no. 2530135D70" (Euro 50 thousand);
- A guarantee issued by Intesa-San Paolo on behalf of the Ministry of Economic Development in guarantee of the premiums due relating to the "Roma Termini- Shopping with the Stars" tender (Euro 16 thousand), expiring 11 November 2012;
- A guarantee issued by Intesa-San Paolo on behalf of the Ministry of Economic Development in guarantee of the premiums due relating to the "Book and Buy" tender (Euro 5 thousand), expiring 15 June 2012;
- A provisional guarantee issued by Intesa-San Paolo for Direccion de Contratacion y Coordinacion Comercial de la Direccion General de Explotacion de la Infraestrucrura de ADIF – Estacion de Chamartin for participation in the call for tenders for the exploitation of Centro Vialia in the railway station of Vigo (Spain) – (Euro 60 thousand);

- A guarantee amounting to Euro 28.3 billion, which corresponds to CZK 730,000 at the exchange rate of 25.8 as at 30 December 2011, issued in favour of Unicredit Bank of Austria on behalf of Grandi Stazioni Cesca Republika to guarantee the facility agreement of 3 August 2011;
- A guarantee of Euro 2.5 million issued to Unicredit S.p.A. on behalf of Grandi Stazioni Cesca Republika two guarantee derivative transactions, connected to the loan of CZK 730,000;
- An obligation ensuing from the signing (on 20 April 2010) of a preliminary contract between Grandi Stazioni and Metropolitana di Napoli Spa the objective of which is the undertaking by Metropolitana di Napoli Spa of the obligation to rent to Grandi Stazioni the building portion comprising the Galleria Commerciale for a total duration of 35 years from the date of delivery which provides for the advance payment by Grandi Stazioni of the rental amount equal to Euro 21 billion plus VAT on the date the final contract is signed.

40 Contingent assets and liabilities

Regarding contingent liabilities please see note 20 provisions for risks and charges."

We note furthermore that there are no contingent assets based on which an increase in operations as expected.

41 Remuneration of corporate bodies

The following are the overall amounts of remuneration payable to directors, members of the board of statutory auditors and the Supervisory Body for their services. The remuneration of the Directors also includes the cost of the Managing Director who was hired as a manager as at 1 October 2010. The decrease compared to the previous year is due to the adjustment of the remuneration paid in 2010 to the managing director compared to prior years.

RECIPIENTS	2011	2010	Change
Directors	796	1.283	(487)
Statutory Auditors	57	57	-
Supervisory body	60	56	4
TOTAL	**913**	**1.396**	**(483)**

42 Independent auditors' fees

It is hereby noted that pursuant to article 37, par. 16 of Legislative Decree 39/2010 and section 16 bis of article 2427 of the Italian civil code, the total amount of remuneration due to the independent auditing firm accrued as at 31 December 2011 amounted to Euro 60 thousand.

43 Information regarding management and coordination

Below are the statements summarizing the key data of the latest financial statements approved by the company responsible for management and coordination activities, pursuant to art. 2497-bis of the Italian Civil Code. The essential data referring to the holding company Ferrovie dello Stato S.p.A. was taken from the relative financial statements for the period ended 31 December 2010. For adequate incomplete comprehension of the equity and financial position of Ferrovie dello Stato Italiane S.p.A. (Holding company) as at 31 December 2010 as well as regarding the economic result of the company for the period ended on that date, please refer to the financial statements which is available in the forms and manners provided by the law, together with the auditors' report.

(Amounts in euro thousands)

BALANCE SHEET	**31.12.2010**	**31.12.2009**
ASSETS:		
Total non-current assets	43.630.684	43.997.511
Total current assets	2.229.403	3.013.985
TOTAL ASSETS	**45.860.087**	**47.011.496**
LIABILITIES:		
Shareholders' equity		
Share capital	38.790.425	38.790.425
Reserves	297.168	293.257
Profits (losses) brought forward	(3.046.628)	(3.118.940)
Profit (loss) for the year	20.921	75.815
TOTAL EQUITY	**36.061.886**	**36.040.557**
Liabilities		
Total non-current liabilities	8.079.315	8.856.508
Total current liabilities	1.718.886	2.114.431
TOTAL LIABILITIES	**9.798.201**	**10.970.939**
TOTAL LIABILITIES AND NET SHAREHOLDERS' EQUITY	**45.860.087**	**47.011.496**

INCOME STATEMENT	**2010**	**2009**
Revenue and income	153.290	187.833
Operating expenses	160.641	177.367
Amortisation and depreciation	19.941	18.723
Write-downs and impairment losses	1.309	830
Allocations for risks and charges	5.041	16.656
Financial income and charges	(26.237)	40.098
Income tax	80.800	61.460
NET RESULT FOR THE GROUP	**20.921**	**75.815**

44 Related parties

Transactions with managers with strategic responsibilities

The compensation of persons with strategic responsibilities are shown in the table below. The schedule has been prepared with regard to the period that the office was held and on an accruals basis.

