Separate Financial Statements and Notes thereto at 31 December 2014

Astaldi

Società per Azioni

Registered Office / Head Office: Via Giulio Vincenzo Bona 65, Rome (Italy)

Registered with the Companies Register of Rome

Tax code and VAT No.: 00398970582

R.E.A. No.: 152353

VAT No.: 0080281001

Share capital: EUR 196,849,800.00 fully paid-in

FINANCIAL STATEMENTS OF ASTALDI S.p.A.

SEPARATE INCOME STATEMENT

	Notes	31 December 2014	*31 December 2013 Restated
Revenue	1	2,023,895,345	2,109,122,229
of which with related parties		*539,340,405*	*482,854,905*
Other operating revenue	2	107,040,914	111,606,410
of which with related parties		*14,352,725*	*21,974,039*
Total revenue		**2,130,936,259**	**2,220,728,639**
Purchase costs	3	(317,370,844)	(352,919,319)
Service costs	4	(1,230,813,782)	(1,262,142,347)
of which with related parties		*252,316,948*	*313,351,723*
Personnel expenses	5	(256,288,533)	(256,714,759)
Amortisation, depreciation and impairment losses	6	(38,460,339)	(37,665,632)
Other operating costs	7	(29,423,577)	(33,165,739)
of which with related parties		*881,782*	*227,568*
Total Costs		**(1,872,357,075)**	**(1,942,607,796)**
(Capitalisation of internal construction costs)	8	0	247,598
Operating profit		**258,579,184**	**278,368,441**
Financial income	9	97,054,259	102,711,709
of which with related parties		*19,913,619*	*18,573,385*
Financial charges	10	(244,683,771)	(218,668,094)
of which with related parties		*30,492,185*	*17,828,022*
Total financial area and investments		**(147,629,512)**	**(115,956,385)**
Pre-tax profit from continuing operations		**110,949,672**	**162,412,056**
Tax expense	11	(46,805,507)	(49,662,237)
PROFIT FOR THE YEAR		**64,144,165**	**112,749,819**
Earnings per share	12		
Basic		EUR 0.66	EUR 1.15
Diluted		EUR 0.60	EUR 1.14

* Further to application (retrospective) of IFRS-11 – *Joint arrangements*, figures at 31 December 2013, shown for the purpose of comparison, were restated.

STATEMENT OF COMPREHENSIVE INCOME

	Notes	31 December 2014	*31/ December 2013 Restated
Profit for the year (A)		**64,144,165**	**112,749,819**
Items to be reclassified subsequently in Profit (Loss) for the year	24		
Change in Subsidiaries' hedging reserve net of tax effect		51,991	5,571,743
Change in International operations' translation reserve		(37,465,621)	(10,432,059)
Total Other Comprehensive expense net of tax effect to be reclassified subsequently in Profit (Loss) for the year (B1)		**(37,413,630)**	**(4,860,316)**
Items not to be reclassified subsequently in Profit (Loss) for the year	**24**		
Defined benefit plan actuarial gains (losses) net of tax effect		(177,625)	85,400
Total Other Comprehensive income (expense) net of tax effect not to be reclassified subsequently in Profit (Loss) for the year (B2)		**(177,625)**	**85,400**
Total Other Comprehensive expense net of tax effect (B1)+(B2)=(B)		**(37,591,255)**	**(4,774,916)**
TOTAL COMPREHENSIVE INCOME (A)+(B)		**26,552,910**	**107,974,903**

* Further to application (retrospective) of IFRS-11 – *Joint arrangements*, figures at 31 December 2013, shown for the purpose of comparison, were restated.

STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2014	*31 December 2013 Restated
ASSETS			
Non-current assets			
Property, plant and equipment	13	189,155,283	180,771,821
Investment property	14	165,652	173,318
Intangible assets	15	3,207,890	4,611,067
Investments	16	506,306,449	455,943,082
Of which:			
Investments in stakes using the equity method		234,203,884	177,597,228
Non-current financial assets	17	224,891,300	166,779,172
of which with related parties		*224,781,053*	*130,401,434*
Other non-current assets	18	44,645,968	38,965,673
Deferred tax assets	11	25,133,563	15,165,368
Total non-current assets		**993,506,105**	**862,409,501**
Current assets			
Inventories	19	53,875,197	55,678,475
Receivables from customers	20	987,966,898	1,198,666,116
of which with related parties		*113,378,759*	*154,242,145*
Trade receivables	21	909,425,740	968,396,444
of which with related parties		*222,567,230*	*197,225,703*
Current financial assets	17	20,932,533	29,453,763
of which with related parties		*18,315,907*	*4,913,000*
Tax assets	22	72,617,863	80,044,088
Other current assets	18	343,383,996	378,850,240
of which with related parties		*72,156,771*	*58,455,009*
Cash and cash equivalents	23	467,230,598	302,586,952
Total current assets		**2,855,432,825**	**3,013,676,078**
Total Assets		**3,848,938,930**	**3,876,085,579**

* Further to application (retrospective) of IFRS-11 – *Joint arrangements*, figures at 31 December 2013, shown for the purpose of comparison, were restated.

	Notes	31 December 2014	*31 December 2013 Restated
EQUITY AND LIABILITIES			
Equity	24		
Share capital		196,849,800	196,849,800
Treasury shares		(1,793,002)	(1,040,240)
Reserves:			
Legal reserve		27,934,260	26,200,814
Extraordinary reserve		253,131,219	241,001,883
Retained earnings		77,257,818	(823,180)
Other reserves		39,817,731	39,439,866
Other comprehensive expense		(56,681,173)	(19,089,918)
Total share capital and reserves		**536,516,653**	**482,539,025**
Profit for the year		64,144,165	112,749,819
Total equity		**600,660,818**	**595,288,844**
Non-current liabilities			
Non-current financial liabilities	25	1,152,003,972	896,747,908
of which with related parties		*1,850,384*	*3,584,243*
Other non-current liabilities	26	2,247,833	1,647,754
Employee benefits	27	6,281,344	4,996,302
Liabilities for deferred taxes	11	9,525,406	10,570,071
Total non-current liabilities		**1,170,058,555**	**913,962,035**
Current liabilities			
Payables to customers	20	425,431,789	600,087,823
of which with related parties		*110,677,254*	*74,133,960*
Trade payables	28	1,018,608,269	1,069,279,841
of which with related parties		*255,067,988*	*283,366,135*
Current financial liabilities	25	350,811,563	420,850,323
Tax liabilities	29	94,734,279	61,053,770
Provisions for current risks and charges	30	41,397,228	92,504,234
Other current liabilities	26	147,236,429	123,058,709
of which with related parties		*12,575,484*	*9,470,288*
Total current liabilities		**2,078,219,557**	**2,366,834,700**
Total liabilities		**3,248,278,112**	**3,280,796,735**
Total equity and liabilities		**3,848,938,930**	**3,876,085,579**

* Further to application (retrospective) of IFRS-11 – *Joint arrangements*, figures at 31 December 2013, shown for the purpose of comparison, were restated.

STATEMENT OF CHANGES IN EQUITY

Changes in equity at 31 December 2014

	Share capital	*Legal reserve*	*Extraordinary reserve*	*Hedging reserve net of tax effect*	*Translation reserve*	*Actuarila gains (losses)*	*Other reserves*	*Retined earnings*	*Profit for the year*	Total equity
Balance at 01 January 2014 Published	195,809,560	26,200,814	241,001,883	(8,366,419)	(6,024,181)	(241,582)	4,567,530	(823,178)	34,668,916	**486,793,343**
Effects deriving from application of IFRS 2011	0	(0)	0	0	(4,456,793)	(943)	34,872,336	(2)	78,080,903	**108,495,501**
Balance at 01 January 2014 Restated	**195,809,560**	**26,200,814**	**241,001,883**	**(8,366,419)**	**(10,480,974)**	**(242,525)**	**39,439,866**	**(823,180)**	**112,749,819**	**595,288,844**
Profit from continuing operations 2014	0	0	0	0	0	0	0	0	64,144,165	**64,144,165**
Other comprehensive income (expense)	0	0	0	51,991	(37,465,621)	(177,625)	0	0	0	**(37,591,255)**
COMPREHENSIVE INCOME (EXPENSE)	**0**	**0**	**0**	**51,991**	**(37,465,621)**	**(177,625)**	**0**	**0**	**64,144,165**	**26,552,910**
Transactions with shareholders and other changes in equity										
Treasury shares	(752,762)	0	(1,585,369)	0	0	0	209,701	0	0	**(2,128,430)**
Dividends	0	0	0	0	0	0	0	0	(18,700,636)	**(18,700,636)**
Provisions as per Art. 27	0	0	0	0	0	0	0	0	(520,034)	**(520,034)**
Allocation of profit from continuing operations 2013	0	1,733,446	13,714,705	0	0	0	0	78,080,998	(93,529,149)	**0**
Share option allocation reserve	0	0	0	0	0	0	168,164	0	0	**168,164**
Balance at 31 December 2014	***195,056,798**	**27,934,260**	***253,131,219**	**(8,314,428)**	**(47,946,595)**	**(420,150)**	**39,817,731**	**77,257,818**	**64,144,165**	**600,660,818**

* The amount shown in these items is net of overall investment in treasury shares of EUR/000 5,198, of which EUR/000 1,793 corresponding to the nominal value of the shares, reducing the share capital, and EUR/000 3,405 reducing the Extraordinary Reserve.

Changes in equity at 31 December 2014 – Restated

	Share capital	*Legal reserve*	*Extraordinary reserve*	*Hedging reserve net of tax effect*	*Translation reserve*	*Actuarial gains (losses)*	*Other reserves*	*Retained earnigns*	*Profit for the year*	*Total equity*
Balance at 01 January 2013*	**195,633,426**	**23,930,097**	**215,194,601**	**(13,938,162)**	**0**	**(327,925)**	**3,339,556**	**(823,178)**	**45,414,347**	**468,422,762**
Effects deriving from application of IFRS 11	0	0	0	0	(48,915)	0	3,426,974	(14)	31,445,363	**34,823,408**
Balance at 01 January 2013 Restated	**195,633,426**	**23,930,097**	**215,194,601**	**(13,938,162)**	**(48,915)**	**(327,925)**	**6,766,530**	**(823,192)**	**76,859,710**	**503,246,170**
Profit from continuing operations 2013	0	0	0	0	0	0	0	0	112,749,819	**112,749,819**
Other comprehensive income (expense)	0	0	0	5,571,743	(10,432,059)	85,400	0	0	0	**(4,774,916)**
COMPREHENSIVE INCOME (EXPENSE)	**0**	**0**	**0**	**5,571,743**	**(10,432,059)**	**85,400**	**0**	**0**	**112,749,819**	**107,974,903**
Transactions with shareholders and other changes in equity										
Treasury shares	176,134	0	(16,079)	0	0	0	329,725	0	0	**489,780**
Dividends	0	0	0	0	0	0	0	0	(16,639,053)	**(16,639,053)**
Provisions as per Art. 27	0	0	0	0	0	0	0	0	(681,205)	**(681,205)**
Allocation of profit from continuing operations 2012	0	2,270,717	25,823,361	0	0	0	31,445,361	12	(59,539,452)	**0**
Share option allocation reserve	0	0	0	0	0	0	898,250	0	0	**898,250**
Balance at 31 December 2013	****195,809,560**	**26,200,814**	****241,001,883**	**(8,366,419)**	**(10,480,974)**	**(242,525)**	**39,439,866**	**(823,180)**	**112,749,819**	**595,288,844**

* Further to application (retrospective) of IFRS-11 – Joint arrangements, figures at 31 December 2013, shown for the purpose of comparison, were restated. The highlighted values also include the effects of application of IAS 19 (2011), already published in the financial statements at 31 December 2013.
** The amount indicated in these items is shown net of the total investment in treasury shares equal to EUR/000 2,859, of which EUR/000 1,040 corresponding to the nominal value of the shares, reducing the share capital, and 1,819 reducing the Extraordinary Reserve.

STATEMENT OF CASH FLOWS

	31 December 2014	*31 December 2013 Restated
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year	**64,144,165**	**112,749,819**
Taxes	46,805,507	49,662,237
Pre-tax profit	**110,949,672**	**162,412,056**
Adjustments for:		
Non-monetary items		
Amortisation of intangible assets and depreciation of property, plant and equipment and investment property	38,460,339	37,634,411
Impairment losses	17,008,278	29,385,891
Post-employment benefits and defined benefit plans	1,666,153	322,061
Costs for employee incentive plans	1,325,088	1,445,278
Accruals to Provisions for risks and charges	1,241,304	4,334,474
Impairment losses (reversals of impairment losses) following adoption at fair value	(525,038)	4,709,506
Discounting Charges (Income)	36,004,660	0
Subtotal	**95,180,784**	**77,831,621**
Investment management items		
Gains/losses on disposals	(1,304,280)	(933,358)
Other adjustments needed to bring the profit to the cash flow from operating activities		
Net interest payable and receivable, dividends received (coverage of losses)	86,426,378	57,643,439
Subtotal	**85,122,098**	**56,710,081**
Cash flow from operating activities before variations in net working capital	**291,252,554**	**296,953,758**
Change in working capital		
Trade receivables	21,301,048	(156,194,258)
of which with related parties	*(25,341,527)*	*(99,967,949)*
Inventories and receivables from customers	212,502,496	(111,535,551)
of which with related parties	*40,863,386*	*(51,334,327)*
Trade payables	(50,671,572)	(58,474,760)
of which with related parties	*(28,298,147)*	*(121,004,299)*
Provisions for current risks and charges	(11,680,135)	(25,346,827)
Payables to customers	(172,991,038)	130,536,205
of which with related parties	*36,543,294*	*(31,107,730)*
Other operating activities	33,522,548	(42,779,771)
of which with related parties	*(12,976,651)*	*2,199,521*
Other operating liabilities	50,673,846	4,237,344
of which with related parties	*3,105,196*	*594,247*
Payments of post-employment benefits and for defined benefit plans	(558,736)	(633,435)
Subtotal	**82,098,457**	**(260,191,054)**
Variation in the subsidiaries translation reserve	(37,465,621)	(10,432,059)
Net cash flows from (used in) operating activities	**335,885,390**	**26,330,645**
Interest and dividends received (coverage of losses)	6,954,460	1,535,749
Interest paid	(92,764,849)	(56,180,321)
Taxes paid	(46,364,000)	(34,950,124)
A) Net cash flows from (used in) operating activities	**203,711,000**	**(63,264,051)**

* Further to application (retrospective) of IFRS-11 – *Joint arrangements*, figures at 31 December 2013, shown for the purpose of comparison, were restated.

	31/ December 2014	*31 December 2013 Restated
CASH FLOW USED IN INVESTING ACTIVITIES		
Net investment in intangible assets	(502,631)	2,709,757
Investment in property, plant and equipment	(41,675,599)	(36,806,524)
Sales price or reimbursement value, of property, plant and equipment	8,735,625	13,277,059
Change in investee financing activities	(131,609,290)	(58,911,282)
of which with related parties	*(76,493,124)*	*(21,434,179)*
Payments for acquisitions of stakes in associated companies and other investee companies	(35,153,162)	(86,130,585)
Payments obtained for the sale of stakes in associated companies and other investee companies	23,252	(53,741)
Sale/purchase of securities	8,588,449	(26,472,382)
B) Net cash flows used in investment activities	**(191,593,356)**	**(192,387,698)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends distributed to Astaldi shareholders	(18,700,636)	(16,639,053)
Net investment in treasury shares	(2,338,528)	160,054
Capital gain (loss) from negotiation of treasury shares	209,701	85,400
Bond issue	150,000,000	730,000,000
Repayments and other changes net of Bonds	0	(19,110,217)
Repayments and other changes net of financial payables	100,914,032	(463,917,388)
Change in other Financial Liabilities	(66,505,738)	52,169,908
of which with related parties	*(68,226,314)*	*53,796,471*
Reimbursement of finance leases	(9,896,302)	(12,312,121)
Other changes	(1,156,527)	(302,693)
C) Cash flows from financing activities	**152,526,002**	**270,133,890**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**164,643,646**	**14,482,142**
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	**302,586,952**	**288,104,807**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**467,230,598**	**302,586,952**

* Further to application (retrospective) of IFRS-11 – *Joint arrangements*, figures at 31 December 2013, shown for the purpose of comparison, were restated.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS OF ASTALDI S.p.A.

GENERAL INFORMATION

Astaldi S.p.A. (the "Company") is a joint stock company with registered offices at Via Giulio Vincenzo Bona 65, Rome, and has been listed on the STAR division of the Milan Stock Exchange since June 2002.

The Company has been operating for over 90 years in Italy and abroad in the segment of the design and construction of major civil engineering works, and is one of the most important corporate groups operating in the construction segment on the international level; it is a leader in Italy as general contractor and a sponsor of project finance initiatives.

The duration of the Company is currently set up to 31 December 2100.

On the date of the drawing up of the separate financial statements, Astaldi S.p.A. was not subject to the management and coordination of any its shareholders, since the Board of Directors of the Company, in complete autonomy and independence, takes all the suitable decisions for the management of the Company's business.

These draft separate financial statements were approved by the Board of Directors of the Company at the meeting of 10 March 2015.

The Company, which holds significant controlling interests in other enterprises, also drafts the Group consolidated financial statements, published at the same time as these separate financial statements.

FORM, CONTENTS AND SEGMENT REPORTING

The separate financial statements of Astaldi S.p.A. at 31 December 2014 have been drawn up in compliance with the International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board (IASB), and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognised in the European Union pursuant to EC Regulation no. 1606/2002 in force at the end of the year.

Reference has likewise been made to CONSOB regulations implementing para. 3, Art. 9 of Legislative Decree no. 38/2005.

Therefore, the 2014 separate financial statements include the following statements:

1. Income statement;
2. Statement of comprehensive income;
3. Statement of financial position;

4. Statement of cash flows;
5. Statement of changes in equity;
6. Notes to the separate financial statements.

It should be pointed out that the Company decided to present the Statement of comprehensive income in two separate statements as allowed by IAS 1.81. Therefore, the income statement includes both a statement showing the profit (loss) items for the year (income statement) and a statement which starts from the profit (loss) for the year and algebraically adds "other comprehensive income" (statement of comprehensive income). It should likewise be highlighted that the income statement is prepared based on a classification of each individual item by nature. This classification reflects the management reporting methods used in the Company and is therefore considered more representative compared to presentation of items according to their destination, providing more relevant indications with respect to their specific segment.

With reference to the statement of financial position, it was decided to enter items by separating assets and liabilities into current and non-current assets and liabilities, in accordance with the provisions of paragraph 60 and following of IAS 1.

The statement of cash flows shows cash flow for the year, broken down into operating, investing and financing activities; cash flows from operating activities are recognised using the indirect method.

The statement of changes in equity was prepared in compliance with IAS 1, obviously taking into account comprehensive income. Finally, with regard to segment reporting, the so-called management approach was applied, meaning that the elements that top management uses for taking its strategic and operational decisions are considered. The operating segments subject to disclosure referred in particular to the various geographical areas where the Company works, and were determined on the basis of the same accounting standards used for drawing up the separate financial statements. Refer to note 34 for a presentation of segment reporting.

Drafting criteria

The financial statements were drafted taking into account the ongoing nature of activities, applying the historical cost method with the exception of derivatives which were valued and entered at fair value, as indicated in the individual items' valuation criteria. The financial statements are shown in Euro units, while the relative notes are shown in thousands of Euros unless indicated otherwise. Therefore, in some statements, the total amounts could slightly deviate from the sum of the individual addenda comprising the amount due to round-offs.

Accounting standards

The most important accounting standards and valuation criteria adopted for the drawing up of the separate financial statements at 31 December 2014 are shown below.

Translation of items and financial statements in foreign currency

The financial statements of Astaldi S.p.A. are drafted in Euro, which is the Company's presentation and functional currency.

The balances recognised in each foreign activity (e.g. overseas branches and jointly-controlled operations) have been recognised in the currency of the entity's main economic environment (functional currency).

In particular, IAS 21, under paragraph 11, identifies the elements to be taken into consideration for verifying whether or not an operation's functional currency coincides with the functional currency of the Parent.

Specifically, the two functional currencies coincide when the activities of the foreign operation are carried out without a significant degree of autonomy, in such a way as to represent, de facto, an extension of the Parent's activity.

While when foreign operations are carried out autonomously, the Entity's functional currency is the currency of the prevalent economic setting where it operates.

In the case of economies in hyperinflation in accordance with the definition provided by IAS 29, account is made of the measurement criteria provided for in that standard.

In the individual financial statements, the items expressed in a currency other the functional currency, whether monetary (cash and cash equivalents, assets and liabilities payable or receivable with pre-set or determinable sums of money) or non-monetary (inventories, work in progress, advances to suppliers of goods and/or services, goodwill, intangible assets etc.) are initially recognised at the exchange rate in force on the transaction date. The monetary items are subsequently translated into the functional currency on the basis of the exchange rate at the reporting date, and the resulting differences are recognised in profit or loss. With regard to the latter it should be pointed out that the exchange rate differences are classified in the income statement, on the basis of the type of equity item that has generated them. The non-monetary items are kept at the translation rate at the transaction date, except in the end of an ongoing unfavourable trend in the reference exchange rate. The exchange rate differences relating to non-monetary items are recognised (income statement or equity) in the same way as changes in the amount of these items.