	2011	2010
Short term benefits	2.636	2.095
Termination benefits	111	86
Total	**2.747**	**2.181**

During the periods under review a total of 10 directors could be classified as directors with strategic responsibilities (including the managing director and a manager seconded by Ferrovie dello Stato Italiane S.p.A.).

It is hereby noted that all strategic directors have declared that during the period they did not carry out any transactions, whether directly or through close family members, with companies belonging to the Ferrovie dello Stato Italiane group or companies that are directly or indirectly controlled by the latter.

Other transactions with related parties

The inter-relations between Grandi Stazioni and other related parties are conducted on an arm's length basis, this being identified with the assistance of external professionals if required.

The inter-company transactions conducted within the Ferrovie dello Stato Italiane Group, of which Grandi Stazioni is a member, pursue the common goal of creating value. In this regard, it must be noted that, in coherence with the new Ferrovie dello Stato Italiane Group Business Plan for 2007-2011, a more rational allocation of assets and resources within the Group is being implemented, in order to concentrate the focus of each company on its own core business, improving the valorisation and usage of the company equity not strictly related to the everyday activities of the companies in the Ferrovie Group, assigning this duty to specialised individuals, also through split-offs and conferments, and increasing synergy and economies at the infra-group level.

These processes and transactions occur according to the civil law and tax regulations of the specific sector, in compliance with the guidelines of the supervising Ministries and taking into account the characteristics and peculiarities of the activities carried out by many companies in the Ferrovie dello Stato Italiane Group.

Below is a summary table representing the main asset and liability relations ongoing during the year with subsidiaries, parent companies and other associated companies. Relations with the company exercising management and coordination activities and with the companies subject to these management and coordination activities are also highlighted.

Company	Relations involving assets	Relations involving liabilities

Subsidiary companies		
GS Ingegneria	Commercial and other: service	Commercial and other: consideration paid for engineering work
GS Ceska	Commercial and other: assignment fee	Commercial and other: seconded personnel
Parent companies		
Ferrovie dello Stato Italiane (a)	Commercial and other: Tenancy costs Financial: Inter-company current bank account	Commercial and other: service
Associated companies		
(b)	Commercial and other: Tenancy costs	Commercial and other: deposits on engineering work
Rete Ferroviaria Italiana (b)	Commercial and other: Tenancy costs	Commercial and other: retrocession amount
(b)	Commercial and other: Tenancy costs	Commercial and other: travel expenses
(b)	Commercial and other: Tenancy costs	
FS Sistemi Urbani (b)		Commercial and other: retrocession amount
(b)	Commercial and other: Tenancy costs	
(b)	Commercial and other: repayments	Commercial and other: services

Company	Relations involving assets	Relations involving liabilities
Other related parties		
Anas	Commercial and other: Rentals	
Poste italiane	Commercial and other: Tenancy costs	Commercial and other: services
Rai	Commercial and other: Average	
Toscana Energia Customers		Commercial and other: services
Eni		Commercial and other: services
Enel		Commercial and other: services
Fondo Mario Negri		Commercial and other: Pension fund
Cassa depositi e prestiti		Commercial and other: commissions

(a) Company exercising management and coordination activities (direct parent company)
(b) Company subject to the management and control of (a).

Trade and other receivables

The following are the economic and equity amounts resulting from the previously indicated relations (amounts in thousands of Euro).

Company	31.12.2011				2011	
	Receivables	Payables	Acquisitions for investment	Guarantees and commitments	Costs	Revenues
Subsidiary companies						
GS Ceska	298				(151)	214
GS Ingegneria	614	1.604			(480)	437
Parent companies						
Ferrovie dello Stato Italiane	506	6.113			693	174
Other associated companies						
Trenitalia	16.532	77			75	26.418
Rete Ferroviaria Italiana	11.133	15.289			38.545	54.490
Ferservizi	1.323	492			48	2.804
Fs Sistemi Urbani		670			204	
Italferr	1.189					7.223
Metropark	154	227			375	119
Trenord	117					73
Total other associated	**30.448**	**16.755**			**39.247**	**91.127**
Other related parties						
Anas S.p.A.	550					4.260
Poste Italiane S.p.A.	62	1			2	351
RAI S.p.A.	58					48
Toscana Energia Customers		32			134	
Eni S.p.A.		1			2.509	
Fondo Mario Negri		60			115	
Enel S.p.A.		23			6.121	
Total other related parties.	**670**	**117**			**8.881**	**4.659**
TOTAL	**32.537**	**24.590**			**48.190**	**96.611**