Translation of financial statements into presentation currency

The rules for translating financial statements in expressed in foreign currency into the presentation currency are as follows:

- assets and liabilities included in financial statements are translated at the end-of-year exchange rate;
- costs and revenues, charges and income included in financial statements are translated at the average exchange rate for the closing financial year, or at the exchange rate on the operation date should this differ significantly from the average rate;
- equity items, with the exception of profit for the period, are converted at the historical formation rates;
- the "translation reserve" includes both the exchange rate differences generated by conversion of economic items at a different rate from the end-of-year rate, and the differences generated by translation of opening equity balances at a different rate than the end-of-year one.

The main exchange rates used for translation into Euros the income statement and statement of financial position figures of foreign operations with functional currencies other than the Euro were as follows:

CURRENCY	*End of December 2014*	*Twleve-monthaverage 2014*	End of december 2013	Twelve-month average 2013
Peruvian Nuevo Sol	3.6326	3.7678	3.8587	3.5904
Russian Ruble	72.3370	50.9518	45.3246	42.3248
US Dollar	1.2141	1.3285	1.3791	1.3281
Turkish Lira	2.8320	2.9065	2.9605	2.5329

Property, plant and equipment

Property, plant and equipment are measured at purchase or production cost, net of accumulated depreciation and any impairment losses. The cost includes all expenses directly incurred in order to prepare the assets for use, as well as any charges for dismantling and removal needed to restore the site to its original conditions.

Charges incurred for routine and/or cyclical maintenance are charged directly to the income statement in the financial year when incurred. Costs related to extension, renovation or the improvement of facilities owned or used by third parties are capitalised exclusively within the limits in which they can meet the requirements for separate classification as an asset or part of an asset. Financial charges incurred are capitalised when the conditions set forth in IAS 23 are met, which is to say when specifically referable to paid financing received for the purchase of the individual assets.

The carrying amount of an asset is adjusted by systematic depreciation, calculated in relation to the residual possibility of its use based on its useful life. Depreciation is applied when the asset becomes available for use. The useful life for the various categories of assets is as follows:

	Years
Buildings	20 - 33

Plant and machinery	5 - 10
Equipment	3 - 5
Other assets	5 - 8

Land, including land pertaining to buildings, is not depreciated.

Should the asset subject to depreciation be composed of distinctly identifiable elements, whose useful life differs significantly from that of the other components forming the asset, depreciation is performed separately for each of the components forming the asset, applying the component approach policy.

Profits and losses deriving from the sale of assets or groups of assets are calculated by comparing the fair value, net of costs to sell, with the relevant carrying amount.

Leased property, plant and equipment

A lease is an agreement through which the lessor transfers to the lessee, in exchange for a payment or a series of payments, the right to use an asset for a defined period of time.

In some types of leases, the economic substance of the operation may qualify the operation as leases even without having the legal form of a lease.

Determining whether a lease exists within a contractual agreement that does not expressly contain this case must be based, as provided for by accounting interpretation IFRIC 4, on the substance of the agreement, and requires that two conditions be met:

a) *Fulfilment of the arrangement depends on the use of one or more specific assets; and*
b) *The arrangement conveys a right to use the asset*.

The first condition is met only if a given supply of goods/services can be done exclusively through the use of a specific asset, or when it is not economically feasible or practical for the supplier to fulfil the arrangement by providing the use of alternative assets, even implicitly, to the identified asset.

The second requirement, on the other hand, is met when *one of the underlying conditions is met:*

a) *the purchaser has the ability or right to operate the asset or direct others to operate the asset as they wish while obtaining or controlling more than an insignificant amount of the output or other benefit of the asset;*
b) *the purchaser has the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output or other benefit of the asset);*
c) *the facts and circumstances indicate there is only a remote possibility that parties other than the purchaser will*

take more than an insignificant amount of the output or other benefit generated by the asset, and the price that the purchaser will pay is neither fixed per unit of output nor equal to the current market price at the time of delivery.

IAS 17 distinguishes two main categories of lease:

Finance lease

Property, plant and equipment owned through **finance leases**, which basically transfer to the Company all the risks and rewards of ownership, are recognised in the financial statements at the effective date of the agreement as Astaldi S.p.A. assets at their current amount or, if lower, at the current amount of the minimum lease payments, including the sum to be paid in the financial year for exercising the purchase option. The corresponding liabilities vis-à-vis the lessor are included under financial liabilities.

If there is no reasonable certainty that ownership of the asset shall be acquired upon expiry of the lease, the leased assets are depreciated over term of the lease or the useful life of such asset, whichever is shorter.

Operating Lease

Leases in which the lessor substantially maintains all the risks and rewards connected with owning the assets are classified as **operating leases**. The payments for operating leases are recognised in profit or loss in the financial years of the lease term.

Intangible assets

Intangible assets are non-monetary items having no physical consistency, and clearly identifiable and suited to generating future economic benefits for the company. These items are recognised in the financial statements at purchase and/or production cost, including expenses that may be directly attributed during the preparation phase to bring them into operation, net of accumulated amortisation (with the exception of assets with an indefinite useful life, whose carrying amount is subjected to the impairment test as per IAS 36) and any impairment losses. Amortisation is calculated from when the asset is available for use, and is divided systematically in relation to the residual possibility of its use, which is based on its useful life.

Industrial patents and intellectual property rights are recognised at purchase cost net of amortisation and impairment losses accumulated over time.

Amortisation is calculated starting from the financial year in which the purchased right is available for use and takes into account the useful life (2-5 years).

Licenses and similar rights are recognised at cost net of amortisation and impairment losses accumulated over time. Amortisation is calculated starting from the financial year in which ownership is acquired in relation to their useful life.

Investment property

Investment property is recognised as an asset when it is held for the purpose of receiving rent or appreciation of the invested capital, provided that the cost of the asset can be reliably established and the relevant economic future benefits can be used by the company.

Investment property is measured at purchase or production cost, increased by any additional costs, net of accumulated depreciation and any impairment losses.

The useful life of the property belonging to the following item is between 20 and 33 years.
Investment property is eliminated from the financial statements when transferred or when the investment is unusable in the long-term and no future economic benefits are expected from its transfer.

Impairment losses on assets

Assets with an indefinite useful life are not subject to systematic amortisation or depreciation, but are subjected to an impairment test, at least once a year. Such tests check the recoverability of the amount recognised in the financial statements.

For assets subject to amortisation and depreciation, the presence of any indicators leading to the possibility of impairment is assessed; consequently the recoverable amount of the asset is estimated. This amount is defined as the greater between the fair value net of costs to sell and the asset's value in use, with any surplus recognised in profit or loss.

Should the prerequisites for depreciation performed previously no longer apply, such impairment loss is reversed within the limits of the carrying amount of the asset. Any reversal of impairment loss is recognised in profit or loss. Conversely, impairment losses on goodwill or an intangible asset with an indefinite useful life are never reversed.

When the recoverable amount of an individual asset cannot be estimated, the company estimates the recoverable amount of the cash generating unit to which it belongs.

It is pointed out that during the 2014 financial year, the procedures adopted by the Company, drafted in accordance with IAS 36, showed no indicators of impairment on tangible and intangible assets, therefore, there was no need to proceed with the impairment test.

As to investments, see the specific indications in note 16.

Investments

Investments in subsidiaries, associates, and joint ventures are classified among "Investments" and measured at cost in compliance with IAS 27. These investments are subject to periodical impairment testing under IAS 36.

Investments in entities other than subsidiaries, associates and joint ventures (generally with a share of less than 20%) are classified, at the time of purchase, under "investments" classifiable in the category of financial instruments available for sale as defined in IAS 39, and are initially recorded at the cost determined on the settlement date as representing fair value, inclusive of directly attributable transaction costs.

After initial recognition, these investments are measured at fair value, if this can be determined, with the effects being recognised in the statement of comprehensive income, and therefore in a specific equity reserve. At the time of realisation or recognition of an impairment loss, the profits and losses accrued in this reserve are reclassified in the income statement.

If, upon the outcome of updating of fair values, any impairment losses are reversed, in whole or in part, their effects will also be recognised in the statement of comprehensive income, through the specific reserve already established.

Should it not prove possible to reliably determine the fair value, the investments classifiable under financial instruments available for sale are measured at cost, adjusted for impairment.

Inventories

Inventories are recognised at cost or the net recoverable amount, whichever is less. The amount of inventories is calculated, at the time of recognition, at the weighted average cost, applied to homogenous categories of goods. The cost includes all charges related to purchase and transformation and all other costs incurred to bring inventories to the site where being used and in the conditions to be suitable for the production process.

Construction contracts

Contract work in progress is recognised based on the contractual payments accrued with reasonable certainty as to their progress, using the percentage of completion method, determined using the cost to cost procedure. The measurement reflects the best estimate of works performed at the reporting date. Assumptions, underlying measurements, are periodically updated. Any income statement effects deriving therefrom are accounted for in the year in which such update is made.

Contract revenue includes:

The contract amounts agreed, changes in works, price reviews and incentives, to the extent to which these are likely to be reliable, with application of the conditions set forth in IAS 11 "Construction contracts."

In this regard, the valuations made refer to:

- Specific legislation regarding public works and international legislation;
- Contract clauses
- The status of negotiations with the customer and likelihood that these negotiations will have a positive result;
- When necessary due to the complexity of specific situations, technical-legal studies also conducted with external consultants, to confirm that the valuations made are reliable.

Contract costs include:

All costs that refer directly to the contract, costs that may be attributed to contract activity in general and that may be allocated to such contract, as well as any other costs that may be specifically charged to the customer on the basis of contract clauses.

Such costs also include:

- Pre-operating costs, i.e. the costs incurred during the initial phase of the contract prior to the start of construction activity (tender preparation costs, design costs, organisation and production start-up costs, construction site installation costs), as well as
- Post-operating costs incurred after completion of the contract (site removal, return of equipment/machinery to base, insurance, etc.), and additionally
- Costs for services to be performed after the completion of works, remunerated in the contract referring to the project activity (for example, routine maintenance, assistance and supervision during the first phase of operation of individual works).

Finally, it is noted that contract costs include financial charges, as allowed by the amendment to IAS 11 in connection with the new IAS 23, resulting from financing specifically referred to the works performed through the institution of Project Finance, as well as of General Contractor. As early as the tender phase, in fact, based on the specific regulatory provisions, special payment conditions are defined that require the Company to rely on structured finance transaction on the invested project capital, the charges for which affect the determination of the corresponding payments.

Should it be forecast that completion of a contract may generate a loss, this shall be entirely recorded in the financial year when reasonably expected.

When the outcome of a long-term contract cannot be reasonably estimated, the amount of work in progress is calculated on the basis of costs incurred, assuming it is reasonably expected that such will be recovered without recognition of the margin.

When favourable or unfavourable events attributable to present situations at the reporting date occur after the reporting date, the amounts recognised in the financial statements are adjusted to reflect the consequent income statement and statement of financial position effects.

Contract work in progress is presented net of any allowance for impairment and/or losses on contracts, as well as of any advances for the contract in progress.

In this regard, it is noted that invoiced amounts related to individual progress reports (Advances) reduce the gross contract amount, if the latter is higher, and any surplus is recognised under liabilities. On the other hand, invoiced advances are considered as financial transactions and are not relevant for the purpose of revenue recognition. Therefore, since advances represent simple financial events, these transactions are always recognised among liabilities insofar as received not as consideration for works carried out. However, such advances are progressively decreased, usually by virtue of contract agreements, to offset invoicing of the contract.

With reference to the allowance for losses on contracts, it is noted that in case such allowance exceed the contract amount recognised among assets, this excess is recorded under "Payables to customers."

Such analyses are carried out on a contract-by-contract basis: should the differential be positive (due to work in progress being greater than the amount of advances), such amount is classified among assets under "*Receivables from customers*"; on the other hand, should this differential be negative, the amount is classified among liabilities, under "*Payables to customers*."

Financial assets and receivables

Astaldi classifies financial assets in the following categories:

- Assets at fair value through profit or loss;
- Receivables and loans;
- Held to maturity investments;
- Financial assets available for sale.

Classification depends on the reasons why the asset was acquired, the nature thereof and the valuation made by management at the purchase date.

All financial assets are initially recognised at fair value, increased by additional charges in the case of assets other than those classified at fair value through profit or loss.

It is also pointed out that the classification of financial assets is reviewed upon the close of each financial year, where this is appropriate and allowed. In this regard, it is noted that during the 2012 financial year, as in the previous year, the categories adopted were receivables and loans and assets at fair value through income statement; the latter includes derivatives and some securities of a minor amount.

Financial assets at fair value through profit or loss

This category includes the financial assets acquired for short-term trading or financial assets originally designated for this purpose by management. Assets held for trading include all assets purchased in order to be sold in the short term. Derivatives, including separated derivatives, are classified as held-for-trade financial instruments unless designated as effective hedging instruments. Gains or losses on assets held for trading are recognised in profit or loss. Upon initial recognition, financial assets may be classified as financial assets at fair value through profit or loss, if the following conditions are met: (i) the designation eliminates or significantly reduces the inconsistency of recognition which would arise by measuring the assets or recognising gains and losses generated by such assets in accordance with a different criterion; or (ii) the assets are part of a group of managed financial assets and their return is measured on the basis of their fair value, in accordance with a documented risk management strategy.

Receivables and loans

This category includes assets which are not derivatives and that are not quoted in an active market, from which fixed or calculable payments are expected. Such assets are initially recognised at fair value net of the transaction costs, and then measured at the amortised cost based on the effective interest rate method. Any impairment losses calculated through the impairment test are recognised in profit or loss. These assets are classified as current assets, except for portions whose terms expire after more than 12 months, which are included within non-current assets.

Held to maturity investments

Unlike derivatives, these assets have a pre-established maturity and are the assets which the Company intends to hold in its portfolio until maturity.

Such assets are initially recognised at fair value, determined on the negotiation date, and then measured at the amortised cost based on the effective interest rate method. Those whose contractual term is established within 12 months are classified under current assets. Any impairment losses calculated through the impairment test are recognised in profit or loss.

Financial assets for sale

This category includes financial assets which are not derivatives, and that have been designated as such or are not classified in any of the three previous categories. They are measured at fair value, with changes in the amount shown against a specific equity reserve ("provision for assets available for sale"). This reserve is recognised in profit or loss only when the financial asset is effectively transferred, or if there is real evidence that it has undergone a significant and prolonged impairment loss. The classification as current or non-current asset depends on management's intentions and on the real negotiability of the security itself: assets whose realisation is expected in the subsequent 12 months are recognised among current assets.

Impairment losses on financial assets

At the end of each financial year, it is verified whether any financial asset or group of financial assets were impaired according to the following criteria.

Assets measured at amortised cost

If there is actual evidence that financing or a receivable recognised at amortised cost might be impaired, an impairment test is performed in order to determine the difference between the carrying amount of the asset and the current amount of estimated future cash flows (excluding losses on future receivables not yet incurred) discounted by the initial actual rate of interest of the financial assets (i.e. the actual interest rate calculated at the date of initial recognition). The carrying amount of the asset will be reduced by application of an allowance. The amount of the loss will be recognised in profit or loss.

With reference to trade receivables, impairment losses are recognised when there is evidence, largely based on the nature of the counterpart, that there is no possibility of collecting such receivables according to the original conditions. If, subsequently, the amount of impairment loss decreases, and such decrease can be objectively referred to an event occurred after the impairment recognition, the impairment may be reversed. Any subsequent reversals of impairment losses are recognised in profit or loss, to the extent in which the asset's carrying amount does not exceed the amortised cost at the date of reversal.

Financial assets available for sale

In the case of impairment losses on a financial asset available for sale, an amount corresponding to the difference between its cost (net of repayment of capital and amortisation) and its current fair value is deducted from equity and recognised in profit or loss, net of any impairment loss previously recognised in profit or loss.

Reversals of impairment losses relating to investments classified as available for sale are not recognised in profit or loss. Reversals of impairment losses relating to debt instruments are recognised in profit or loss if the increase in the instrument's fair value may be objectively attributed to an event which occurred after the impairment losses were recognised in profit or loss.

Derivatives

Derivatives are usually considered as instruments suitable for hedging and effective in neutralising the risk of underlying assets or liabilities or commitments taken on by Astaldi, except when they are classed as assets held for trading and measured at fair value through profit or loss.

In particular, use is made of derivatives within the context of hedging strategies aimed at neutralising the risk of fluctuations of forecast cash flows with regard to contractually defined or highly probable transactions (cash flow hedge). In particular, fair value fluctuations of derivatives designated as cash flow hedges and qualified as such are recognised, limited to the "effective" share only, in a specific reserve charged to the statement of comprehensive income ("hedging reserve"), which is then recognised in the income statement when the economic effects of the hedged item arise. The difference in fair value referable to the ineffective share is immediately recognised in the income statement for the year. If the derivative instrument is transferred or no longer qualified as an effective hedge against the risk for which the transaction had been made, or the occurrence of the underlying transaction is no longer considered highly probable, the relative share of the "hedging reserve" is immediately reversed to the separate income statement. These derivatives are initially recognised at fair value at the stipulation date; subsequently, such value is periodically adjusted. Derivative instruments are recognised as assets when the fair value is positive, and as liabilities when the fair value is negative. Possible gains or loss deriving from changes in the fair value of derivatives not suitable for hedge accounting are recognised directly in profit or loss during the year.

The effectiveness of hedging transactions is documented both at the start of the transaction and periodically (at least at every date of publication of financial statements or interim reports), and is measured by comparing the changes in the fair value of the hedging instrument with those of the hedged item, or, in the case of more complex instruments, through statistical analyses based on risk fluctuation.

It is pointed out that Astaldi does not sign derivative contracts for speculative purposes.

Calculation of fair value

Fair value is defined by IFRS 13 as a criterion of market valuation, not specific to the entity, that represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When a price cannot be measured for an identical asset or liability, the fair value is assessed by applying another valuation technique that maximises the use of observable inputs and minimises the use of unobservable inputs.

There may be appropriate single or multiple valuation techniques. If a number of valuation techniques are used to measure the fair value, the results must be assessed taking into account the reasonability of the range of values shown for these results.

The three most widely used valuation models are:

- **Market approach:** uses prices and other relevant information generated by market transactions involving identical or comparable (similar) assets, liabilities, or a group of assets and liabilities;
- **Cost approach:** reflects the amount that would be required currently to replace the service capacity of an asset; and
- **Income approach:** converts future amounts (cash flows or income and expenses) to a current amount.

Based on the observability of the inputs used in the employed valuation technique, the assets and liabilities valued at fair value in the annual financial statements are measured and classified in accordance with the fair value hierarchy established by IFRS 13:

- **Level 1 inputs**: quoted (non-adjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- **Level 2 inputs**: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: Unobservable inputs for the asset or liability.

The entire fair value of an asset or of a liability is classified on the basis of thee hierarchical level corresponding to that for the lowest significant input used for the measurement.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised from financial statements when:

- The rights to receive cash flow from the asset have expired;
- The right to receive cash flow from the asset is retained, but according to contractual obligations such cash flow has to be paid immediately and entirely to a third party;
- the right is transferred to receive cash flows from the asset and the Company: (a) has substantially transferred all risks and rewards deriving from ownership of the financial asset, or (b) has neither transferred nor kept all the risks and rewards deriving from the asset, but has transferred the control of the asset.

When the Company has transferred the rights to receive cash flow from an asset and has neither transferred nor kept all the risks and rewards or has not lost the control of the asset, the asset is recognised in the financial statements to the extent of the residual involvement in the asset itself – the residual involvement which, by way of example, is represented by a guarantee on the transferred asset, is valued at the initial carrying amount of the asset or the maximum value of the consideration the Company may be required to pay, whichever is lower.

Financial liabilities are derecognised from the financial statements when the obligation underlying the liability expires, is cancelled, or discharged. In the cases where an existing financial liability is replaced by another liability from the same lender, under substantially different conditions, or the conditions of an existing liability are substantially changed, such replacement or change is considered as derecognition of the original liability and recognition of a new liability, with the consequent recognition in profit or loss.

Cash and cash equivalents

These include cash, deposits or other amounts with banks or other financial institutions, available for current transactions, postal current accounts, and other equivalent securities, as well as investments with terms expiring within three months of the purchase date. Cash and cash equivalents are recognised at fair value, which normally corresponds to their nominal value.

Equity

Share capital

The share capital is the subscribed and paid up capital. Costs strictly related to share issues are classified as reducing the share capital when such costs are directly attributable to the capital transaction.

Treasury shares

Treasury shares are recognised as a reduction of equity. Specifically, the nominal value of treasury shares is recognised as a reduction of the issued share capital, while the excess of the purchase value compared to the nominal value is carried-over to reduce other reserves as resolved at the Shareholders' Meeting. Therefore, profits or losses relating to the purchase, sale, issue, or cancellation of treasury shares are not recognised in profit or loss.

Retained earnings (losses carried forward)

This includes the profits or losses of the previous financial years for the part not distributed or allocated to reserves (in the case of profit) or balanced (in the case of loss).

Other reserves

These are reserves deriving from first-time application of international financial reporting standards and other equity reserves (such as the share option reserve)

Other comprehensive income

The items of other comprehensive income include income items measured directly in the equity reserves in accordance with the provisions of IFRS with regard to their origin and variation.

The elements included in the statement of comprehensive income in these separate financial statements' are presented by type and grouped into two categories:

(i) items not to be reclassified subsequently in profit or loss:
   - Defined benefit plan actuarial gains and losses (IAS 19);

(ii) items to be reclassified subsequently in profit or loss, when certain specific conditions take place, as required by IFRS:
   - Effective part of gains and losses on hedging instruments (IAS 39);
   - Gains and losses from the translation of the financial statements of foreign operations with a functional currency other than the Euro (IAS 21).

Financial liabilities

Financial liabilities are initially recognised in the financial statements at fair value net of transaction costs, and are subsequently measured at their amortised cost.

Any difference between the sum received (net of transaction costs) and the nominal value of the payable is recognised in profit or loss by applying the effective interest rate method.

Financial liabilities are classified as current liabilities unless the Company has the contractual right to fulfil its obligations at least more than 12 months after the reporting date.

It is noted that Astaldi has not designated any financial liability at fair value through profit or loss.

Convertible bonds

Convertible bonds are generally financial instruments consisting of a liability item and an Equity item. At the issue date, the fair value of the liability item is estimated using the current market interest rate for similar non-convertible bonds. The difference between the amount of the proceeds from the issue and the fair value assigned to the liability item, which represents the implicit option of converting the bonds to shares in Astaldi, is included in Equity.

To the contrary, convertible bonds that offer the Issuer the choice between ordinary shares or, alternatively, through the payment of cash (Cash Settlement Option), are qualified as hybrid financial instruments.

In this case, the financial liability is measured at the amortised cost, while the implicit incorporated derivative representing the conversion option is recognised at fair value through profit or loss.

Trade payables and other payables

Trade payables, whose term of expiry falls within the normal commercial terms, are not discounted and are recognised at cost (identified by their nominal value).

Tax expense

Current tax

Current taxes for the year and those of previous years are recognised at the amount expected to be paid to the tax authorities. Tax rates and tax laws used to calculate the amount are those substantially issued at the reporting date in the individual countries where Astaldi operates.

Deferred taxes

Deferred taxes are calculated by adopting the so-called liability method, applied to the temporary taxable or deductible differences between the carrying amount of assets and liabilities recognised in the financial statements and the taxable amount.

Deferred tax liabilities are recognised against all temporary taxable differences, except when:

- Deferred tax liabilities derive from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and which at the moment of the transaction does not affect the profit for the year, calculated for the purpose of the financial statements, or the profit or loss calculated for tax purposes;
- With reference to temporary taxable differences related to interests in subsidiaries, associates, and jointly controlled entities, the reversal of the temporary differences may be checked and it is likely that it will not occur in the future.

Deferred tax assets are recognised against all deductible temporary differences and for tax losses carried forward, to the extent to which sufficient future tax profits that can make its use applicable are likely, except when the deferred tax asset results from initial recognition of an asset or liability in a transaction that is not a business combination and that, at the moment of the transaction, does not affect the profit for the year, calculated for the purpose of financial statements, or the profit or loss calculated for tax purposes.

The amount of deferred tax assets to be recognised in the financial statements is reassessed at each reporting date and reduced to the extent in which sufficient future tax profits are no longer likely, in order to allow all or part of the credit to be used. Deferred tax assets that are not recognised are reassessed on an annual basis at the reporting date, and are recognised to the extent to which it is likely that the tax profit is sufficient to allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured on the basis of tax rates expected to be applied for the period in which such assets will be realised or such liabilities will be discharged, considering the rates in force and those already substantially issued at the reporting date.

Deferred tax assets and liabilities are offset in the event of a legal right to offset current tax assets with current tax liabilities and when the deferred taxes refer to the same tax and the same tax authority.

Tax expense (deferred and current) directly related to equity items is recognised under equity and not in profit or loss.

Employee benefits

Benefits owed to employees for early termination of employment

The benefits owed for termination of employment are represented by compensation owed to employees following the company's choice to terminate the employment of an employee before the retirement date and the employee's decision to accept voluntary resignation in exchange for this compensation.

These benefits must be recognized as liability and cost (i) on the date when the Company can no longer withdraw the offer of said benefits; or (ii) the date when the Company recognizes the costs for a restructuring included within the sphere of application of IAS 37, which involves the payment of benefits owed for termination of employment, whichever is sooner. These liabilities are valuated based on the nature of the benefit being granted. In particular, if the benefits that are granted represent an improvement of other benefits following the conclusion of employment paid to the employees, the corresponding liability is valuated in accordance with the provisions of IAS 19 par. 50-60 “Benefits after the end of employment.” Otherwise, the provisions to be applied to measure the benefits owed to employees for termination of employment differ depending on the timeframe in which said compensations are to be paid:

- if the benefits are expected to be entirely paid by twelve months of the close of the financial year, the provisions established for short-term employee benefits (IAS 19 par.9-25) are applied;
- if the benefits are not expected to be paid off within twelve months of the close of the financial year, the provisions for the other long-term benefits (IAS 19 par.153-158) are applied;

Post-employment benefits

The liabilities for benefits guaranteed to employees, paid coinciding with or after termination of employment through defined benefit plans, are recognised in the financial year the right accrues, in line with the working services needed to obtain benefits based on actuarial hypotheses and net of advances paid. The liabilities are assessed by independent actuaries using the “Projected unit credit method.”

In this context, the following items are recorded in the section of the income statement regarding personnel expenses:

- Costs from current working services, which are the actuarial estimates of the benefits to which employees are entitled for the work performed during the year;
- The net interest cost, which is the change in the amount of the liability during the year due to the passage of time; and
- The costs and income from changes to the defined benefit plans (“costs or income from past working services”) fully recognised during the period in which the changes take place.

Moreover, the changes in the amounts of liabilities for defined benefit plans with regard to actuarial gains or losses are fully recognised in the financial year they accrue, in the Other Comprehensive Income (OCI) section of the statement of comprehensive income.

Liabilities from benefits guaranteed to employees, paid coinciding with or after termination of employment through defined contribution plans, are recognised for the amount accrued at the end of the year.

Liabilities for other employee benefits are recognised for the amount accrued at the end of the year also on the basis of the actuarial hypotheses if referring to medium/long-term benefits.

Cash-settled, share-based payments

The Company has set up an incentive plan for top management (CEO and General Managers), which offers the CEO the free disbursement of Astaldi shares upon achieving specific economic-financial targets.

The share option plan as structured falls within the scope of application of IFRS 2, in the “equity settled” type of operations.

The cost of the incentive plan is divided along the period to which the incentive refers (the “vesting period”) and is determined with reference to the fair value of the right assigned to the top management on the commitment is made, so as to reflect the market conditions existing on the date in question.

At every reporting date, the hypotheses regarding the number of share options expected to come due are verified. The charges for the financial year are recognised in profit or loss, among the personnel expenses, and are offset by an equity reserve.

Provisions for risks and charges

The provisions for risks and charges are recognised when at the reporting date there is a current obligation (legal or implicit) resulting from a past event, the outflow of resources to settle the obligation are likely and a reliable estimate of the obligation can be made.

The provisions are recognised at the amount representing the best estimate to settle the obligation or to transfer it to third parties at the reporting date. If the effect of discounting the cash outflow is significant, the provisions are calculated by discounting the future expected financial flows at a pre-tax discount rate that reflects the current market valuation. When discounting is performed, the increase in the provision due to the passing of time is recognised as a financial charge in profit or loss.

Revenue other than contract work in progress

Revenue is measured at the fair value of the payment received, taking into account any discounts and reductions linked to quantities.

Revenue related to the sale of goods is recognised when the company has transferred the significant risks and rewards connected with ownership of the assets to the buyer, which in many cases coincides with transferring ownership or possession to the buyer, or when the amount of the revenue may be reliably calculated.

Revenue from services rendered is recognised, when it can be reliably estimated, on the basis of the percentage-of-completion method.

Government grants

Government grants are recognised when there is reasonable certainty that such grants will be received and all the conditions relating thereto are met. When the grant relates to cost items, it is recognised as revenue, but is systematically released over the years in such proportion that it offsets the corresponding costs. Should the grant be linked to an asset, the grant's fair value is recognised as a reduction of the asset. The grant is accrued among liabilities should the underlying asset not be in operation or should it be under construction and the relative amount is not included in the amount of the asset.

Financial charges

Interest is recognised on an accruals basis under the effective interest method by using the interest rate that makes all incoming and outgoing flows (including premiums, discounts, commissions, etc.) related to such transaction financially equivalent. Financial charges are capitalised in accordance with provisions set out by IAS 23.

Dividends

Dividends are recognised when the right arises from shareholders to receive the payment that normally corresponds to the dividend distribution approved at the Shareholders' Meeting.
Distribution of dividends to the shareholders is recorded as a liability in the financial statements for the year in which the distribution thereof is approved at the Shareholders' Meeting, and reflected as a change in equity.

Costs

Costs are recognised on an accruals basis and on the basis of the Company's ability to continue as a going concern.

Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary shares by the weighted average of outstanding ordinary shares, to take treasury shares into account. Diluted earnings are calculated by adjusting the profit or loss attributable to ordinary shares, as well as the weighted average of outstanding shares, as defined above, to take into account the effects of all the potential ordinary shares with diluting effects.

Use of estimates

Preparing the financial statements and notes in compliance with IFRS rules requires the formulation of estimates and assumptions affecting the carrying amounts of assets and liabilities and the disclosure regarding potential assets and liabilities. In the light of the Banca d'Italia / CONSOB / Isvap Joint Document no. 2 of 6 February 2009 it should be pointed out that such estimates are based on the most recent information available to top management at the time of preparing these financial statements, the reliability of which is, therefore, unprejudiced. Estimates are used, inter alia, to perform the impairment test and to record the allowance for impairment, contract revenue, amortisation and depreciation, impairment losses on assets, employee benefits, taxes, other accruals, and provisions. The final results may differ from these estimates. Estimates and assumptions are periodically reviewed and the effects of all changes are reflected in the income statement of the period when the change occurred.

Newly issued accounting standards and interpretation, approved by the EU effective at 1 January 2014

There follows a summary of the new EU Regulations effective at 1 January 2014.

Regulation (EU) 1254/2012 of the Commission of 11 December 2012, published in Official Gazette L 360 of 29 December 2012: Adoption of international financial reporting standards IFRS 10 - Consolidated financial statements, IFRS 11 - Joint arrangements, IFRS 12 - Disclosure of interests in other entities, amendments to IAS 27 – Separate financial statements and IAS 28 – Investments in associates and joint ventures.

The regulation in question introduces certain modifications that aim to provide a single reference standard to follow for drawing up the consolidated financial statements, redefining, as regards the field of application of the *separate financial statements*, the concept of "joint operation."

Specifically, **IFRS 11** lays down the standards of accounting entries for entities forming part of joint arrangements and replaces IAS 31 *Investments in joint ventures* and SIC-13 Jointly controlled entities – Non-monetary contributions by venturers.

As to measurement and presentation in the financial statements, IFRS 11 lays down different procedures, for:

- *JOINT OPERATIONS (JO)*: a joint arrangement in which the parties holding joint control have rights to the assets and obligations for the liabilities related to the arrangement
- *JOINT VENTURES (JV)*: a joint arrangement in which the parties holding joint control have rights to the arrangement's net assets.

IFRS 11's formulation with regard to the distinction between JO and JV is no longer based on the legal form of the equity investment subject to joint control, but on the rights and obligations connected with the joint arrangement, which is to say the substance of the relationship.

Under this method, since in a JO the subjects taking part in the arrangement share the rights to the assets and take on the obligations for the liabilities connected with the arrangement, each joint operator must recognise, in its own financial statements, the pro quota value of the assets, costs, and revenue of the joint operation.

The new accounting standard was adopted starting 1 January 2014 retroactively to permit the homogeneous representation of the results with information regarding comparative periods.

Mapping of contract clauses for the purposes of applying IFRS 11

During the first half of the 2014 financial year, a comprehensive assessment was done on all the Joint Arrangements (JA) in order to identify the relevant elements (legal form of the vehicle, terms of the contractual agreement, and any other fact or circumstance) for the purpose of their classification as Joint Operations (JO) rather than as Joint Ventures (JV).

More particularly, the analysis was conducted – with the specific support of specially issued expert opinions, and on the basis of the interpretative orientations issued by the IFRIC Committee in the update of July and November 2014 – with the purpose of verifying whether the contractual agreements the Company is party to gave it direct obligations and rights over the JA's assets and liabilities.

From the analyses that were done, it was found that certain Joint Arrangements that were examined were structured, by the contractual terms they contained, in such a way that the corresponding juridical aspects led to qualifying them as Joint Operations.

In light of the analysis, then, it was also necessary to enter into the financial statements the balances for certain JAs, structured through separate vehicles, which according to the IAS 31 formulation earlier in force, lacked the features to be considered as JOs.

Accounting effects connected with the first application of IFRS 11

The following are the economic and financial data at 31 December 2013, showing the comparative effects derived from application of IFRS 11:

Separate Income Statement	31 December 2013 Published	Effects of application of IFRS 11	31 December 2013 Restated
Revenue	1,538,034,583	571,087,646	2,109,122,229
Other operating revenue	106,801,437	4,804,973	111,606,410
Total revenue	**1,644,836,020**	**575,892,619**	**2,220,728,639**
Purchase costs	(211,425,514)	(141,493,805)	(352,919,319)
Service costs	(1,037,645,710)	(224,496,637)	(1,262,142,347)
Personnel expenses	(208,421,766)	(48,292,993)	(256,714,759)
Amortisation, depreciation and impairment losses	(27,726,185)	(9,939,447)	(37,665,632)
Other operating costs	(28,722,299)	(4,443,440)	(33,165,739)
Total Costs	**(1,513,941,474)**	**(428,666,322)**	**(1,942,607,796)**

Capitalisation of internal construction costs		247,598	247,598
Operating profit	**130,894,546**	**147,473,895**	**278,368,441**
Net financial income and charges	(69,953,771)	(46,002,614)	(115,956,385)
Pre-tax profit from continuing operations	**60,940,775**	**101,471,281**	**162,412,056**
Tax expense	(26,271,859)	(23,390,378)	(49,662,237)
Profit for the year	**34,668,916**	**78,080,903**	**112,749,819**
Earnings per share	EUR 0,35		EUR 1,15
Earnings per Diluted share	EUR 0,35		EUR 1,14

Statement of Comprehensive Income	**31 December 2013 Published**	**Effects of application of IFRS 11**	**31 December 2013 Restated**
Profit for the year (A)	**34,668,916**	**78,080,903**	**112,749,819**
Items to be reclassified subsequently in Profit (Loss) for the year (B1)	**(452,438)**	**(4,407,878)**	**(4,860,316)**
- of which cui: Change in International operations' translation reserve	(6,024,181)	(4,407,878)	(10,432,059)
Items not to be reclassified subsequently in Profit (Loss) for the year (B2)	**86,343**	**(943)**	**85,400**
Total Other Comprehensive income (expense) net of tax effect (B1)+(B2)=(B)	**(366,095)**	**(4,408,821)**	**(4,774,916)**
TOTAL COMPREHENSIVE INCOME (A)+(B)	**34,302,821**	**73,672,082**	**107,974,903**

Statement of Financial Position	**31 December 2013 Published**	**Effects of application of IFRS 11**	**31 December 2013 Restated**
Non-current assets			
Property, plant and equipment	142,860,522	37,911,299	180,771,821
Investment property	173,318	0	173,318
Intangible assets	4,540,492	70,575	4,611,067
Investments	456,802,987	(859,905)	455,943,082
Non-current financial assets	170,859,482	(4,080,310)	166,779,172
Other non-current assets	35,233,964	3,731,709	38,965,673
Deferred tax assets	15,165,368	0	15,165,368
Total non-current assets	**825,636,133**	**36,773,368**	**862,409,501**
Current assets			
Inventories	39,160,778	16,517,697	55,678,475
Receivables from customers	882,090,789	316,575,327	1,198,666,116
Trade receivables	981,747,701	(13,351,257)	968,396,444
Current financial assets	6,446,793	23,006,970	29,453,763
Tax assets	72,154,762	7,889,326	80,044,088
Other current assets	249,685,918	129,164,322	378,850,240
Cash and cash equivalents	239,191,624	63,395,328	302,586,952
Total current assets	**2,470,478,365**	**543,197,713**	**3,013,676,078**
Total assets	**3,296,114,498**	**579,971,081**	**3,876,085,579**

EQUITY AND LIABILITIES	**31 December 2013 Published**	**Effects of application of IFRS 11**	**31 December 2013 Restated**
Equity			
Share capital	196,849,800	0	196,849,800
Treasury shares	(1,040,240)	0	(1,040,240)
Reserves:	256,314,867	30,414,598	286,729,465
Of which			

- Other comprehensive expense	(14,632,182)	(4,457,736)	(19,089,918)
Profit for the year	34,668,916	78,080,903	112,749,819
Total equity	**486,793,343**	**108,495,501**	**595,288,844**
Non-current liabilities			
Non-current financial liabilities	979,439,918	(82,692,010)	896,747,908
Other non-current liabilities	1,647,754	0	1,647,754
Employee benefits	4,610,740	385,562	4,996,302
Liabilities for deferred taxes	0	10,570,071	10,570,071
Total non-current liabilities	**985,698,412**	**(71,736,377)**	**913,962,035**
Current liabilities			
Payables to customers	281,901,548	318,186,275	600,087,823
Trade payables	871,769,819	197,510,022	1,069,279,841
Current financial liabilities	416,755,650	4,094,673	420,850,323
Tax liabilities	42,339,253	18,714,517	61,053,770
Provisions for current risks and charges	92,504,234	0	92,504,234
Other current liabilities	118,352,239	4,706,470	123,058,715
Total current liabilities	**1,823,622,743**	**543,211,957**	**2,366,834,700**
Total liabilities	**2,809,321,155**	**471,475,580**	**3,280,796,735**
Total equity and liabilities	**3,296,114,498**	**579,971,081**	**3,876,085,579**

Statement of cash flows	**31 December 2013 Published**	**Effects of application of IFRS 11**	**31 December 2013 Restated**
A) Net cash flows from (used in) operating activities	(118,975,746)	55,711,695	(63,264,051)
B) Net cash flows used in investment activities	(168,549,765)	(23,837,932)	(192,387,698)
C) Cash flows from financing activities	306,046,856	(35,912,963)	270,133,893
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**18,521,345**	**(4,039,200)**	**14,482,145**
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	220,670,279	67,434,528	288,104,807
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**239,191,624**	**63,395,328**	**302,586,952**

The following is a summary of the comprehensive effects derived from application of IFRS 11 on the opening values of the equity at 1 January 2013, and on the equity and the income for the 2013 financial year:

EUR/000	**Equity 31 December 2013**	**Income statement 31 December 2013**	**Equity 01 January 2013**
Published values	**486,793**	**34,669**	**468,423***
Net assets and income from Joint Operation agreements structured through separate vehicles, net of the corresponding capital contributions	108,957	85,772	34,865
Elimination of internal margins	(462)	(7,691)	(41)
Recalculated values	**595,289**	**112,750**	**503,246**
Comprehensive effect derived from application of IFRS11	108,496	78,081	34,823

*stated values redetermined following application of IAS 19 – Employee Benefits

Other standards amended by the Regulation (EU) 1254/2012

Following these new IFRSs, the IASB also issued the amended IAS 27, which will regard only the Separate financial Statements, and the amended IAS 28 for the purpose of including what was introduced with IFRS 11 in the matter of

Joint Arrangements.

Regulation (EU) 313/2013 of the Commission of 4 April 2013, published in Official Gazette L 95 of 5 April 2013: Transition Guidance (Amendments to IFRS 10, 11, and 12).

The amendments limit the requirement to provide adjusted comparative information, for transition to IFRS 10, IFRS 11 and IFRS 12, to the preceding comparative period only.

How the comparative period must be adjusted if the conclusions on consolidation on “date of first-time application “ are not the same in accordance with IAS 27 / SIC 12 and IFRS 10 is also explained.

The amendments, along with the reference standards, will be applicable, at the latest, as from the commencement date of its first financial year starting on or after 1 January 2014.

Regulation (EU) 1174/2013 of the Commission of 20 November 2013, published in Official Gazette L 312 of 21 November 2013: Investment Entities (Amendments to IFRS 10, 12, and to IAS 27).

The objective of the amendments is to introduce some changes to IFRS 10 and 12 and to IAS 27 in order to define the guidelines to be followed for drawing up the Consolidated and Separate financial statements of “Investment Entities.”

The main interventions on IFRS 10 and 12 regarded specific aspects not referred to the drawing-up of the separate financial statements.