Financial relations

The relations with the companies belonging to the Group were mainly of a commercial nature, and , therefore, the costs and revenues and the relevant payables and receivables refer to: the leasing of stations areas, reimbursement of accessory costs, recovery of costs for detached personnel, supply of general group services and business travel services.

Lastly, it should be highlighted that there is an inter-company bank account shared by Ferrovie dello Stato S.p.A. and Grandi Stazioni S.p.A., through which the receipts and payments concerning economic relations with FS Holding, Ferservizi, Italferr, RFI and Trenitalia transit. As at 31 December 2011, the balance of the intercompany current account was equal to Euro 16,973,868.

The following are the economic and equity amounts resulting from the previously indicated relations (amounts in thousands of Euro).

Company	31.12.2011			2011	
	Receivables	Payables	Guarantees and commitments	Charges	Income
Subsidiary companies					
GS Ceska	17				237
Parent companies					
Ferrovie dello Stato Italiane	16.974				335
Other associated companies					
Metropark			116		
Other related parties					
Cassa Depositi e Prestiti				310	
TOTAL	**16.991**		**116**	**310**	**572**

With its resolution of 16 March 2010, the company's Board of Directors and the holding company FSI, elected to apply the Italian income tax consolidation act for the three year period from 2010 to 2012.

45 Events after the balance sheet date

And in January the North and South Lot Environmental Service contracts were signed. The cleaning contracts for the entire network were extended to 29 February 2012, the date of the call for tenders. Grandi Stazioni SpA has presented an offer to PKP (the Polish railway service) for the selection of the tenants in the commercial areas and the management of the Krakow station which was recently renewed.

The quality management system for the internal auditing activities of Grandi Stazioni and the Ferrovie dello Stato Italiane group in general were reviewed by an external certification organization (TÜV). This organization confirmed of the certification which had been issued on 3 December 2009.

In February the SAP PM (Project Management) module was deployed and the corresponding SAVVION module for the management of the cleaning and maintenance services of the building complexes was abandoned.

The public call for tenders by RFI was held for assignment of the management of the high velocity station of Roma Tiburtina. Following the opening an examination of the offers, Grandi Stazioni was selected as the most advantageous tenderer.

An offer was presented to Erjet, a subsidiary of ENR (Egyptian railways) to manage the Cairo Ramses and Sidi Gaber stations in Alexandria.

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AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

GRANDI STAZIONI SPA

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2011

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

To the Shareholders of
Grandi Stazioni SpA

1 We have audited the consolidated financial statements of Grandi Stazioni SpA and its subsidiaries ("Grandi Stazioni Group") as of 31 December 2011, which comprise the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes. The directors of Grandi Stazioni SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob (the Italian Commission for Listed Companies and the Stock Exchange). Those standards require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 13 April 2011.

3 In our opinion, the consolidated financial statements of the Grandi Stazioni Group as of 31 December 2011 comply with the International Financial Reporting Standards as adopted by the European Union; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of the Grandi Stazioni Group for the year then ended.

4 The directors of Grandi Stazioni SpA are responsible for the preparation of a report on operations in compliance with the applicable laws. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as

required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili and recommended by Consob. In our opinion, the report on operations is consistent with the consolidated financial statements of the Grandi Stazioni SpA as of 31 December 2011.

Rome, 13 April 2012

PricewaterhouseCoopers SpA

Signed by

Leda Ciavarella
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers. We have not examined the translation of the financial statements referred to in this report.

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AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

GRANDI STAZIONI SPA

SEPARATE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2011

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AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

To the Shareholders of
Grandi Stazioni SpA

1 We have audited the separate financial statements of Grandi Stazioni SpA as of 31 December 2011, which comprise the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes. The directors of Grandi Stazioni SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union. Our responsibility is to express an opinion on these separate financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob (the Italian Commission for Listed Companies and the Stock Exchange). Those standards require that we plan and perform the audit to obtain the necessary assurance about whether the separate financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the separate financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 13 April 2011.