At the same time, the amendments to “IAS 27 Separate financial statements” eliminated the possibility for “investment entities” to opt for the measurement of the investments in some subsidiaries at cost, or for that at fair value.

IAS 27 also establishes that an investment entity that is obliged to apply the exception to consolidation for all its subsidiaries presents as individual financial statements its own separate financial statements, indicating this fact in the notes.

The amendments to the aforementioned standards, applied from the financial statements for the financial years starting on or after 1 January 2014, brought no effects from the standpoint of measurement of the financial statement items and the disclosure to be provided herein.

Regulation (EU) 1374/2013 of the Commission of 19 December 2013 which adopts Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36).

The objective of the amendments is to clarify that the scope of the disclosures of information about the recoverable amount of assets measured at fair value less disposal costs, for which, following an impairment test, an impairment loss or reversal of a previous impairment loss was noted during the financial year.

In particular, in this setting, the new paragraphs 130 and 134 of IAS 36 introduce for each CGU to which a significant part of the carrying amount of goodwill or intangible assets with indefinite useful lives is attributed, the requirement to indicate the following information in the disclosures:

- the fair value hierarchy in which the measurement is classified in its entirety (without considering whether "disposal costs" are observable);
- for measurements that come under categories 2 and 3 of the fair value hierarchy (i) description of the measurement techniques adopted to measure the fair value less the costs of disposal;

(ii) the key assumptions (including the discount rate used) upon which Management has based the determination of the fair value.

IAS 27 also establishes that an investment entity that is required to apply the exception to consolidation for all its subsidiaries presents, as single financial statements, its own separate financial statements, indicating this fact in the notes.

The amendments to the aforementioned standards, applied from the financial statements for the financial years starting on or after 1 January 2014, brought no effects from the standpoint of measurement of the financial statement items and the disclosure to be provided herein.

Regulation (EU) 1375/2013 of the Commission of 19 December 2013 adopting Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39).

Based on the amendments to paragraphs 91 and 101 of IAS 39, novation of a derivative contract done following the regulatory and legal provisions, that entails replacing the original counterparty with a central counterparty, is not an event resulting in cessation of hedge accounting.

The amendments to the aforementioned standards, applied from the financial statements for the financial years starting on or after 1 January 2014, brought no effects from the standpoint of measurement of the financial statement items and the disclosure to be provided herein.

Accounting standards and interpretations approved by the EU, not adopted early by the Group

Regulation (EU) 634/2014 of the Commission of 13 June 2014, published in Official Gazette L 175 of 14 June 2014: Adoption of the interpretation of IFRIC 21 Levies.

The objective of the interpretation is to provide guidance for the appropriate recognition of the levies included in the sphere of application of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets,” in order to improve the comparability of financial statements for users.

For the purposes of said interpretation, a tax represents a payable, in accordance with the legislation in force, to a public administration, except for:

a) the income taxes included in the sphere of application of IAS 12 Income Taxes; and

b) fines or other sanctions levied for violation of laws.

“IAS 37 Provisions, Contingent Liabilities and Contingent Assets” establishes that a liability is entered when the fact giving rise to the obligation (obligating fact) takes place.

Pursuant to IFRIC 21, the obligating fact is that event – typically specified in the law of the affected jurisdiction – upon the occurrence of which the payment of the levy is required.

The interpretation considers different types of levies:

- the levy is triggered progressively when the entity generates revenue: the obligating event is the generation of revenue, as provided for by local laws. The obligation will thus be entered with the generated revenue;
- the levy is triggered in full when the entity generates its first revenue in a given period: in this type of levy, the obligation is triggered when the entity generates the first revenue in the period. It is of no relevance if the amount to be paid is based on the revenues for the previous period;
- the levy is triggered in full if the company is operative on a certain date: in this case, even if the amount of the levy is calculated based on balances from the previous period, no obligation is recognized until the specific date is reached. Therefore, the underlying assumption with regard to the going concern principle does not imply, in and of itself, the need to enter an obligation before the specific date;
- The levy is generated if the entity generates income above a certain specific minimum threshold: the obligation is triggered only by recognizing income above a certain threshold, and only when a liability is recorded, regardless of the likelihood/reasonable certainty of exceeding said threshold.

The interpretation will be applied starting from the financial years beginning 17 June 2014 or on a later date, with limited effects from the standpoint of the valuation of the financial statement items.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1 Revenue: EUR/000 2,023,895 (EUR/000 2,109,122)

Revenue from works amounted to EUR/000 2,023,895 and decreased compared to 31 December 2013 by EUR/000 85,227. This decrease in production has been affected by the persistence of a macroeconomic scenario that is showing a negative trend in Italy and in most of the European economies. Details are shown in the following table:

EUR/000	31 December 2014	31 December 2013	Difference
Revenue from works	2,014,698	2,106,121	(91,423)
Concessions – Commercial services under arrangement	9,197	2,965	6,232
Variation in final inventories, property, and plant under construction	0	36	(36)
Total	**2,023,895**	**2,109,122**	**(85,227)**

The item "Revenue from works" includes the value of the works performed and accepted by the respective customers, including the portion of long term works done during the financial year, but not yet completed.

This item on the whole showed a net decrease of EUR/000 91,423, due to elements penalising comparison on a year-to-year basis, such as: (i) the effect of translation of amounts expressed in currencies other than the Euro, such as the Russian Ruble, (ii) and the reduction of some contract work that has come to the completion phase, especially in Italy, which in previous years had made a major contribution to this item.

"Concessions – Commercial services under arrangement" for EUR/000 9,197 includes the payments accruing for infrastructure management services, entirely attributable to the start of the management phase for commercial services connected with four Tuscan hospitals, with specific regard to Ospedale San Jacopo in Pistoia and the hospitals of Prato and Lucca, which opened in the second half of 2013.

Revenue broken down by geographical composition is shown below:

EUR/000	31 December 2014	%	31 December 2013	%	Difference
Italy	508,731	25.14%	726,311	34.44%	(217,580)
Europe	1,043,025	51.54%	971,446	46.06%	71,579
America	318,565	15.74%	259,731	12.31%	58,834
Africa	153,105	7.56%	142,774	6.77%	10,331
Asia	469	0.02%	8,862	0.42%	(8,393)
Total	**2,023,895**	**100.00%**	**2,109,124**	**100.00%**	**(85,229)**

Domestic production is affected by the forecast reduction of the activities for certain projects underway in the country (Bologna High-Speed Railway Station, Turin railway link, Jonica national road, Line 5 of the Milan Underground, and the four Tuscan hospitals) which are proceeding towards their natural conclusion, while maintaining considerable levels of production.

This effect is partially mitigated by the positive progress of the works underway for the Blue Line of the Milan Underground and the resumption of activities for the construction of Ospedale del Mare in Naples.

Moreover, of importance in domestically is the contribution from the works for the Pedemontana Lombarda motorway and Line C of Rome's Underground.

Lastly, as to the geographical breakdown of revenue, mention is to be made of a significant increase in the Europe area, which has benefitted from the positive contribution of the works in progress in Turkey (Gebze-Orhangazi-Izmir motorway, Phase 1 and Third Bosphorus Bridge), Poland (Kraków-Balice Airport, Kraków-Balice Railway, Warsaw Underground Line 2, Łódź Fabryczna Station), and Romania (Bucharest Underground Line 4, Arad Nadlac motorway lot 1, Mihai Bravu overpass) but at the same time, in comparison with the previous financial year, it has been affected by the planned reduction in production volumes due to the substantial completion of the works for the "Pulkovo" International Airport in Saint Petersburg, Russia.

There has been strong growth in the contribution to the production value recorded by the American area, which has benefitted from the positive effect of the works in progress on hydro- and hydroelectric projects in Peru (Jaquay – Lomas aqueduct and the Cerro del Àguila plant) and on mining projects in Chile (Chuquicamata).

As to the latter area, and more particularly Venezuela, to permit an overall assessment of the country's situation, it is interesting to note that over the course of the financial year, concrete institutional initiatives have resumed, aimed at safeguarding the interests of the Italian enterprises active there.

It is to be kept in mind that downstream of these initiatives, the Venezuelan government has already included – *for the Puerto Cabello-La Encrucijada railway section* – in the expense budget, significant amounts, both to settle prior debts and for allocations for financial years to come, proceeding in the second part of the financial year with the partial settlement of the payments owed (equivalent to EUR 68 million at 31 December 2014). However, although the above underscores a concrete attempt to start up an albeit gradual process of normalizing the contractual relationship, the Group's activities, carried out in partnership with two other major Italian enterprises in the sector, have continued to remain at highly contained levels, decidedly lower than the major potentials of these projects.

For the African area, the contribution of the Algerian railway works (Saida-Moulay Slissen railway and the Saida-Tiaret railway) has grown in comparison with the previous year, also after certain working phases following the definition of some technical and contractual variants got underway.

The Asian area shows a decrease in production equal to EUR/000 8,393, essentially reflecting the conclusion of the activities in Oman.

For further details on these items, see note 34 on Segment information pursuant to IFRS 8.

2 Other revenue: EUR/000 107,041 (EUR/000 111,606)

Other revenue, totalling EUR/000 106,801, comprises items not directly connected with the Company's activity of production for works, while however being accessory to the core business and continuing over time. The item in question shows an overall decrease of EUR/000 4,565, in comparison with the 2013 values, and is composed as follows:

EUR/000	31 December 2014	31 December 2013	Difference
Revenue from sale of goods	6,545	10,467	(3,922)
Services to third parties	53,137	60,853	(7,716)
Services and activities to manage joint projects	5,916	3,547	2,369
Rent and lease receivables	3,191	4,693	(1,502)
Net gains from disposal of property, plant and equipment	2,105	2,115	(10)
Capital gains from disposal of assets in leasing	837	0	837
Other	35,310	29,931	5,379
Total	**107,041**	**111,606**	**(4,565)**

"Revenue from sale of goods" has decreased from the 2013 financial year, especially with reference to the domestic area, and in particular due to the lesser volumes recorded in 2014 with regard to activities connected with the works for Mega-lot 2 - DG-21 of the Jonica national road (SS-106).

On the other hand, the decrease in the item "Services to third parties" is to be related essentially to the Turkish area (Third Bosphorus Bridge), which in the 2013 financial year had contributed towards determining the production for the year, also through a greater development of accessory activities connected with the main contract. This decrease is therefore partially offset by revenues connected with recognitions obtained by the Company during 2014, for the study and acquisition of specific contract work in the area of operative initiatives carried out abroad in Joint Venture with other sectoral partners.

3 Purchase cost: EUR/000 317,371 (EUR/000 352,919)

The purchase costs, including variation in inventories of raw materials and consumables, amount to EUR/000 317,371, showing a decrease from the previous period equal to EUR/000 35,548.

EUR/000	31 December 2014	31 December 2013	Difference
Purchase costs	316,814	343,891	(27,077)
Change in inventories of raw materials, supplies, consumables and goods	557	9,028	(8,471)
Total	**317,371**	**352,919**	**(35,548)**

Below is a detailed analysis of the geographical breakdown of the costs for purchases of raw materials and consumables:

EUR/000	31 December 2014	%	31 December 2013	%	Difference
Italy	40,314	12,70%	62,237	17,63%	(21,923)
Europe	187,657	59,13%	190,053	53,85%	(2,396)
America	62,283	19,62%	74,784	21,19%	(12,501)
Africa	27,113	8,54%	23,964	6,79%	3,149
Asia	4	0,00%	1,881	0,53%	(1,877)
Total	**317,371**	**100,00%**	**352,919**	**100,00%**	**(35,548)**

The significant decrease in the domestic sphere is related essentially to the completion of certain working phases connected with the performance of works on line 5 of the Milan Underground.

On the other hand, with reference to the European area, mention should be made of (i) a decisive increase connected with the greater production volumes for the Third Bosphorus Bridge in Turkey, substantially offset (ii) the reduction recorded in the Russian area due to the completion of works for the construction of the "Pulkovo" International Airport in Saint Petersburg.

The American area showed a considerable decrease connected with the substantial completion of works in progress in Honduras (road works) and Chile ("Relaves" project), partially offset by the greater volumes recorded for the Cerro del Águila hydroelectric project (Peru).

Internationally, further mention is made of (i) an increase in consumption in the Algerian area (Saida-Tiaret area), to be directly related to the greater production volumes achieved during 2014 and (ii) the reduction recorded in the Asian area.

4 Service costs: EUR/000 1,230,814 (EUR/000 1,262,142)

Service costs totalled EUR/000 1,230,814 and show a decrease of EUR/000 31,328, 000 compared to the previous year. Details are shown in the following table:

EUR/000	31 December 2014	31 December 2013	Difference
Consortium costs	299,013	345,398	(46,385)
Subcontracts and other services	760,155	720,809	39,346
Technical, administrative and legal consulting	75,989	91,872	(15,883)
Directors' and statutory auditors' fees	3,077	3,086	(9)
Utilities	7,719	10,252	(2,533)
Travel and transfers	3,682	3,931	(249)
Insurance	19,136	15,311	3,825
Rentals and other costs	19,706	43,356	(23,650)
Rent and condominium expenses	6,269	5,870	399
Maintenance costs for leased assets	633	330	303
Other	35,435	21,927	13,508
Total	**1,230,814**	**1,262,142**	**(31,328)**

The consortium costs connected with the performance of works, in association with other enterprises in the segment, show a decrease of EUR/000 46,385 from the previous year, attributable mainly to the lesser contribution of initiatives connected with works for the construction of the Jonica national road, the Pedemontana motorway, and Line C of the Rome Underground, only partially offset by the increase recorded in Poland for the construction works for the Łódź Fabryczna Station.

To the contrary, the item "Subcontracts and other services" shows an increase from the previous financial year equal to EUR/000 39,346, 000, with the following geographical breakdown:

EUR/000	31 December 2014	%	31 December 2013	%	Difference
Italy	131,583	17.31%	213,531	29.62%	(81,948)
Europe	503,725	66.27%	410,818	56.99%	92,907
America	70,165	9.23%	58,334	8.09%	11,831
Africa	54,678	7.19%	33,256	4.61%	21,422

Asia	4	0.00%	4,870	0.68%	(4,866)
Total	**760,155**	**100.00%**	**720,809**	**100.00%**	**39,346**

The variations in this item substantially reflect the production for the year, which shows, as detailed in note 1, a growth in volumes related to the works in progress in Turkey (Third Bosphorus Bridge), Poland (Kraków-Balice Airport, Kraków-Balice Railway, Warsaw Underground Line 2, Łódź Fabryczna Station), Romania (Bucharest Underground Line 4, Arad Nadlac motorway lot 1, Mihai Bravu overpass), Algeria (railway works), and Peru (Cerro del Àguila), in part offset by the effects of the reduction in values for projects being carried out in Italy and completed in Oman.

However, mention ought to be made of the decrease from the previous financial year in the costs for technical, administrative, and legal consulting recorded essentially with reference to the contract work in progress domestically, and in Poland, Peru, Russia, and Turkey.

With reference to the decreases found in the foreign sector, it is to be specified that the greater volumes recorded during 2013 were attributable particularly to the phases of start-up and start of the productive phase of the new initiatives in which the legal and financial assistance activities aimed at contractualizing the works, as well as at designing the works, turned out to be particularly significant.

Also worthy of note is a decline in the costs for rentals, in good part related to (i) the domestic area, and more particularly to the reduction in the values recorded for the Parma-La Spezia Railway and Line 5 of the Milan Underground projects, and (ii) the Russian area, due to the substantial completion of the works for the "Pulkovo" International Airport in Saint Petersburg.

The variation in the "Other" component is in good part ascribable to the charges incurred to meet contractual obligations, regulated by the contract for building the motorway link in Saint Petersburg, Russia, accessory to the performance of the work.

5 Personnel expenses: EUR/000 256,289 (EUR/000 256,715)

Personnel costs are substantially in line with the previous financial year, and are broken down as follows:

	31 December 2014	31 December 2013	Difference
EUR/000	179,738	175,637	4,101
Wages and salaries	33,404	34,060	(656)
Social security charges	40,156	45,251	(5,095)
Other costs	1,666	322	1,344
Other post-employment benefits	1,325	1,445	(120)
Cost of share-based payments	**256,289**	**256,715**	**(426)**

The other costs mainly refer to expenses incurred for the training of employees, costs for meals and lodging, and the allocation of costs of post-employment benefits as a defined contribution plan set forth in IAS 19.

The allocation of post-employment benefits in the context of the "defined benefit plan" is included in the item "Other post-employment benefits."

The geographical breakdown of personnel expenses is shown below:

	31 December 2014	%	31 December 2013	%	Difference
Italy	67,335	26.27%	75,472	29.40%	(8,137)
Europe	78,185	30.51%	78,543	30.60%	(358)
America	88,863	34.67%	79,892	31.12%	8,971
Africa	21,329	8.32%	20,917	8.15%	412
Asia	577	0.23%	1,891	0.74%	(1,314)
Total	**256,289**	**100.00%**	**256,715**	**100.00%**	**(426)**

As to the geographical breakdown of personnel expenses, the increase in the foreign sector in relation chiefly to the higher production volumes of contract work in progress in Peru and Chile is more than offset by the reduction of these expenses in the domestic area.

Average number of employees

The average number of employees by category is the following:

Composition of personnel	31 December 2014	31 December 2013	Difference
Composition of personnel	211	187	24
Top management	142	146	(5)
Middle management	2,546	2,590	(44)
White collars	4,787	5,072	(285)
Workers	**7,686**	**7,996**	**(310)**

In 2014, the Company's work force averaged 7,686 employees. On an aggregate basis, the figure shows a slight decrease from the previous financial year (-3,9%); a prevalence of personnel deployed abroad (91% of the total) also confirmed is due to the significant revenue produced outside Italy, but also to the presence overseas of a greater number of contracts that require being carried out through a greater reliance on direct performance.

Incentives schemes for top management

Share option plan

The item "Cost of share-based payments" includes the valuation of an incentive plan for top management linked to their achievement of specific economic and financial targets. The main features of the plan are defined hereunder.

The plan consists of assigning the Beneficiaries (CEO and General Managers) Company shares free of charge. The Beneficiaries were identified in a number equal to six persons: the CEO and five General Managers. The share assignment cycle refers to the 2013-2015 three-year period.

The CEO can be assigned a maximum number of 100,000 shares for each year of validity of the plan, and each General

Manager can be assigned, free of charge, a maximum number of 40,000 shares for each year of validity of the plan.

The maximum number of shares that can be assigned as a whole to the Beneficiaries during each year will be equal to 300,000, and they cannot exceed the number of 900,000 shares during the three-year period of validity of the plan.

Assignment of the shares every year is subordinate to the Company's achievement of the economic-financial performance targets defined each year by the Board of Directors; in accordance with the regulations, the assignment date of the shares is the date of resolution with which the Board of Directors ascertains achievement of said targets and the occurrence of the required conditions and consequently provides for assigning the shares to the Beneficiaries.

In connection with what has been described up to this point, the plan has determined a cost of EUR/000 1,445, with an equity reserve.

The following are the actuarial assumptions with regard to the plan's calculation:

- Dividend rate: 3.22%;
- Volatility: 28%;
- Risk free rate: deduced from Euroswap rates on the measurement dates.

It was also hypothesised that the performance objectives are achieved with the following likelihoods:

- 95% for 2013;
- 90% for 2014;
- 85% for 2015.

<u>"Management By Objectives" (MBO) short-term incentive plan</u>

The Company's Board of Directors, at the proposal of the Remuneration Committee meeting on 14 May and 27 June 2013, had approved a short-term incentive plan to benefit the Chairman and CEO with regard to achieving given objectives before the end of 2014.

The maximum amount of the bonus to be paid upon reaching all the established objectives equals EUR/000 1,700. Already at the end of the previous financial year, the "RATING" target was assessed as achieved, with consequent payment to the beneficiaries of the corresponding portion of the bonus, equal to EUR/000 910.

With reference to the other objective, for completing a series of disposals defined based on the guidelines of the 2012-2017 Business Plan, it is stressed that the bonus hypothesis outlined at that time for that target is to be considered as expired. Towards this end, it is pointed out that with respect to the new hypotheses of disposals that have been advanced, whose range appears broader than that proposed in the 2012-2017 business planning, the Company's Board of Directors is studying a new *MBO in which the timing and amounts connected with the new incentive plan can be adjusted, in line with the new hypotheses for the operation's development.*

6 Amortisation, depreciation and impairment losses: EUR/000 38,460 (EUR/000 37,666)

Amortisation, depreciation and impairment losses, totalling 38,460 have held substantially stable in comparison with the previous period, and are broken down as follows:

EUR/000	31 December 2014	31 December 2013	Difference
Amortisation of intangible assets	1,906	1,055	851
Depreciation of property, plant and equipment and investment property	36,554	36,580	(26)
Impairment losses on receivables	0	31	(31)
Total	**38,460**	**37,666**	**794**

7 Other operating costs: EUR/000 29,424 (EUR/000 33,166)

Other operating costs totalling EUR/000 29,424 show a decrease of EUR/000 3.742 from the previous year. Details are shown in the following table:

EUR/000	31 December 2014	31 December 2013	Difference
Provisions for risks and charges	1,241	4,334	(3,093)
Contingent liabilities and non-existing assets for valuation adjustments	3,969	3,179	790
Tax charges	5,902	10,687	(4,785)
Other administrative and sundry costs	18,312	14,966	3,346
Total	**29,424**	**33,166**	**(3,742)**

"Provision for risks and charges," which in the previous financial year totalled 4,334, refers to items recorded in the domestic setting and linked directly to earlier operating situations, whose transaction definition hypothesis brought about the estimate of likely charges that will have to be incurred.
Much of the decrease in "Tax charges" may be attributed to the Algerian area which, during the 2013 financial year, had incurred tax charges for the acquisition of the rights to exploit the concessions for extracting aggregate from quarries as needed to produce concrete, aimed at the development of railway projects in the backlog.
The increase in the "Other administrative and sundry costs" item pertains in particular to losses on credits linked to the substantially conclusive outcomes ascribable to activities progressively performed in Central America on areas that are no longer operative.