3 In our opinion, the separate financial statements of Grandi Stazioni SpA as of 31 December 2011 comply with the International Financial Reporting Standards as adopted by the European Union; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of Grandi Stazioni SpA for the year then ended.

4 The directors of Grandi Stazioni SpA are responsible for the preparation of a report on operations in compliance with the applicable laws. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by Consiglio Nazionale dei Dottori

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Commercialisti e degli Esperti Contabili and recommended by Consob. In our opinion, the report on operations is consistent with the separate financial statements of Grandi Stazioni SpA as of 31 December 2011.

Rome, 13 April 2012

PricewaterhouseCoopers SpA

Signed by

Leda Ciavarella
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers. We have not examined the translation of the financial statements referred to in this report.

STATEMENT OF THE MANAGING DIRECTOR AND THE EXECUTIVE IN CHARGE OF PREPARING THE FINANCIAL STATEMENTS OF GRANDI STAZIONI SPA REGARDING THE ANNUAL FINANCIAL STATEMENTS FOR 2011

1. The undersigned Messrs. Fabio Battagia and Giovanni Raddi, respectively the Managing Director and executive in charge of preparing the financial statements of Grandi Stazioni SpA, given:

   - the provisions of art. 27 of the articles of association of Grandi Stazioni SpA;
   - the specifications set forth in 2 below;

   Hereby certify:

   - the adequacy of the financial statements insofar as the characteristics of the company and
   - the effective application thereof.

Of the administrative and accounting procedures applied for the preparation of the annual financial statements for 2011, except as indicated in 2b below.

2. To this end, it is noted that:

   a. The assessment of the adequacy and the effective application of the administrative-accounting procedures applied to the preparation of the annual financial statements of Grandi Stazioni S.p.A. is based on the internal model defined in line with the Internal Controls -Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission which is an internal control system reference framework that is generally accepted internationally.

   b. This assessment indicated the following significant aspects:

      - the company has in place organizational and administrative-accounting procedures which as a whole are sufficient in relation to the characteristics of the company; however the actual application of the procedures is still lacking, particularly insofar as the times and methods of transmission of the data for the compilation of the financial statements as well as the tracking of certain controls described in the procedure. Lacking elements continue to exist in the media process, particularly in regard to the formalization of contracts.

Graodi Stazioni S.p.A. - Gruppo Ferrovie dello Stato Italiano
Registered office: Via Giolitti, 34 - 00185 Roma
Tel. -39 06478411 • Fax + 39 064823915
www. Grandistazioni.it
Share capital: Euro 4,304,201.10
Registered with the Rome Registry of Companies
Tax and VAT code: 05129581004 - R.F..A. 841620

- The deployment of the SAP system during 2011 resolved many integration problems between the management and accounting system, however the complete replacement of the old business support systems has not yet been concluded with regard to the real estate process nor has the system for the management of the media process been concluded.

- Finally, the formalization of the activities and controls aimed at governing and monitoring the main IT process is still lacking.

In general, we consider that the irregularities indicated above for which corrective action plans have been or will be undertaken, have a low impact on the correctness and quality of the financial information for 2011.

3. Finally, we certify that the annual financial statements:

   a. have been prepared in compliance with the International Accounting Standards which have been endorsed by the European Community pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council, of 19 July 2002;
   b. correspond to the entries of the accounting books and records;
   c. truthfully and accurately represent the financial position, income and equity of Grandi Stazioni S.p.A.

Rome, 5 April 2012

The Managing Director

[SIGNATURE]

The Executive in charge of preparing the financial statements

[SIGNATURE]

GRUPPO FERROVIE DELLO STATO ITALIANE

STATEMENT OF THE MANAGING DIRECTOR AND THE EXECUTIVE IN CHARGE OF PREPARING THE FINANCIAL STATEMENTS OF GRANDI STAZIONI SPA REGARDING THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2011

1. The undersigned Messrs. Fabio Battagia and Giovanni Raddi, respectively the Managing Director and executive in charge of preparing the financial statements of Grandi Stazioni SpA, given:

- The provisions of art. 27 of the articles of association of Grandi Stazioni SpA;
- The specifications set forth in 2 below;

Hereby certify:

- The adequacy of the financial statements insofar as the characteristics of the company and
- The effective application

of the administrative and accounting procedures for the compilation of the consolidated financial statements during 2011.