8 Capitalisation of internal construction costs: EUR/000 (EUR/000 248)

This item, unchanged during the financial year, referred at 31 December 2013 to capitalised costs incurred for the internal construction of fixed assets especially regarding the contract for the construction of the Pulkovo Airport in Saint Petersburg, Russia.

9 Financial income: EUR/000 97,054 (EUR/000 102,712)

Financial income fell compared to the previous year by EUR/000 5,658, and consists of the following:

EUR/000	31 December 2014	31 December 2013	Difference

Income from subsidiaries	721	8,293	(7,572)
Income from associates and joint ventures	524	1,450	(926)
Income from investee companies	39	0	39
Income from financial operations with Credit Institutions	2,989	3,226	(237)
Sureties fees	5,837	7,016	(1,179)
Exchange rate gains	53,626	27,103	26,523
Income on derivatives	888	2,548	(1,660)
Other financial income	32,430	53,076	(20,646)
Total	**97,054**	**102,712**	**(5,658)**

The “Other financial income” item generally includes the amount of default interest payable by individual customers, for a total amount of EUR/000 20,100, for contract work in progress in Italy and abroad, as well as the interest on financing paid to subsidiaries, associates, Joint Ventures, and associates in common initiatives, totalling EUR/000 11,500.

This item has decreased from the comparative period due substantially to the effect during 2013 of the default interest for the activities in progress in Venezuela; for details, see the supplementary note to the financial statements at 31 December 2013.

It is also pointed out that the decrease in income from subsidiaries, associates, and Joint Ventures in comparison with the 2013 values is to be ascribed mainly to the dividends paid in the previous financial year by the subsidiaries Romairport (EUR/000 5,956) and E.U.R.L. Astaldi Algerie (EUR/000 1,120).

On the other hand, with regard to currency management, we can point to an increase in the profit on exchanges component which affected above all the European area.

10 Financial charges: EUR/000 244,684 (EUR/000 218,668)

Financial charges increased compared to the previous year by EUR/000 26,016 and consist of the following:

EUR/000	31 December 2014	31 December 2013	Difference
Interest on bond issue	59,169	9,239	49,930
Sureties fees	30,515	30,084	431
Bank interest expense and fees	36,567	47,495	(10,928)
Exchange rate losses	30,037	62,478	(32,441)
Losses from derivatives	6,076	9,454	(3,378)
Fair value charges on the convertible bond incorporated derivative	245	4,389	(4,144)
Financial charges on leases	693	671	22
Interest on extensions of payment on commercial items	4,037	4,311	(274)
Charges for assignment of no-recourse receivables	7,667	8,692	(1,025)
Discounting charges	35,974	0	35,974
Other financial charges	9,058	12,113	(3,055)
Total	**220,038**	**188,926**	**31,112**
Impairment losses on investments	24,608	29,736	(5,128)
Impairment losses on securities and receivables	38	6	32
Total	**24,646**	**29,742**	**(5,096)**
Total financial charges	**244,684**	**218,668**	**26,016**

Of the main variations for the period, of importance are the greater values related to:

- The interest on senior unsecured bond issues (EUR/000 49,395) issued starting in the second half of 2013 (for detailed information on the bond issues see note 25);

- The interest on the convertible bond issue (EUR/000 535) issued in the month of January 2013.
- The charges recorded downstream of the process of discounting a portion of the receivables related to the Venezuelan railway sections, totalling 35,974.

On the other hand, a significant decline was recorded for:

- The charges related to currency management for EUR/000 32,441, due substantially to the extent ascribable, to the earlier devaluation of the strong Bolivar by the Venezuelan government in early 2013;
- The charges derived from financial relations with credit institutions for EUR/000 10,928, due substantially to the Company's different financial structure from the comparative period, which reflects the benefit of the bond issues placed during 2013 and in the first half of 2014.

The Discounting charges item refers to the receivables relating to railway works underway in Venezuela, and distinctly: (i) Chaguaramas-Cabruta and (ii) San Juan de Los Morros-San Fernando de Apure.

This item was determined upon the outcome of an articulated discounting process grounded in the 2015.

The rate applied to the corresponding nominal values of the receivables subject to discounting was established on the basis of the macroeconomic components of specific reference to Venezuela. Particular consideration was made of the Country Risk, of the expected Inflation Rate, and of the trend in the bonds issued in strong currency by the Venezuelan government.

However, it ought to be specified that emerging from the institutional initiatives that resumed in 2014 was the importance that the infrastructure works regarding railway transport lines have for the country's development. This confirms the fact that in the medium term, the complete collection of the accrued contractual amounts may be achieved.

Moreover, as concerns the "Other financial charges" item, it bears mentioning that this refers chiefly to (i) commissions on financing (e.g. agency, commitment, etc) for EUR/000 3,383; (ii) the liquidation for EUR/000 5,887, after a settlement agreement made with the customer, for earlier items being contested with regard to payables made by the parent for delayed payment interest accrued on receivables related to activities progressively carried out in areas of East Africa that are no longer operative.

Lastly, with reference to the charges from investments, we can point to the decrease in the "Impairment losses on investments" item, essentially related to the associate COMET JV. In particular, the Company in question had, during 2013, recorded non-recurring losses connected with the definition of an arbitration award related to the dispute with the customer Metroselskabet I/S in the context of the now-completed works to build the Copenhagen Underground.

Analysis of the Impairment losses on investments item for 31 December 2014 is illustrated in the following table:

Investee	Geographical Area	Coverage of losses	Impairment loss	Provision for risks	Total
Astaldi Arabia Ltd,	Asia	6,596	106	0	6,702
Astaldi Construction Corporation	America	0	15,220	0	15,220
Other minor	Europe	0	963	26	989
Other minor	Italy	9	735	59	803
Other minor	America	0	0	600	600
Other minor	Africa	0	50	244	294
Total		**6,605**	**17,074**	**929**	**24,608**

11 Tax expenses: EUR/000 46,806 (EUR/000 49,662)

Overall taxes pertaining to the year with reference to the head office and permanent organisations abroad totalled EUR/000 46.806. The tax rate, including the impact of the IRAP regional tax, was 42% (2013: 31%). Details are shown in the following table:

	31 December 2014	31 December 2013	Difference
EUR/000	56,530	37,251	19,279
Current income tax (*)	(14,632)	10,641	(25,272)
Deferred income tax (*)	4,545	4,591	(46)
Current tax I.R.A.P.	132	(16)	148
Deferred tax I.R.A.P.	230	(2,804)	3,034
Substitute tax and other	**46,806**	**49,662**	**(2,857)**

(*) Income tax refers to IRES for Italy and similar taxes for the foreign areas

The variation in the deferred taxes chiefly regards (i) the effects of particular tax regimes for long-term contracts, typical of certain foreign countries where the group operates, (ii) the tax treatment of the results of the discounting of the Venezuela receivables done as better described in note 8.

The following is a breakdown of deferred tax assets totalling EUR/000 25,134 and deferred tax liabilities totalling EUR/000 9,525.

EUR/000	31 December 2014	31 December 2014	31 December 2013	31 December 2013
Equity	***IRES***	***IRAP***	***IRES***	***IRAP***
a) Deferred tax assets deriving from:	**44,996**	**283**	**32,715**	**415**
- Taxed provisions for risks	14,940	283	5,981	280
- Taxed allowance for impairment – default interest	2,347	0	194	0
- Exchange rate differences	11,817	0	17,587	0
- Others	15,892	0	8,953	135
b) Deferred tax liabilities deriving from:	**(29,139)**	**(532)**	**(28,003)**	**(532)**
- Buildings recognised at fair value in substitution of cost	(3,752)	(532)	(3,752)	(532)
- Dividend taxable share	(180)	0	(196)	0
- Default interest to be collected	(18,836)	0	(16,658)	0
- foreign components taxable in subsequent financial years	(9,526)	0	(10,570)	0
- others + hedging reserve	3,155	0	3,173	0
c) Net deferred tax assets (a + b)	**15,857**	**(249)**	**4,712**	**(117)**
d) Deferred tax for the year recognised in profit or loss	**(14,632)**	**132**	**10,641**	**(16)**

Reconciliation, for income tax (IRES) purposes only, between the tax recognised in the accounts (current and deferred) and the theoretical tax resulting from the application of the current tax rate (27.5%) to the pre-tax profit is the following:

EUR/000	31 December 2014	%	31 December 2013	%
Pre-tax profit	**110,950**		**162,412**	
Theoretical income tax	30,511	27.50%	44,663	27.50%
Net effect of permanent increases (decreases)	(1,357)	-1.22%	4,885	3.01%
Net effect of deferred and current taxation of foreign entities and other adjustments	12,744	11.49%	(1,657)	-1.02%
Substitute tax and other	230	0.21%	(2,804)	-1.73%
IRAP (current and deferred)	4,677	4.22%	4,575	2.82%
Income tax recognised in the financial statements (current and deferred)	**46,806**	**42.19%**	**49,662**	**30.58%**

12 Earnings per share: EUR 0.66 (EUR 1.15)

Base earnings per share are calculated as follows:

EUR/000

Numerator	31 December 2014	31 December 2013
Profit of parent's ordinary shareholders	64,144	112,750
Denominator (in units)		
Weighted average number of shares (all ordinary)	98,424,900	98,424,900
Weighted average number of treasury shares	(538,435)	(544,024)
Weighted average number of shares to be used to calculate basic earnings per share	**97,886,465**	**97,880,876**
Basic earnings per share – (Euro)	**0,6553**	**1,1519**

The diluted earnings per share (EUR 0.5951) was determined by dividing the earnings for the financial year for the parent's shareholders – adjusted for the amount of income components that it is presumed will no longer be sustained following the conversion of the potential ordinary shares (EUR 4.845) – by weighted average number of Astaldi S.p.A shares in circulation during the year, excluding treasury shares, increased by the weighted average of the shares that could potentially be put into circulation (18,040,007 shares) with regard to:

(i) Share option plans for managers with strategic responsibilities, and more precisely the shares already assigned to the beneficiaries with delivery pending, referring to the 2011-2014 windows, as well as those that might be assigned for the 2015 window.

(ii) the possible exercise of the conversion option present on the Equity Linked bond issue for EUR/000 130,000, placed with qualified Italian and foreign investors in the month of January in the 2013 year. Towards this end, it is specified that the bond issues may become convertible, at a conversion price set at EUR 7.3996, into ordinary Company shares, existing or newly issued, one year after the issue. The Company shall be entitled to regulate any conversion through payment in cash or by a combination of ordinary shares and cash.

13 Property, plant and equipment: EUR/000 189,155 (EUR/000 180,772)

In 2014, property, plant and equipment showed an increase totalling EUR/000 8.383, due above all to new investments for EUR/000 52,362. The following table shows changes in the amount of property, plant and equipment at the beginning and at the end of the year:

EUR/000	Land and buildings	General and specific plant	Excavators, Loaders, and Vehicles	Various equipment and machinery	Assets under construction and payments on account	Total
Amount at 31 December 2013, net of amortisation (1)	35,705	77,206	38,824	19,798	9,239	180,772
Increases deriving from acquisitions	178	11,830	14,824	6,691	18,839	52,362
Gross amount	**35,883**	**89,036**	**53,648**	**26,488**	**28,079**	**233,133**
Depreciation	(1,054)	(13,032)	(12,748)	(9,713)	0	(36,547)
Other disposals	(128)	(4,249)	(1,092)	(36)	0	(5,505)

Reclassification and transfers	(9)	59	2,474	3,593	(6,117)	(0)
Exchange rate differences	(2)	(283)	(547)	(429)	(651)	(1,911)
Change in consolidation and other changes	0	(0)	(41)	26	0	(15)
Amount at 31 December 2014, net of depreciation (2)	**34,690**	**71,530**	**41,695**	**19,929**	**21,311**	**189,155**
(1) of which at 31 December 2013						
- Cost	45,215	150,100	116,164	67,666	9,239	388,386
- Accumulated depreciation	(9,510)	(72,895)	(77,340)	(47,869)	0	(207,614)
Net amount	**35,705**	**77,206**	**38,824**	**19,798**	**9,239**	**180,772**
(2) of which at 31 December 2014						
- Cost	45,255	151,482	124,463	67,433	21,311	409,943
- Accumulated depreciation	(10,564)	(79,952)	(82,768)	(47,504)	0	(220,788)
Net amount	**34,690**	**71,530**	**41,695**	**19,929**	**21,311**	**189,155**

The following most significant changes are pointed out:

- The increases of EUR/000 52,362 mainly refer to investments made for projects in progress in Russia and Peru;
- Depreciation for the year totalling EUR/000 36,547;
- Disposals made in the year total EUR/000 5,505 and mainly regard the disposal of assets for projects completed in Italy and Central America.

The amount of property, plant and equipment includes a component of leased goods for a net carrying amount of EUR/000 20,841 as shown in the following table:

EUR/000 **Amount at 31 December 2014, net of depreciation**	**Specific plant**	**Excavators, Loaders and Vehicles**	**Various equipment and machinery**	**Total**
Historical cost	10,436	16,692	2,087	29,215
Accumulated depreciation	(4,058)	(3,655)	(661)	(8,374)
Net amount	**6,378**	**13,037**	**1,426**	**20,841**

14 Investment property: EUR/000 166 (EUR/000 173)

The Investment property item, totalling EUR/000 166, includes non-instrumental buildings and land measured at cost, whose value, substantially stable in comparison with the previous financial year, declines with respect to the normal depreciation cycle (EUR/000 7.700). In relation to measurement of fair value, it is noted that since the indicators were not wholly reliable and due to the low significance of the investment in question, it was not deemed necessary to list a precise measurement or a range of fair values.

15 Intangible assets: EUR/000 3,208 (EUR/000 4,611)

In 2014, intangible assets decreased by EUR/000 1,403. The table below shows the changes of this item, indicating that there are no leased items.

EUR/000	Intellectual property rights	Contractual rights and other fixed assets	Total
Amount at 31 December 2013, net of amortisation (1)	**720**	**3,891**	**4,611**
Increases deriving from acquisitions	500	3	503
Gross amount	**1,220**	**3,894**	**5,114**
Amortisation	(474)	(1,432)	(1,906)
Amount at 31 December 2014, net of amortisation (2)	**746**	**2,462**	**3,208**
(1) of which			
- Cost	2,075	11,751	13,825
- Accumulated amortisation	(1,355)	(7,860)	(9,214)
Net amount	**720**	**3,891**	**4,611**
(2) of which			
- Cost	2,252	11,677	13,929
- Accumulated amortisation	(1,507)	(9,214)	(10,721)
Net amount	**746**	**2,462**	**3,208**

The “Contractual rights and other fixed assets” item prevalently includes (EUR/000 1,857) the net value of the rights acquired from third parties, mostly in the domestic setting (Ospedale del Mare in Naples), for the performance of the contracts in the construction segment. This item has held substantially steady in comparison with the previous financial year, and changes chiefly in relation to the normal depreciation cycle (EUR/000 1,395).

16 Investments: EUR/000 506,306 (EUR/000 455,943)

Investments net of the provision for risks on investments amounted to EUR/000 506,306, for an increase compared to 31 December 2013 of EUR/000 50,363.

The composition of this item is the following:

EUR/000	31 December 2014	31 December 2013	Difference
Subsidiaries	271,768	278,127	(6,359)
Associates and joint ventures	234,204	177,597	56,607
Other investees	334	219	115
Total	**506,306**	**455,943**	**50,363**

The main changes for the financial year were caused by the following factors:

- Capital injections, totalling EUR/000 31,289, made in relation to the associate Otoyol Yatirim Ve Isletme A.S, holder of the concession for the design, construction, and management of the new Gebze-Orhangazi-Izmir motorway in Turkey;
- Capital injections, totalling EUR/000 24,952, made in relation to the associate that is developing the concession for the construction and management of the Third Bosphorus Bridge;

Lastly, it is specified that the carrying amounts of the investments, in continuity with the previous financial year, are presented net of payments yet to be made on subscribed shares and/or quotas.

Checking of existence of Persistent Impairment Losses

Astaldi Concessioni S.p.A.

With regard to the subsidiary Astaldi Concessioni S.p.A. it must be noted, with regard to the subsidiary, Astaldi Concessioni S.p.A., and more specifically to the concession project related to management of the new international terminal of Bodrum Airport (Turkey), that the passenger traffic volumes recorded for the 2014 financial year failed to meet expectations. Consequently, the management of the subsidiary Mondial Milas Bodrum S.A., concessionaire of the aforementioned initiative, saw to drawing up a new Business Plan reflecting the new development plans envisaged for 2015 founded upon a more conservative cash flow estimate on the basis of growth rates in the average number of transiting passengers recorded on a historic basis between financial years 2013 – 2014, projected over the remaining period of the concession.

Astaldi Concessioni S.p.A., also in light of the new elements that emerged, noted an Accrual to Provisions for risks on investments in such a way as to reflect the overall effects of the management of the international terminal.

The above circumstance, to be considered a specific impairment indicator, also resulted in the need to check the recoverable amount of Astaldi Concessioni S.p.A., on the basis of the content of IAS 36, with regard to Astaldi S.p.A.'s Separate Financial Statements.

Specifically, the recoverable amount of Astaldi Concessioni was calculated using equity, income and financial data regarding the holding and the individual subsidiaries and investees.

In this way, the value of the investees' economic capital was estimated separately, using a bottom-up logic that made it possible to replace at all levels, the carrying amount of equity investments with the respective pro-quota economic value.

As specifically regards the valuation techniques referring to the main investees, the following is to be noted:

- The economic value of the jointly controlled entity Re.Consult Infrastrutture S.p.A. was estimated by valuating the only asset held by Re.Consult, consisting of the investment in the A4 Holding Group. As concerns in particular the techniques for the valuation of the economic capital of the A4 Group – estimated on the basis of a report done by and independent expert – it is pointed out that the main asset, the Brescia-Padova motorway, the concessionaire (equalling 95% of the total valuation), was valuated with a multitude of criteria widely applied in practise for these business categories, and that is (i) the financial criterion in the unlevered version; (ii) the market multiples criterion, using the "Enterprise Value/Ebitda" multiple. Considering the importance of this investment, the simultaneous use of two criteria made it possible to mutually compare the results of each. More specifically, as regards the financial criterion, the concessionaire's economic value was estimated by discounting the expected cash flows taken from the

2013 economic–financial plan. This document is an update of the economic–financial projections of the BS-PD motorway business already submitted in 2007 to the grantor ANAS S.p.A. and to the Ministry of Infrastructure and Transport. The plan, extending over a timeframe exceeding thirty years (2014-2046), is divided into two periods: (i) period of validity of the current convention (2014-2026); (ii) period of renewal of said convention (2027-2046). As regards the determination of the discount rate (WACC), it was deemed appropriate to differentiate the cost of own capital, and consequently the WACC, in such a way as to appreciate, in the terminal period, the greatest level of risk connected with a set of factors, including uncertainty of the concession being renewed. The cash flows estimated in the 2014-2026 financial years were thus discounted at the rate of 7.55%, representing the concessionaire's WACC during the period in force, while for the estimate of the current value of the cash flows for the 2027-2046 period, a rate of 8.36% was used. The other lesser assets were valuated at fair value or at the value in use. For the purpose of quantifying the fair value of the investment in Re.Consult, consideration was also made of the so-called "control premium" over the A4 Group by virtue of the fact that the vehicle has, starting from the financial year in progress, controlled the majority of A4 Holding's voting rights.

- The economic value of the subsidiary, Inversiones Assimco Limitada, indirect holder of the concession related to management of the Chacayes hydroelectric plant in Chile, was estimated using the dividend discount model (DDM), discounting the future dividends forecast by company management at a rate of 6.3%, representing the Ke of the company in question. In order to apply said method, the economic and financial plan of the subsidiary, formulated by the company's bodies, was used, projected over the concession duration. As regards the effect of the financial variables adopted on the valuation, it must be noted that the difference of +50/-50 bps in the discounting rate would entail a difference of approximately EUR/000 (2,400)/2,600 in the project's economic value;
- The economic value of Ankara Etlik A.S., holder of the concession for the design, construction and management of non-healthcare and commercial services of the new Etlik hospital campus, was estimated using the dividend discount model (DDM), discounting the future dividends forecast by company management at a rate of 11.8%, representing the Ke of the company in question. In order to apply said method, the economic and financial plan of the investee, formulated by the company's bodies, was used, projected over the concession duration. As regards the effect of the financial variables adopted on the valuation, it must be noted that the difference of +50/-50 bps in the discounting rate would entail a difference of approximately EUR/000 (8,600)/9,600 in the project's economic value;

- The economic value of the subsidiary, Valle Aconcagua S.A., holder of the concession for the design and management of a plant for the recovery of copper and molybdenum contained in processing waste of mines owned by Codelco (Chiles' national copper corporation), was estimated using the dividend discount model (DDM), discounting the future dividends forecast by company management at a rate of 6.86%, representing the Ke of the company in question. For the purposes of the application of this method, use was made of the subsidiary's economic plan, prepared by the Company's bodies, projected over the duration of the concession. As to the effect on the valuation of the financial variables adopted, it is pointed out that the +50/-50 bps variation in the discount rate would mean a variation of about EUR/000 (1,100) /1,200 in the project's economic value;

– the economic value of "Sociedad Concesionaria Metropolitana de Salud s.a,." holder of the concession for the design, construction, and management of the Western Metropolitan Hospital of Santiago de Chile, was estimated using the "dividend discount model" (DDM) method, by discounting the future financial dividends expected by company management, at a rate of 9.6%, representing the company's Ke. In order to apply said method, the economic and financial plan of the subsidiary, formulated by the company's bodies, was used, projected over the concession duration. It must also be noted that the sensitivity analysis performed showed how the reasonable difference in measuring the discounting rate did not significantly affect the estimates obtained;

The results of the impairment test showed that there was no need for any write-down on the carrying amount of the equity investment in Astaldi Concessioni S.p.A.

Metro 5 S.p.A.

It must be also noted that, during the year, given the presence of impairment indicators, checking of the recoverable amount of the equity investment in Metro 5 S.p.A. was also performed.

The recoverable amount of Metro 5 S.p.A. was considered to be equal to its value in use calculated through the Dividend Discount Model (DDM) method, discounting the future financial dividends expected by company management, at a rate of 8.03% representing the Ke (equity cost) of the company in question. For the purposes of the application of this method, the economic and financial plan of the "associate," for the duration of that company's concession (2015-2040), was used.

The result of the impairment test did not require any impairment loss on the carrying amount of the investment. It is further noted that the sensitivity analysis carried out highlights how the change in the measure of the discounting rate (+50/-50 bps) does not significantly affects the results of the estimate.

Astaldi Construction Corporation

Upon the close of the financial year, given the presence of value reduction indicators, the recoverability of the investment referring to that held in Astaldi Construction Corporation was verified. In particular, in consideration of the fact that the Company in question operates exclusively in the area of specific projects under contract, the carrying amount resulting from the financial statements approved by the subsidiary was deemed to be a consistent expression of the recoverable value of the investment. Comparison between the two cited magnitudes gave rise to a net depreciation of the investment equalling EUR/000 15,220 reflected in the “devaluations of investments” item of the aggregate of financial burdens in the separate income statement.

Additional investments

With regard to the verification of the recoverability of the value of additional investments entered in these financial statements, to date no impairment indicators that have determined the need to proceed with additional specific tests are believed to have emerged.

17 Financial assets

Non-current financial assets: EUR/000 224,891 (EUR/000 166,779)

The following table shows the breakdown of non-current financial assets:

EUR/000	31 December 2014	31 December 2013	Difference
Non-current financial receivables	126,565	45,240	81,325
Other financial assets from investees	98,297	121,420	(23,123)
Derivatives receivable	29	119	(90)
Total	**224,891**	**166,779**	**58,112**

The item “Non-current financial receivables” substantially refers to financial items paid to associates in particular, in the concessions business.

The main changes in the item compared with the previous financial year are attributable to the following factors:

- EUR/000 55,650 increase due to the financing granted to the associate developing the concession to build and manage the Third Bosphorus Bridge in Turkey;
- EUR/000 9,079 increase due to financing granted to the associate Metro 5 S.p.A.;
- EUR/000 16,161 increase recorded substantially due the greater sums paid for financing connected with the associate Otoyol Yatirim Ve Isletme A.S., in part offset by the sums during the financial year paid against what was owed for the increase in the company’s share capital decided upon by the investee this 28 March (EUR/000 31,289).

The “Other financial assets from investees” refers substantially to the receivables from subsidiaries, associates, and jointly controlled entities.

The item’s decrease from financial year 2013 is to be attributed mainly as follows:

- EUR/000 7,247 to the use of the financing paid in 2013 to the investee Astaldi Arabia, against the coverage of losses decided upon during the financial year by the Subsidiary's Board of Directors;
- EUR/000 5,744 to the net repayment of the financing granted to the subsidiary Astaldi Arabia during the 2013 financial year;
- EUR/000 36,205 to the use of the financing progressively granted to Copenhagen Metro Construction Group J.V. (COMET), downstream of the conclusion of that company's liquidation process;
- EUR/000 15,000 to repay financing granted to the subsidiary Co.Meri S.p.A. during 2013,

These variations are also partially offset by an additional financing granted to the subsidiary Astaldi Concessioni S.p.A., totalling EUR/000 41,492, to support the investments made during the financial year in the concessions segment.
See the detailed information on transactions with related parties attached to these notes for more in-depth analysis.

Current financial assets: EUR/000 20,933 (EUR/000 29,454)

Current financial assets, totalling EUR/000 20,933, are broken down as follows:

EUR/000	31 December 2014	31 December 2013	Difference
Securities in portfolio	1,159	1,183	(24)
Derivatives	356	351	5
Current financial receivables	19,418	27,920	(8,502)
Total	**20,933**	**29,454**	**(8,521)**

The "Current financial receivables" item substantially refers, for EUR/000 1,102, to the financial resources made available, provisionally and for a limited period of time, for the financing of the start-up phase of certain activities carried out by the Company in partnership in Turkey, and for EUR/000 18,315 to the financing granted to the associate Consorzio MM4, aimed at supporting the operative activities.

18 Other assets

Other non current assets: EUR/000 44,646 (EUR/000 38,966)

The composition of this item is shown in the table below:

EUR/000	31 December 2014	31 December 2013	Difference
Indirect tax	8,341	11,775	(3,434)
Direct tax	21,023	6,932	14,091
Tax assets	**29,364**	**18,707**	**10,657**
Advances to suppliers and subcontractors	1,216	2,265	(1,049)
Security deposits	3,416	3,351	65
Prepayments on insurance premiums	7,561	11,299	(3,738)
Prepayments for sureties fees	981	1,627	(646)
Other prepayments	2,108	841	1,267
Other sundry receivables	0	876	(876)
Other assets	**15,282**	**20,259**	**(4,977)**
Total	**44,646**	**38,966**	**5,680**

The change in the tax assets refers substantially to (i) the growth in receivables for direct taxation due to the greater impact – related to the increased production volumes – of the tax withholdings made at the source by customers in initiatives in progress in the Turkish area, which may be used against the taxes owed only upon completion of the corresponding contracts, (ii) the decrease in indirect taxes, also for the Turkish area, attributable to the VAT payables collected by the financial administration for contracts with structural credit in consideration of the specific applicable tax regime.

The "Other assets" aggregates has fallen due to the physiological release of the Prepayments for sureties fees and on insurance premiums (EUR/000 3,738) related to the normal performance of the activities in progress, and, to the extent ascribable, to the Advances to suppliers and subcontractors item (EUR/000 1,049)

Other current assets: EUR/000 343.384 (EUR/000 378.850)

The Other current assets, totalling EUR/000 343,384, declined by EUR/000 35,466 from the previous financial year.

EUR/000	31 December 2014	31 December 2013	Difference
Receivables from subsidiaries	51,728	35,898	15,830
Receivables from associates and joint ventures	20,502	23,102	(2,600)
Receivables from other entities	101	1	100
Advances to suppliers and subcontractors	136,101	199,501	(63,400)
Receivables from third parties for supply of goods and services	117,539	104,583	12,956
Receivables from employees	2,989	2,592	397
Receivables from social security bodies	2,538	1,798	740
Prepayments on insurance premiums	778	1,047	(269)
Prepayments for sureties fees	1,265	1,221	44
Other prepayments	1,151	1,239	(88)
Other sundry receivables	8,692	7,868	824
Total	**343,384**	**378,850**	**(35,466)**

The Advances to suppliers and subcontractors" item decreased by EUR/000 63,400, essentially with reference to the contracts in progress in the Russian area, in particular to the extent ascribable to the physiological use of the contract advances paid against the amount owed for the services rendered by the subcontractors for particular phases of performance of the contracts being carried out.

The item "Receivables from third parties for supply of goods and services" totalling EUR/000 117,539, up EUR/000 12,956 from the previous financial year, mirroring what was indicated for the other income item, refers to individual components not directly related to the production activities for the Company's works, but nevertheless accessory to the core business and continuing over time.

The following is the breakdown of this item by geographical area:

EUR/000	31 December 2014	%	31 December 2013	%	Difference
Italy	22,368	19.03%	18,814	17.99%	3,554
Europe	67,553	57.47%	55,528	53.09%	12,025
America	16,318	13.88%	18,977	18.15%	(2,659)
Africa	9,693	8.25%	9,677	9.25%	16
Asia	1,607	1.37%	1,587	1.52%	20
Total	**117,539**	**100.00%**	**104,583**	**100.00%**	**12,956**

For more details on receivables from subsidiaries, jointly controlled entities and associates, totalling EUR/000 72,230, 000, see the annex on related parties.

It is pointed out that the recoverable amount of receivables from third parties has been adjusted as shown below:

EUR/000	31 December 2013	Provisions	Uses income	Uses equity	Delta changes and other movements	31 December 2014
Allowance for impairment	(3,954)	0	0	(57)	0	**(4,011)**
Total	**(3,954)**	**0**	**0**	**(57)**	**0**	**(4,011)**

19 Inventories: EUR/000 53,875 (EUR/000 55,678)

This item has the following composition:

EUR/000	31 December 2014	31 December 2013	Difference
Raw materials, supplies and consumables	53,563	55,295	(1,732)
Work in progress and semi-processed goods	0	40	(40)
Goods and materials in transit	312	343	(31)
Total	**53,875**	**55,678**	**(1,803)**

The following table shows the geographical breakdown of this item:

EUR/000	31 December 2014	%	31 December 2013	%	Difference
Italy	2,729	5.07%	2,442	4.39%	287
Europe	15,296	28.39%	15,572	27.97%	(276)
America	26,596	49.37%	29,641	53.24%	(3,045)
Africa	9,254	17.18%	8,023	14.41%	1,231
Asia	0	0.00%	0	0.00%	0
Total	**53,875**	**100.00%**	**55,678**	**100.00%**	**(1,803)**

The decrease in this item is attributable chiefly to the American area, due in particular to the completion works in progress in Peru (Cerro del Àguila project) and Honduras (road works).

Also worthy of note is a decline in the Russian area, related mainly to the substantial completion of the activities for the “Pulkovo” International Airport in Saint Petersburg, offset in terms of amounts by the increase recorded in Turkey for the works to build the Third Bosphorus Bridge.

As for the African area on the other hand, the increase in this item refers substantially to the Algerian railway works, and the Saida Tiaret railway in particular.

20 Receivables from customers: EUR/000 987,967 (EUR/000 1,198,666)
Payables to customers: EUR/000 425,432 (EUR/000 600,088)

These items are shown in the following table:

EUR/000	31 December 2014	31 December 2013	Difference

CURRENT ASSETS			
Contract work in progress	9,638,967	8,917,588	721,379
Allowance for impairment losses on contracts	(8,299)	(10,487)	2,188
Total Contract work in progress	**9,630,668**	**8,907,101**	**723,567**
Payments on account from customers	(8,642,701)	(7,708,435)	(934,266)
Total receivables from customers	**987,967**	**1,198,666**	**(210,699)**

CURRENT LIABILITIES			
Contract work in progress	2,715,397	1,784,524	930,873
Allowance for impairment losses on contracts	1,020	(2,862)	3,882
Total Contract work in progress	**2,716,417**	**1,781,662**	**934,755**
Payments on account from customers	(2,819,134)	(2,001,946)	(817,188)
Subtotal	***(102,717)***	***(220,284)***	***117,567***
Contract advances	(322,715)	(379,804)	57,089
Total payables to Customers	**(425,432)**	**(600,088)**	**174,656**

Contract work in progress, considered separately in the amounts recognised under receivables from customers and those under payables to customers, has shown a general decrease, markedly with reference to the activities underway domestically, affected by the certification of major milestones, especially in the sector of transport infrastructure (Lots DG-21, DG-22 of the Jonica national road).

However, for the overseas sector, mention is to be made of an increase in these items with particular reference to the development of the activities underway in Poland (Kraków-Balice airport), Turkey (Gebze-Orhangazi-Izmir motorway, phase), and Algeria (Saida Mussey Slissen railway).

Also to be pointed out, for the European area, is the decrease in the works in progress on projects underway in Russia, affected by (i) the planned reduction of production values due to the substantial completion of the works for "Pulkovo" International Airport in Saint Petersburg, and (ii) the regular trend of the activity of certification of the contractual payments by the customer, with reference to the works performed for the Saint Petersburg motorway link.

Lastly, we point to the decrease in the contract advances item recorded above all due to the partial recovery, against the contractual payments accruing in the reference period, in the area of the works to build the motorway link in Saint Petersburg, Russia. This effect is moreover partially offset by what was collected during the financial year for the works to build the Third Bosphorus Bridge in Turkey.

21 Trade receivables: EUR/000 909,426 (EUR/000 968,396)

Trade receivables fell from the previous year by EUR/000 58,970, and consist of the following:

EUR/000	**31 December 2014**	**31 December 2013**	**Difference**
Receivables from customers	699,022	811,551	(112,529)
Receivables from subsidiaries	173,389	123,664	49,725
Receivables from associates and joint ventures	37,376	34,072	3,304
Receivables from parents	80	10	70
Receivables from other investees	4,159	3,699	460
Allowance for impairment	(4,600)	(4,600)	0
Total	**909,426**	**968,396**	**(58,970)**

The geographical breakdown of this item is shown in the following table:

EUR/000	31 December 2014	%	31 December 2013	%	Difference
Italy	337,964	37.16%	393,505	40.63%	(55,541)
Europe	234,165	25.75%	183,331	18.93%	50,834
America	317,851	34.95%	361,160	37.29%	(43,309)
Africa	16,242	1.79%	27,280	2.82%	(11,038)
Asia	3,204	0.35%	3,120	0.32%	84
Total	**909,426**	**100.00%**	**968,396**	**100.00%**	**(58,970)**

With regard to the geographical breakdown of trade receivables, a sharp reduction was recorded, to a large degree in the domestic setting, attributable to the collection of part of the payments accrued for the works performed to build the Line 5 of the Milan Underground and the Pedemontana Lombarda motorway.

However, the increase recorded in the European is due substantially to the contribution of the initiatives underway in Romania and Russia. The American area has benefitted from the resumption of the payment cycle by the Venezuelan administration, recorded for an amount totalling an equivalent of EUR 68 million at 31 December 2014.

With reference to exposure as regards the Venezuelan government, which totalled EUR 253 million at 31 December 2014, net of EUR 12 million for contract advances (EUR 306 million in 2013), it is pointed out that the business model, inspired by a prudential criteria, confirmed, as already mentioned in the comment to note 1, the containment of the activities for projects underway in this South American country.

However, during 2014, the initiatives undertaken on the institutional level permitted – as mentioned above – resumption of the payment cycle. This concrete behaviour allows us to glimpse the possibility of a process – albeit a slow and gradual one – of normalization of the overall contractual relationship.

To complete the information on receivables existing in Venezuela, it is specified that the amounts accrued for the Venezuelan *Chaguaramas-Cabruta* and *San Juan de Los Morros-San Fernando de Apure* railway contracts were expressed at their corresponding current value, as determined based on the indications made in the comment on financial charges in note 10 above.

In this regard, it is useful to stress that the set of circumstances just described, also in the presence of the persisting delays in payments – *which continued in the first months of 2015 for about EUR 6 million* – do not provide such objective elements as to affirm a risk with regard to the overall collectability of relative receivables, with consequent impairment.

As to the overseas sector, and the African area in particular, we also point to the collection – after a settlement agreement reached with the customer – of the contractual payments accrued for activities progressively carried out in areas of East Africa that are no longer operative. (EUR/000 11,647)

Lastly, as regards movements in the allowance for impairment, it is pointed out that during 2014 no new elements in comparison with what was already noted in the comparative financial year emerged that were such as to require changes as to the estimates on the recoverability of receivables.

22 Tax assets: EUR/000 72,618 (EUR/000 80,044)

This item has the following composition:

EUR/000	31 December 2014	31 December 2013	Difference
Receivables for indirect taxation	51,777	51,001	776
Receivables for direct taxation	21,039	29,241	(8,202)
Allowance for impairment	(198)	(198)	0
Total	**72,618**	**80,044**	**(7,426)**

The decrease in this item may be attributed in particular to the "Receivables for direct taxation" item, recorded above all with reference to the domestic, Turkish, and Venezuelan sectors, and more particularly due to the use, in accordance with the provisions of law, of tax assets against tax liabilities.

23 Cash and cash equivalents: EUR/000 467,231 (EUR/000 302,587)

Cash and cash equivalents grew in comparison with the 2013 financial year by EUR/000 164,644, and consist of the following:

EUR/000	31 December 2014	31 December 2013	Difference
Bank and post office deposits	466,984	302,277	164,707
Cash and cash equivalents	247	310	(63)
Total	**467,231**	**302,587**	**164,644**

In terms of geographical breakdown this item is as follows:

EUR/000	31 December 2014	%	31 December 2013	%	Difference
Italy	173,485	37.13%	117,904	38.97%	55,581
Europe	218,794	46.83%	152,730	50.47%	66,064
America	59,767	12.79%	14,379	4.75%	45,388
Africa	15,177	3.25%	4,991	1.65%	10,186
Asia	8	0.00%	12,583	4.16%	(12,575)
Total	**467,231**	**100.00%**	**302,587**	**100.00%**	**164,644**

For a more detailed analysis of the flows of cash and cash equivalents, the following is a comment on the main changes in the statement of cash flows at 31 December 2014.

Information on statement of cash flows

The cash flow dynamics for the 2014 financial year show an overall increase in net cash and cash equivalents of EUR/000 164,644, against a EUR/000 14,482 growth recorded in the previous financial year.

Cash flows from operating activities

The cash flow generated by operating activities during 2014, equal to EUR/000 203,711, shows an increase of EUR/000 266,975 over the comparative financial year (EUR/000 -63.264).

This change may be attributed to: (i) the recognition and collection of important milestones domestically, (ii) the collection of the payments accrued for the works progressively carried out in Venezuela, (iii) the decrease in the "Advances to suppliers and subcontractors" item, referring in particular to the contracts underway in the Russian area; partially offset by the decrease (i) in the contract advances item recorded, above all, with regard to the recovery of part of the advance received after the substantial completion of the "Pulkovo" International Airport in Saint Petersburg (ii) and of the payables to suppliers and subcontracts, the result of a careful policy to support production activity that the group has adopted with continuity.

It is also to be pointed out that the aggregate under discussion also includes the effects of the exchange differences derived from the translation of the financial statements of foreign operations expressed in a functional currency other than the presentation currency of these financial statements (EUR/000 37,466).

Cash flows used in investing activities

The cash flow used in investing activities in the 2014 financial year came to EUR/000 191,593 and may be attributed mainly to:

- Payments made for capital increases decided upon by Companies active in the concessions segment, totalling EUR/000 56,561; particularly in Turkey – regarding the concessions for the construction and management of *the Gebze – Orhangazi - Izmir motorway and of the Third Bosphorus Bridge;*
- The financial support granted to initiatives under concession in the start-up phase in Turkey – attributable essentially to the initiatives referring to the *Gebze – Orhangazi - Izmir motorway and the Third Bosphorus Bridge* – for EUR/000 87,383;
- The capital invested in technical equipment and apparatus, as part of the performance of construction contracts underway in Russia for EUR/000 41,676.

Cash flows from financing activities

During the 2014 financial year, management of the financing activity generated net cash flows totalling EUR/000 152,526, mainly regarding net cash and cash equivalents acquired:

- At February 2014 through the issue of an additional tranche of the senior unsecured bond for EUR/000 150,000;
- Following the partial use of the new Revolving Financing for EUR 500 million (EUR/000 65,000 used at 31 December 2014);
- Following the operations of "committed" Revolving Financing subscribed with Cariparma, increased from the previous one (EUR/000 50,000 used at 31 December 2014);
- Through the use of short-term (uncommitted) facilities for about EUR/000 87,000.