2. To this end, it is noted that:

a. The assessment of the adequacy and the effective application of the administrative-accounting procedures applied to the preparation of the consolidated financial statements of Grandi Stazioni S.p.A. is based on the internal model defined in line with the Internal Controls -Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission which is an internal control system reference framework that is generally accepted internationally.

b. This assessment indicated the following significant aspects:

- the Group has in place organizational and administrative-accounting procedures which as a whole are sufficient in relation to the characteristics of the company; however the actual application of the procedures is still lacking, particularly insofar as the times and methods of transmission of the data for the compilation of the financial statements as well as the tracking of certain controls described in the procedure. Lacking elements continue to exist in the media process, particularly in regard to the formalization of contracts.

- The deployment of the SAP system during 2011 resolved many integration problems between the management and accounting system, however the complete replacement of the old business support systems has not yet been concluded with regard to the real estate process nor has the system for the management of the media process been concluded.

- Finally, the formalization of the activities and controls aimed at governing and monitoring the main IT process is still lacking.

In general, we consider that the irregularities indicated above for which corrective action plans have been or will be undertaken, have a low impact on the correctness and quality of the financial information for 2011.

It is furthermore certified that the consolidated financial statements:

a. have been prepared in compliance with the international accounting standards which have been endorsed by the European Community pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council, of 19 July 2002;
b. correspond to the entries of the accounting books and records;
c. truthfully and accurately represent the financial position, income and equity of the Grandi Stazioni S.p.A. Group.

Rome, 5 April 2012

The Managing Director	The Executive in charge of preparing the financial statements
[SIGNATURE]	[SIGNATURE]

GRANDI STAZIONI S.P.A. **– Share capital Euro 4.304.201 fully paid in**

Registered office: Via G. Giolitti, 34 - 00185

Rome – Business Registry no. 571591/96

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING

Dear Shareholders,

We hereby inform you that, following the presentation of the financial statements by the Board of Directors on 5 April of this year, the Board of Statutory Auditors gave its authorization for the waiver of terms at the shareholders' meeting for approval thereof set for 30 April.

As you are aware, the Board is in charge of monitoring the management, as the auditing of the accounts has been assigned to PricewaterhouseCoopers S.p.A.; to this end it has carried out its task by making the necessary contacts with the persons in charge of the various control functions and, therefore its coordination with them.

The Board has participated in the meetings of the Board of Directors and has received from the Company's Managing Director and Managers the necessary information on the management and outlook.

In particular, the Chairman of the Board has participated in the meetings of the Supervisory Committee, the composition of which has recently been modified, and has reported to his colleagues regarding these meetings, while the Board has periodically held discussions with the Internal Audit Manager, including always the reports compiled for presentation of the audit results to the Board of Directors.

The Board notes that the transactions with related parties are regular and appropriate disclosure has been provided by the Board of Directors in the specific paragraph of the Directors' Report.

The subjection to the direction and coordination of Ferrovie dello Stato S.p.A., pursuant to art. 2497 of the Italian Civil Code was finalized, to the extent that the Board has been able to determine, in the pursuit of implementing the procedures of the Group and the transit to the SAP IT platform, which required certain adjustments to take into account the reality of the Company.

The Board also kept in constant contact with the audit firm PricewaterhouseCoopers S.p.A., which always participated in the meetings of the Board of

Statutory Auditors represented by the partner and managers in charge of auditing Grandi Stazioni S.p.A.. From these contacts, the Board was able to ascertain that the accounting checks and the verifications of the social security and tax requirements never indicated any omissions, irregularities or reprehensible actions or actions that would require notification to the supervisory authorities or mention in this report.

The Board notes that it specifically met with the Audit Firm regarding the separate and consolidated financial statements at various meetings to examine further the more problematic aspects. It was therefore informed by PricewaterhouseCoopers S.p.A., that the latter's opinion will be issued on 13 April 2012 without comments and requests for information and a positive opinion on the coherence of the Directors' Report with the financial statements.

Following what has been presented and to the extent of our competence, we believe that the separate financial statements for 2011 should be approved and we agree with the proposal for the allocation of the profits as set forth by the Board of Directors at the end of the Directors' Report.

To the extent of the information acquired from PricewaterhouseCoopers S.p.A., we also express our agreement in regard to the concurrent consolidated financial statements.

We specify that the Board has received no notification pursuant to art. 2408 of the Italian Civil Code.

We inform you, finally, that the Board of Directors has completed its term of office and that you must therefore appoint such a body.

Rome, 13 April 2012

THE BOARD OF STATUTORY AUDITORS
CARLO CONTE
THE CHAIRMAN
[SIGNATURE]
CLAUDIO BIANCHI
STATUTORY AUDITOR
[SIGNATURE]
PAOLO BUZZONETTI
STATUTORY AUDITOR
[SIGNATURE]