Partially offset by the following:

- For EUR/000 30,000, by the early repayment of the remaining share of the "committed" financing of EUR 110 million subscribed with Banca Popolare di Milano and Centrobanca;

- For EUR/000 10,000, by the early repayment of the "committed" bilateral financing of EUR 10 million subscribed with BBVA;
- For EUR/000 12,000, by the early repayment of the "committed" bilateral financing subscribed with Portigon (formerly WestLB);
- For EUR/000 45,000, by the early repayment of the "committed" financing with amortization plan.
- For EUR/000 66,492, upon the restitution of the sums received at the end of the previous financial year from the subsidiary Astaldi Canada Inc.

24 Equity: EUR/000 600,661 (EUR/000 595,289)

Share capital: EUR/000 196,850 (EUR/000 196,850)

The share capital subscribed and fully paid-in, comprises 98,424,900 ordinary shares with a nominal value of EUR 2 and totals EUR/000 196,850.

At 31 December 2014, according to the Shareholders' Register and other information in this respect obligatory by law (pursuant to Art. 120 of Legislative Decree 58/98), the shareholders of Astaldi S.p.A. holding a share in excess of 2% are shown below:

DIRECT SHAREHOLDER	Number of shares	% investment
Fin.Ast S.r.l.	39,505,495	40.138%
Finetupar International S.A.	12,327,967	12.525%
Total Fin.Ast. S.r.l.	**51,833,462**	**52.663%**
Pioneer Asset Management S.A.	4,990,821	5.071%
UBS Group AG	4,686,477	4.761%
Pictet Asset Management Ltd	2,065,633	2.099%
FMR LLC	1,999,104	2.031%
Total holders of major investments	**65,575,497**	**66.625%**
Treasury shares	896,501	0.911%
Market	31,952,902	32.464%
General total	**98,424,900**	**100.000%**

On 31 December 2014, the shares in circulation thus totalled 97,389,399 (97,904,780 shares at 31 December 2013) and recorded a decrease, compared with the previous year, of 376,381 shares calculated as follows:

Shares in circulation in 2014	
01/01/2014	**97,904,780**
Withdrawals with buy-back	(1,002,324)
Entities with buy-back and for the share option plan	625,943
31 December 2014	**97,528,399**

On the reporting date of these Financial Statements there were no shares subject to encumbrances or capital increases underway subject to pre-emption rights.

The shares of the Parent gradually delivered to employees under the share option plan totalled 1,230,971 shares at the end of the year (1,091,800 shares at the end of 2013).

Other financial instruments granting the right to subscribe newly issued shares

Over the course of the previous financial year, the Company placed, with qualified Italian and foreign investors, a 6-year Equity Linked bond for a nominal amount totalling EUR 130 million.

Starting from this month of January, the bonds can become convertible into ordinary shares of the Company, existing or newly issued. The conversion price of the bonds was set at EUR 7.3996, which incorporates a conversion premium equal to 35% of the average weighted price for the volumes of Astaldi shares traded on the Italian stock exchange during the time frame between the launch of the operation and the pricing equal to EUR 5.4812.

The Company is entitled to settle any future conversion by cash payment or a combination of ordinary shares and cash.

Towards this end, at their Meeting of 23 April 2013, the shareholders approved the proposed share capital increase, reserved exclusively and irrevocably in service of the "Equity Linked" bond issue, in cash, for payment and also in separate issues, with the exclusion of the pre-emption right pursuant to art. 2441, paragraph 5, of the Italian Civil Code, for a total nominal value of EUR/000 35,137, to be released in one or more tranches through the issue of a maximum of 17,568,517 ordinary shares of the company of a nominal value of EUR 2.00, having the same characteristics as the ordinary shares in circulation. The number of shares serving any conversion will be determined by dividing the nominal value of the bonds, for which the conversion request will be requested, by the conversion price.

It is also specified that as of the reference date hereof, no conversion prices were submitted to the company.

Treasury shares: EUR/000 1,793 (EUR/000 1,040)

The treasury shares owned by the Company at the end of the year totalled 896,501 equivalent to 0.911% of share capital (520,120 shares in 2013), with the nominal value totalling EUR/000 1,793 being recognised in accordance with the international financial reporting standards as a decrease of the share capital.

Equity reserves: EUR/000 341,460 (EUR/000 286,729)

The following table shows the breakdown of the grouping of equity reserves:

EUR/000	31 December 2014	31 December 2013	Difference
Legal reserve	27,934	26,201	1,733
Extraordinary reserve	253,131	241,002	12,129
Losses carried forward	77,258	(823)	78,081
Other reserves	39,818	39,440	378
Other comprehensive expense	(56,681)	(19,090)	(37,591)

Total	**341,460**	**286,729**	**54,731**

- **Legal reserve**

The legal reserve increased by EUR/000 1,733 in relation to the provision of Art. 2430 of the Italian Civil Code.

- **Extraordinary reserve**

The extraordinary reserve increased compared to the previous year by EUR/000 12,129. This results from: EUR/000 13,715 as the remaining amount of the allocation of profit for 2013; EUR/000 1,585) as a result of the buy - back transactions.

With regard to buy-back transactions, it should be pointed out that the total of the provision for treasury shares held in the portfolio set up pursuant to Art. 2357 *ter* of the Italian Civil Code totalled EUR/000 5,198 and, pursuant to the relevant accounting standards, applying EUR/000 3,405 to reduce the Extraordinary Reserve and EUR/000 1,793 corresponding to the nominal value of treasury shares in the portfolio, to reduce the share capital.

- **Losses carried forward**

This item covers the economic effects of the previous financial years derived from joint arrangements structured through separate vehicles.

- **Dividends paid**

In 2014, dividends totalling EUR 18,700,731 were paid (EUR 16,639,053 in 2013). The dividend approved at the General Meeting of 30 April 2014 of EUR 0.19 per share (EUR 0.17 in 2012), was paid on 15 May 2014, ex-dividend date on 12 May 2014; likewise, part of the profit for the year 2013, EUR/000 520, was allocated to the provision pursuant to art. 27 of the Company's by-laws.

- **Other reserves**

The composition of this item is shown in the following table:

EUR/000	31 December 2014	31 December 2013	Difference
Share option reserve	3,093	2,925	168
IFRS transition reserve	(21,631)	(21,631)	0
Reserve for first-time application of IFRIC 11	34,873	34,873	0
Reserve for first-time application of IFRIC 12	9,739	9,739	0
Treasury share negotiation reserve	2,744	2,534	210
Goodwill	11,000	11,000	0
Total	**39,818**	**39,440**	**378**

The share option reserve represents the amount of the shares assigned to employees, but not yet handed over, calculated in accordance with current regulations and the relative actuarial valuation.

The IFRS transition reserve represents the total amount of adjustments recorded under equity in the first financial statements drawn up in accordance with international financial reporting standards, and the amount recorded following subsequent IFRS approvals on the first-time application.

Separately, the reserve of first-time application of IFRS 11 was recorded, determined at the first application of IFRS 11, within the context of redefining the regulations on "joint arrangements."

The reserve for first-time application of IFRIC 12 has been calculated, within the service concession arrangements, upon the first application of accounting interpretation "IFRIC 12", with specific reference to the accurate identification, measurement and classification of the individual investments (Financial or intangible assets).

The treasury share negotiation reserve includes the progressive effects (surplus/deficit) from the buy-back plan.

The "goodwill" reserve originated from the merger of Italstrade S.p.A., an important company operating in the construction segment and completed in previous periods (2001-2006); it represents the difference between the carrying amount of the investment and the corresponding equity quota of the incorporated assets.

- **Other comprehensive income**

The following is the breakdown of and variations in the other components of the comprehensive income statement:

EUR/000	Hedging reserve	Translation reserve	Defined benefit plan actuarial gains and losses	Total
Balance at 01 January 2013	(13,938)	(49)	(328)	(14,315)
Changes for the year	5,572	(10,432)	85	(4,775)
Balance at 31 December 2013	**(8,366)**	**(10,481)**	**(243)**	**(19,090)**
Changes for the year	52	(37,466)	(177)	(37,591)
Balance at 31 December 2014	**(8,314)**	**(47,947)**	**(420)**	**(56,681)**

The hedging reserve generates deferred tax assets of EUR/000 3,154, producing a gross fiscal value of EUR/000 11,468. See the information on derivatives for a detailed analysis on the changes in the hedging reserve.

In the analysis of other comprehensive income, mention should also be made of the negative effect deriving from translation of the income statement and statement of financial position items denominated in currencies other than the Euro, attributable in particular to operations under joint control in the Russian area.

Share capital management

There follows the disclosure required by IAS 1 – para. 134.

A) Qualitative disclosure.

By share capital, the Company means both capital injections by the shareholders, and the value generated by the Company itself in terms of results from performance (retained earnings and other reserves). On the other hand, the Company does not include in this definition the equity items identified after the valuation of cash flow hedge derivatives, since these will be offset in future years by the opposite revenue items, thus enabling the company to undertake this hedging.

The objectives identified by the Company regarding share capital management are the creation of value for shareholders as a whole, the safeguarding of the continuation of business and support to the growth of the Group itself. The Company thus intends to maintain an adequate level of capitalisation, in order to achieve both a satisfactory economic return for the shareholders and to guarantee economical access to external sources of funding.

The Company constantly monitors the evolution of the level of debt in relation to equity and in particular the level of net debt and the generation of cash flow from operating activities with the effects derived from the investment activity both in the construction and in the concessions segments, all in line with the provisions of the Business Plan.

In order to achieve the above goals, the Company pursues the constant improvement of the profitability of the business segments where it operates.

To complete the qualitative disclosure, it is pointed out that the Company has respected the financial covenant levels required with reference to corporate "committed" borrowing with banks financing the company. For further information, see note 25 below.

B) Quantitative disclosure.

There follows the quantitative analysis of the individual share capital items as defined in the previous paragraph.

EUR/000	31 December 2014	31 December 2013
A - Overall financial debt	**(867,320)**	**(851,491)**
Total equity	600,661	595,289
Minus amounts accrued in assets for coverage of financial flows	(8,314)	(8,366)
B – Adjusted share capital	**608,975**	**603,655**
C – Debt/Capital ratio (A/B)	**1,42**	**1,41**

Availability of equity reserves pursuant to Art. 2427 no. 7-bis of the Italian Civil Code

With reference to the availability of the equity reserves pursuant to Art. 2427 no. 7-bis of the Italian Civil Code, see the following table:

EUR/000	Amount	Possibility of use*	Available amount
Share capital	195,057		
Reserves:			
• Legal reserve	27,934	B	
• Extraordinary reserve	253,131	A,B,C	253,131
• (Negative) goodwill	11,000	A,B,C	11,000
• Reserve for special risks	798	A,B,C	798
• Hedging reserve	(8,314)		
Reserves (negative balances) from change in standards	22,182	A,B,C	22,182
• Actuarial gains (losses)	(420)		
• Share option allocation reserve	3,093		
- Profit realised and allocated directly to equity **	2,744	A,B,C	2,744
- Retained earnings (losses carried forward)	77,258	A,B,C	77,258
- Foreign operations' translation reserve	(47,947)		
Total	536,517		

* A: for capital increase – B: for coverage of losses – C: for distribution to shareholders

** net profit realised by negotiation of treasury shares

25 Financial liabilities

Non-current financial liabilities: EUR/000 1,152,004 (EUR/000 896,748)*

Non-current financial liabilities saw a total increase of EUR/000 255,502, and consisted of the following:

EUR/000	31 December 2014	31 December 2013	Difference
Convertible bonds	130,000	130,000	0
Senior Unsecured bonds	750,000	600,000	150,000
Bond issues, nominal value	**880,000**	**730,000**	**150,000**
Commissions on issue and placement	(9,731)	(16,732)	7,001
Fair Value Cash Settlement Option	4,635	4,389	246
Total Bond issues	874,904	717,657	157,247
Bank loans	274,044	169,503	104,541
Loans backed by personal guarantees	3,363	3,586	(223)
Finance lease payables	5,615	3,576	2,039
Bank loans and borrowings and due to Leasing Companies, Nominal value	**283,022**	**176,665**	**106,357**
Loan commissions	(15,788)	(9,708)	(6,080)
Hedging derivatives	7,430	8,455	(1,025)
Total bank loans and borrowings and due to Leasing Companies	274,664	175,412	99,252
Financial payables to subsidiaries	**216**	**1,939**	**(1,723)**
Financial payables to associates and joint ventures	**1,634**	**1,740**	**(106)**
Financial payables to other investees	**586**	**0**	**586**
Total	1,152,004	896,748	255,256

(*) Included in the NFP for an amount of EUR/000 1,137,504 (2013: EUR/000 880,226)

The overall increase shown in this item, compared to 2013, is to be related to investments in Italy and Turkey, in the concessions segment.
With reference to the Concession sector, it ought to be pointed out that the corresponding debt is by its very nature "No Recourse" or, at any rate, self-liquidating, also taking into account the receivables guaranteed by the grantor.

Lastly, it is also useful to recall, in line with the 2013-2018 Business Plan, the basic focus of the debt structure on the medium-long term, targeted to consolidate an optimal sources/uses structure to meet the Company's financing and development requirements.

Bond issues

The bonds item contains, in addition to the nominal value of the loans, determined and expressed based on the amortised cost, the fair value of the cash settlement option equal to EUR/000 4,635 for the equity linked bond issue falling due in 2019.

This option confers to the subscriber the power to exercise the conversion right in the timeframe of 1 February 2014 to expiration.
As of December 2014, the Company's bonds are broken down as follows:

- The issue in January 2013 of an Equity-Linked bond reserved for qualified Italian and foreign investors. The bond issue, of a nominal value of EUR/000 130,000, has a 6-year duration (falling due 31 January 2019), and a fixed-rate six-month coupon equal to 4.50% per annum, payable on 31 January and 31 July every year. The bonds may become convertible into ordinary shares of the Company, existing or newly issued, starting 1 February 2014, without prejudice to the Company's right to regulate any conversion request through the delivery of ordinary shares, or through payment in cash or by a combination of ordinary shares and cash (the "cash settlement option"). The bonds' conversion price was set at EUR/000 7.3996 and incorporates a conversion premium of 35% of the average price of Astaldi shares traded on the Italian stock exchange on 14 January 2013.
- A fixed-rate senior unsecured bond issued in December 2013 for an amount of EUR/000 500,000, falling due in 2020. The bonds have a yearly coupon of 7,125% and the issue price is 100%. The bonds have received ratings of B1 (Moody's), B+ (Fitch) and B+ (S&P), have been offered exclusively to qualified investors, and are quoted on the official listings of the Luxembourg stock exchange.
- Supplement in December 2013 to the aforementioned fixed-rate senior unsecured bond for an amount of EUR/000 100,000, falling due in 2020 (the "1st Tap"). The bonds, having the same characteristics, terms,

and conditions as those issued in accordance with the similar senior bond for EUR/000 500,000 and entirely fungible with them, were placed at a price equal to 102.250% of their nominal value by the same banks that acted for the placement of the first senior unsecured bond issue.

- Supplement in February 2014 to the fixed-rate senior unsecured bond issued in December 2013, for an amount of EUR/000 150,000 falling due in 2020 (the "2nd Tap"). The bonds, having the same characteristics, terms, and conditions as those issued in accordance with the similar senior bond for EUR/000 500,000 and entirely fungible with them, were placed at a price equal to 105.000% of their nominal value by the same banks that acted for the placement of the first senior unsecured bond issue.

The following table provides the essential data with regard to the aforementioned bond issued:

EUR/000

Type of loan	Expiry	Coupon	Outstanding 31 December 2014
Bond issue (*Equity Linked*)	January 2019	Six-month 4.5%	130,000
Bond issue (*Senior Unsecured*)	December 2020	Six-month 7.125%	750,000
Total Bond issues			**880,000**

As to the indication of the fair value measurement of the bond issues at 31 December 2014, it is specified that, based on the market prices measured at the end of the year, the value of the notes for equity linked bonds was 101.03, while the value of the senior unsecured security was 102.46.

The total fair value of the bond issues at 31 December thus equals EUR/000 899,848.

Bank loans and loans backed by personal guarantees

Of the year's chief financial operations, it is pointed out that "Forward Start Facility" revolving loan, for EUR 325 million, signed on 2 December 2011, was refinanced on 07 November 2014 with a new Revolving Credit Facility for EUR 500 million, organized by Unicredit S.p.A., BNP Paribas, and Intesa Sanpaolo and subscribed by a pool of national and international banks, coming due in November 2019.

The new revolving facility, in addition to improving the Company's liquidity index, permits a considerable reduction of the financial charges in comparison with the previous one, thanks to the improved margin, and entails a set of contractual commitments and financial parameters in line with the 2013-2018 Business Plan presented by the Company.

At 31 December 2014, this revolving loan is available for use for an amount of EUR 435 million, representing a major source of committed liquidity for the Company.

Among the main bank loan transactions performed during 2014, the following are noted:

- "Committed" revolving loan for the sum of EUR 50 million subscribed with Cariparma (and counter-guaranteed by

SACE for 60% of the amount), dedicated to hedging the misalignment between costs and revenue connected with the Company's operations abroad, through its own branches or joint ventures, falling due in June 2017.

- "Committed" revolving loan for the sum of EUR 45 million subscribed with BNP Paribas (and counter-guaranteed by SACE for 70% of the amount), dedicated to hedging the misalignment between costs and revenue connected with the Company's operations regarding contracts for the performance of infrastructure works in Venezuela, Canada, the United States, Chile, Peru, and other countries in Central America, falling due in January 2016.
- Bilateral "committed" loan for the sum of EUR 23 million, subscribed in December 2014 with Banca Do Brasil and with final expiry in January 2016.
- Amendment to the "committed" loan for the sum of EUR 60 million subscribed with Cacib and BBVA (and counter-guaranteed by SACE for 66% of the amount), dedicated to obtaining the funds needed to support investimenti in equity in concessions, in Italy and abroad, and, in particular, connected with the Gebze-Izmir-Orhangazi Highway project under concession in Turkey. This loan, originally falling due in July 2017, was extended through July 2018; as of 31 December 2014, it is available for use for an amount of EUR 12 million, and is an additional source of financing for the Company.

As to the loan repayment operations carried out in 2014, the following are noted:

- Early repayment of the "committed" revolving loan for the sum of EUR 35 million subscribed with Cariparma (and counter-guaranteed by SACE for 70% of the amount).
- Early repayment of the "committed" loan for the sum of EUR 110 million subscribed with Banca Popolare di Milano and Centrobanca, remaining and repaid share at 30 June 2014 equal to EUR 30 million.
- Early repayment of the "committed" loan for the sum of EUR 30 million subscribed with Portigon (formerly WestLB AG), remaining and repaid share at 30 June 2014 equal to EUR 4 million.

The following table shows the essential data with regard to the main lines of bank lending existing at 31 December 2014:

EUR/000

Type of financing	Company	Outstanding 31 December 2014	Date taken out	Expiry*
Bilateral - BNP Paribas	Astaldi S.p.A.	45,000	06/AUG/2013	15 January 2016
Bilateral - Banco do Brasil	Astaldi S.p.A.	23,000	11/DEC/2014	04 January 2016
Bilateral - Cariparma	Astaldi S.p.A.	50,000	27/JUN/2014	27 June 2017
Bilateral - Banca del Mezzogiorno – Mediocredito Centrale S.p.A.	Astaldi S.p.A.	15,506	17/MAY /2013	R.P. 30 June 2016
Bilateral - Banca popolare	Astaldi S.p.A.	25,000	14/JUL/2008	R.P. 14 July 2016
Bilateral - Banca popolare dell'Emilia Romagna	Astaldi S.p.A.	13,717	04/DEC/2013	R.P. 04 December 2016
Pool	Astaldi S.p.A.	65,000	07/NOV/2014	43776
Pool	Astaldi S.p.A.	16,625	22/JUN/2011	R.P. 30 June 2016

Pool	Astaldi S.p.A.	4,990	02/FEB/2012	R.P. 30 June 2016
Pool	Astaldi S.p.A.	48,000	22/DEC/2014	R.P. 31 July 2018
Other corporate financing		305,134		
Total Bank loans		**611,972**		
of which non-current		277,407		
of which current		334,565		

*R.P. = with repayment plan

It is specified that with the execution of the new Revolving Credit Facility for the sum of EUR 500 million, the financial covenants applicable as of 31 December 2014 were changed as follows:

·Ratio between group Net Financial Position (NFP) and Equity, less than or equal to 2.00x

·Ratio between group Net Financial Position (NFP) and operating profit less than or equal to 3.60x

·Priority Leverage Ratio less than or equal to a 0.5x.

After the execution of the RCF facility, the financial covenants of all the other corporate financing operations are entirely aligned with these latter levels of financial covenants.

The non-compliance with the above ratios, if not recovered within a period specified in the agreements (the "cure period"), may involve the cancellation of the granting and the request, by the financing banks, to accelerate repayments.

In addition to the financial covenants, the financing contracts, in line with international practise, include clauses that involve certain limitations to the Company's financial operations and other commitments, such as *pari passu*, negative pledge, and change of control clauses.

All covenants were fully complied with at 31 December 2014.

Finance lease payables

Astaldi, during this financial year, signed financial leases for EUR/000 11,417. The contracts involved material assets regarding the categories of heavy vehicles, generic machinery and plant, specific machinery and plant, light construction, excavators and mechanical loaders; these contracts contain a redemption clause.

The following table shows the amount of future instalments deriving from finance leases and the current amount of the instalments:

EUR/000	31 December 2014		31 December 2013	
	Instalments	Current amount	Instalments	Current amount
Up to 1 year	7,515	7,106	8,845	8,356
Over 1 year and within five years	6,012	5,616	3,678	3,576
More than 5 years	0	0	0	
Total lease instalments	**13,527**		**12,523**	
Financial charges	805		591	
Current amount	**12,722**	**12,722**	**11,932**	**11,932**

Current financial liabilities: EUR/000 350,812 (EUR/000 420,850)

The current financial liabilities show an overall decrease equal to EUR/000 70,039 from the previous year, and are composed as follows:

EUR/000	31 December 2014	31 December 2013	Difference
Accrued expenses, Bonds	6,494	5,693	801
Issue and placement commissions	(1,818)	(2,378)	560
Total Bonds	**4,676**	**3,315**	**1,361**
Current bank loans	300,545	275,426	25,119
Current portion of m/l-term loans	33,800	64,863	(31,063)
Current portion of loans backed by personal guarantees	220	211	9
Finance lease payables	7,107	8,356	(1,249)
Bank loans and borrowings and due to leasing companies Nominal Value	**341,672**	**348,856**	**(7,184)**
Loan commissions	(4,814)	(6,032)	1,218
Accrued expenses - interest on bank loans	2,655	2,803	(148)
Hedging derivatives	6,623	5,249	1,374
Total bank loans and borrowings and due to Leasing companies	**346,136**	**350,876**	**(4,740)**
Loans and borrowings from other financial backers	**0**	**167**	**(167)**
Financial payables to subsidiaries	**0**	**66,492**	**(66,492)**
Total	**350,812**	**420,850**	**(70,038)**

(*) Included in the NFP for an amount of EUR/000 344,188 (2013: EUR/000 415.601)

The "Bonds" item refers to the instalment of the coupons accrued and not yet paid, adjusted by the quota of the costs of issue and placement, so as to reflect the value at expiration of the bonds based on the actual interest.

Current bank loans have grown mainly due to the partial use of the short-term revolving facilities (committed and uncommitted) in order to follow up on the general policy of supporting the production activity – through the financing of the contract working capital – which the group is pursuing with continuity albeit in a macroeconomic setting marked by elements of particular complexity.
Lastly, as regards the payables to related parties, it is noted that the decrease recorded during 2014 is attributable, for EUR/000 66,492, to the repayment of the sums received at the end of the previous financial year from the subsidiary Astaldi Canada Inc.

Net financial position

The following table shows the amount of the net financial position with the details of the main items as required by the CONSOB DEM/6064293 communication of 28 July 2006, which refers to the Recommendation of the European Securities and Markets Authority – ESMA (formerly CESR) of 10 February 2005.

	EUR/000	31 December 2014	31 December 2013 Restated
A	Cash and cash equivalents	467,230	302,587

B	Securities held for trading		1,159	1,183
C	**Available funds**	**(A+B)**	**468,390**	**303,769**
-	Short-term financial receivables		19,418	27,959
	of which with related parties		*18,316*	*4,913*
D	**Current financial receivables**		**19,418**	**27,959**
E	Current bank loans and borrowings		(298,385)	(272,197)
F	Current portion of payables for issued bonds		(4,676)	(3,315)
G	Current portion of non-current debt		(34,020)	(65,074)
H	Other current financial payables		(7,107)	(75,015)
I	**Current financial debt**	**(E+F+G+H)**	**(344,188)**	**(415,601)**
J	**Net current financial debt**	**(I+D+C)**	**143,619**	**(83,873)**
K	Non-current bank loans and borrowings		(261,620)	(163,382)
L	Bonds issued		(870,269)	(713,268)
M	Other non-current payables		(5,615)	(3,576)
N	**Non-current financial debt**	**(K+L+M)**	**(1,137,504)**	**(880,226)**
O	**Net financial debt**	**(J+N)**	**(993,885)**	**(964,098)**
-	Non-current financial receivables		126,565	46,115
P	**Non-current financial receivables**		**126,565**	**46,115**
Q	Part of debt pertaining to related parties			66,492
R	**Total financial debt**	**(O+P+Q)**	**(867,320)**	**(851,491)**

The total financial debt takes into account, in addition to the net financial debt (letter O in the above table) determined in accordance with the provisions of the recommendation of the European Securities and Markets Authority – ESMA (formerly CESR) of 10 February 2005, the non-current financial receivables – mostly, as regards associates established for activities under Project Financing – the receivables from activities under concession.

It is also pointed out that the company has treasury shares in its portfolio totalling EUR/000 5,198 which determine a net financial position totalling EUR/000 (862,123). It is likewise pointed out that the net financial position, also in comparative terms, does not contain the amount of the derivatives used in hedging activities since by their very nature they do not represent financial amounts.

The increase in total debt found in comparison with the previous financial year is to be attributed to programmed investments in the Concessions segment.

On the whole, the financial structure benefits from the bond issues placed during 2013 and during 2014, as well as from the new revolving facility for EUR/000 500,000 executed in November 2014, which refinances and extends the EUR/000 325,000 line, determining an extension of the deadlines and a higher availability on the credit lines that will be a support for the Company's future operating development.

The amount of the available funds (EUR 468,390) along with the possibility of using available revolving credit facilities, both committed and uncommitted (totalling about EUR 750,000), give the Company a more than adequate ability to face planned financial commitments.

26 Other liabilities

Other current liabilities: EUR/000 147,236 (EUR/000 123,059)

Other current liabilities increased compared to the previous year and consist of the following:

EUR/000	31 December 2014	31 December 2013	Difference
Due to subsidiaries	12,701	8,031	4,670
Due to associates and joint ventures	1,478	2,027	(549)
Due to other investees	965	716	249
Due to personnel	19,256	17,037	2,219
Due to social security bodies	8,188	8,053	135
Accrued expenses and deferred income	6,050	2,499	3,551
Other	98,598	84,696	13,902
Total	**147,236**	**123,059**	**24,177**

The “Other” item has grown in comparison with the 2013 financial year by EUR/000 13,902, with reference mainly to the foreign sector (Romania, Poland, and Algeria), and substantially contains the existing relationships with various associates in joint initiatives.

Payables to personnel have also increased, as a consequence of the constant development of production activities, which in the later part of the financial year required a greater employment of human resources, as have accrued expenses and deferred income, due to operations implemented by the Company in the segment of initiatives performed in the Russian area.

Payables to investees grew by EUR/000 4,370; for details, see the annex on related parties. It is to be pointed out at this time that payables to subsidiaries, for capital to be paid and not yet called-up by the individual boards of directors, have been reclassified, as in the previous year, as a direct reduction of the respective carrying amounts of the investments.

27 Employee benefits: EUR/000 6,281 (EUR/000 4,996)

This item’s amount, and the changes taking place during the financial year, are summarised in the following table:

EUR/000

Actuarial value	Post-employment benefits	Liabilities for redundancy incentives	31 December 2014
a) Amount at 01/01/2014, restated	**4,996**	**0**	**4,996**
b) Increases for the financial year			
b.1) Service Cost	411	1,158	1,569
b.2) Interest Cost	95	0	95
b.3) Actuarial Gains or Losses	(25)	0	(25)
b.4) Actuarial Gains or Losses from variation in demographic hypothesis	62	0	62
b.5) Actuarial Gains or Losses from variation in financial hypotheses	140	0	140
c) Uses in the financial year	(557)	0	(557)
d) Total amount of Defined Benefit obligation at 31 December 2014	**5,124**	**1,158**	**6,281**

Additional information on Post-employment benefits (as per IAS 19 – paragraphs 135 and following)

Feature of the plan

At 31 December 2006, the post-employment benefits of Italian companies was considered to be a defined benefit plan. The rules in this regard were changed by Law dated 27 December 2006, no. 296 (2007 Finance Law) and subsequent decrees and regulations issued in the early months of 2007. Following these changes, and with particular reference to companies with more than 50 employees, this system is now considered to be a <u>defined benefit plan exclusively for the amounts accrued up to 1 January 2007</u> (and not yet paid out at the reporting date), <u>while after that date it is considered to be a defined contribution plan</u>.

The item post-employment benefits, recorded in the Company's statement of financial position, net of advances paid out, if any, therefore reflects, (i) for companies with more than 50 employees, the residual obligation of the Group regarding benefits accrued to employees up to 31 December 2006, to be settled upon termination of employment, (ii) for the other companies, the progressive amount of the benefits owed to the employees, allocated during their working life, determined by competence in line with the working services needed to obtain the benefits.

The following are the main assumptions used for the purposes of the actuarial estimate of post-employment benefits at 31 December 2014:

- Annual discounting rate: 1.49%
- Annual inflation rate:
    - 0.60% for 2015
    - 1.20% for 2016
    - 1.50% 2017 and 2018
    - 2.00% from 2019 on
- Annual rate of increase of post-employment benefits: 75% of inflation plus 1.5 percentage points
- Annual rate of wage increase:
    - Top management: 2.50%
    - Middle management / White collars / Workers: 1.00%

<u>Sensitivity analysis</u>

The following table shows the potential effects that would be found for the defined benefits obligation following hypothetical changes in the actuarial hypotheses reasonably possible at the reporting date:

	Fred. Turnover	Inflation rate		Discounting rate	
	+ 1%	+1/4 %	-1/4 %	+1/4 %	-1/4 %
Change in the total amount of the obligation	(19)	62	(61)	(92)	95

Effect of defined benefit plan on future cash flows

The following are the effects on future cash flows referring to the defined benefit plan, based on the reasonably possible estimates as of this date:

- Contributions to the plan planned for the 2014 financial year: EUR/000 461;
- Average weighted duration of the benefits obligation: 9.19 years;
- Payments planned:
    - 2015: EUR/000 565;
    - 2016: EUR/000 436;
    - 2017 and following: EUR/000 9,921.

Liabilities for redundancy incentives

The "Liabilities for redundancy incentives" item estimates the charges related to the offers for voluntary early termination of employment arising out of organizational needs.

The posting of the value during the financial year thus reflects application of the agreement reached by the Company during the financial year with some employees at the Italian office, based on the provisions established by article 4, paragraphs 1 – 7*ter* of Law no. 92 of 2012, the so-called "Fornero Law."

Features of the plan

On 9 June 2014, the Group Leader and the company's trade-union representations at the Rome office, assisted by the provincial secretariats of Filca-CISL and Fillea-CGIL, signed a framework agreement aimed at regulating an early retirement programme reserved for employees at the company's legal office in concrete application of the provisions of art. 4, paragraphs 1 through 7-ter of law no. 92/2012.

The programme, which could be joined voluntarily, became necessary and appropriate to manage in a non-traumatic fashion the redundancy of personnel created in certain main office organizational structures due to the completion of a variety of production activities in Italy, identifying the institution regulated by art. 4 of law no. 92/2012 as the instrument suited for flexible redundancy management. The agreement guarantees the employee in early retirement a benefit of an amount equal to the pension to which he or she would be entitled based on the rules in force, and the accrual of additional contributions needed to reach the minimum pension requirements.

Upon the outcome of a show of interest by the workers in terminating employment early, and having assessed the attainment of the numbers of exits seen as the minimum for the initiative to be effective, on 01 August 2014 an implementation agreement useful for submitting the validation petition to the social security authority was signed.

On 27 November 2014, Istituto Nazionale della Previdenza Sociale upheld the application aimed at validating the corporate redundancy agreement, verifying that the subjective prerequisites existed for 8 workers.

Main assumptions used

The annual discounting rate used to determine the current value of the obligation, equal to 0.185%, was determined with reference to the Eurirs index at two years, in line with the duration of the plan in question.

28 Trade payables: EUR/000 1,018,608 (EUR/000 1,069,280)

Trade payables decreased compared to the previous year, and have the following composition:

EUR/000	31 December 2014	31 December 2013	Difference
Payables to suppliers	762,553	785,244	(22,691)
Payables to subsidiaries	190,165	187,460	2,705
Payables to associates and joint ventures	64,397	95,130	(30,733)
Payables to parents	305	0	305
Payables to other investees	1,188	1,446	(258)
Total	**1,018,608**	**1,069,280**	**(50,672)**

The EUR/000 50,672 decrease in this item bears witness to the careful policy in support of the production activity the Company has adopted with continuity, even in a macroeconomic setting marked by particular complexity when also taking into consideration the overall framework of reference, which is by all means not a favourable one.

In particular, payables to suppliers showed an overall decrease of EUR/000 22,691, which comprises a reduction equal to EUR/000 124,000 recorded in the domestic setting and Russia, partially offset by an increase totalling approximately EUR/000 102,000 attributable to the activities underway in Turkey, Poland, Peru, and Algeria, directly related to the levels of revenue produced.

The change in the payables to subsidiaries reflects in particular the effects of the reversal of the costs of consortium companies, which comprises an increase with regard to Partenopea Finanza di Progetto S.c.p.A. totalling EUR/000 23,438 recorded by effect of restarting the activities for the construction of Ospedale del Mare in Naples, partially offset by a decrease in the same component for Ar.gi S.c.p.A. totalling EUR/000 21,691 due to the substantial completion of the works for lot DG-22 of the Jonica national road (SS-106).

Domestically, the payables to associates also decreased, essentially to the extent attributable to the works for the Pedemontana Lombarda motorway.

29 Tax liabilities: EUR/000 94,734 (EUR/000 61,054)

Tax liabilities increased by EUR/000 33,680 and consist of the following:

EUR/000	31 December 2014	31 December 2013	Difference
Liabilities for indirect taxation	49,692	21,962	27,730
Liabilities for direct taxation	41,777	35,068	6,709
Tax liabilities for withholding taxes applied	3,265	4,024	(759)
Total	**94,734**	**61,054**	**33,680**

The increase in the aggregate in question is largely attributable to the “Liabilities for indirect taxation” component, measured essentially with reference to the domestic area and mostly related to the trend in the billing cycles of the contractual payments to customers, and more specifically that referring to the important milestones billed in the month of December in the sector of transport infrastructures.

30 Provisions for risks and charges: EUR/000 41,397 (EUR/000 92,504)

EUR/000	Provisions for contract obligation	Provisions for investment risks	Provision for potential losses	Provision as per Art.27 of Company by-laws	Total
Balance at 31 December 2013	**15,523**	**73,251**	**1,700**	**2,030**	**92,504**
Accruals	0	929	952	0	1,881
Use	(8,454)	(43,237)	(1,302)	(515)	(53,508)
Allocation of 2013 profit	0	0	0	520	520
Balance at 31 December 2014	**7,069**	**30,943**	**1,350**	**2,035**	**41,397**

The provisions for risks and charges are analyzed as follows:

- Provisions for contract obligations mainly include the conservative provision for charges relating to works that have already been performed, but for which the final phase of the respective contracts has not yet been defined, as well as activities related to work in progress;
- Provisions for investment risks reflect the deficit, attributable to the Company, compared to the carrying amount of investments, and the decrease measured in comparison with the previous financial year reflects the effects of the use of the funds after (i) coverage of losses decided upon, during the financial year, by the Board of Directors of the Subsidiary Astaldi Arabia (EUR/000 5.300) and the conclusion of the liquidation process of the associate Copenhagen Metro Construction Group J.V. (EUR/000 36,817);
- The provision for potential losses includes the allocation of charges measured through a punctual analysis of each single case, carried out with the help of external consultants and based on both objective and evaluation elements;
- The provision as per Art. 27 of the Company's bylaws was used for donation purposes and increased through the allocation of profits in accordance with specific resolutions.

The Company is a party to civil and administration legal proceedings and lawsuits connected with the regular corporate activities. Based on information currently available, and taking account of existing allowances for impairment, it is deemed that these proceedings and legal actions will not have any negative impact on the separate financial statements, as the risk of losing the cases appears remote.
To complete the information provided regarding provisions for risks and charges, there follows a summary of the allowances and provisions recognised in the financial statements with indication of their nature and specific category.

EUR/000		31 December 2014	31 December 2013	notes
Allowances as a direct reduction of assets		**17.438**	**19.518**	
Allowance for impairment losses on investments	Investments	330	279	16
Allowance for impairment losses on contracts	Receivables from customers	8.299	10,487	20
Allowance for impairment	Trade receivables	2,904	2,904	21
Allowance for impairment - default interest	Trade receivables	1,697	1,697	21
Allowance for impairment - default interest to tax authorities	Tax assets	198	198	22
Allowance for impairment losses on other assets	Other current assets	4,011	3,954	20

		31 December 2014	31 December 2013	notes
Provisions recognised under liabilities				
- Provisions for risks and charges		**42,043**	**95,366**	
of which:				
• For investment risks	Provisions for risks and charges	30.943	73,251	30
• For contract obligations	Provisions for risks and charges	7.069	15,522	30
• For contract losses	Payments on account	645	2,862	20
• Other provisions for risks and charges	Provisions for risks and charges	3.385	3,731	30
Total provisions/allowances		**59,481**	**114,884**	

31 Fair value measurement

The following table provides the fair value hierarchy of assets and liabilities:

EUR/000	Measurement date	Totat	Valuation at fair value with		
			Quoted Prices observed on active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
Forward exchange contracts	31 December 2014	(342)		(342)	
Forward Knock-In	31 December 2014	(883)		(883)	0
Securities	31 December 2014	1,159	1,159		
Liabilities measured at fair value					
Interest Rate Swap	31 December 2014	(12,435)		(12,435)	
Bond issue conversion options	31 December 2014	(4,635)			(4,635)

Measurement techniques and inputs used to process measurements

Assets and liabilities measured at fair value on recurring basis

- **Interest rate swap**

The fair value of the derivatives were measured through the use of a pricing tool. The floating-rate indexed leg was measured by generating the forward rates for the deadlines provided for by the contract, and then calculating the present value by discounting the corresponding cash flows.

The fixed-rate, indexed leg was valued by calculating the present value of the flows.

The forward rates and discount rates were calculated starting from the zero coupon rates implicit in the curve of short-term rates (deposits quotation) and long-term rates (swap rates quotation) at 31 December 2013.

In calculating the fair value of the derivatives, the so-called Debt Value Adjustment (DVA) was measured in order to take into account the risk of non-compliance.

The total value of the instrument is provided by the difference of the present values of the floating and fixed component.

With reference to the effectiveness of the operation, this is determined by means of internal assessment models using the Dollar Offset Method, relying on the use of the hypothetical derivative for determining the fair value of the hedged item.

- **Forward exchange rate contract**

The instruments in question were measured through the use of a pricing tool.

The measurement was done through discounting of the value at maturity of the contract, determined as the difference between the forward exchange rate at maturity, quoted by the market on the measurement date, and the working exchange rate provided for by the contract, weighted for the nominal value provided for by the contract.

The discount rates were calculated starting from the zero coupon rates implicit in the curve of short-term rates (deposits quotation) and long-term rates (swap rates quotation) at 31 December 2014. The forward exchange rates were estimated by linear interpolation starting from the curve of exchanges at term acquired from the info provider.

- ***Currency Knock-in collar***

The options with collar are Put or Call options that are activated upon exceeding a knock-in. In the event of knock-in options, the option is active if the spot value of the floor reaches or exceeds a predetermined knock-in value.

The fair value of these derivatives was measured through the use of a pricing tool. In particular, the Black & Scholes model was used for the calculation. The total value of the instrument is provided by the difference between the fair value of the Put option and of the Call option.

The forward rates and the discount rates were calculated starting from the zero coupon EUR and USD rates implicit in the curve of short-term rates (deposit quotation) and long-term rates (swap rates quotation) at 31 December 2014. The volatility was estimated by linear interpolation from the surface of EUR-USD volatility available on the info-providers.

- **Securities**

The fair value of the securities is equal to the market price referring to the quotations (bid price) on the measurement year's reference date.

- **Bond issue conversion options**

A convertible bond entitles the holder to convert the bond into a given number of shares of the issuing company. The instrument may therefore be classified as a standard obligation that incorporates the sale of a call-type option.

The pricing tool is used to measure the convertible bond.

The measurement model breaks the instrument down into its basic components: an equity component and a debt component. Towards this end, it defines a hypothetical "cash only part of the convertible bond" instrument. The amount of the two aforementioned components is determined based on the Black-Scholes equation.

The model uses the following input data: the market price of the Company's shares, the rate curves (swap and deposits), volatility of the share price, and the company's credit spread.

Of the aforementioned input data, the company's credit spread is not a figure that is currently observable on the market

Assets and liabilities measured at fair Value on a non-recurring basis

Over the course of 2014, there are no assets and liabilities valuated at fair value on a non-recurrent basis.

Transfers of financial instruments between the various levels of the fair value hierarchy

During 2014, there were no transfers between the different levels of the fair value hierarchy.

32 Information on management of risks, financial instruments and guarantees

Financial risk management

Astaldi operates in an international context where transactions are performed in various currencies; moreover, in order to support and develop its own industrial activities, it funds itself with external sources of financing in Euro and foreign currencies.

Astaldi is therefore exposed to the following financial risks:

- Market risk: exposure of the Company to fluctuations in interest rates and exchange rates between the Euro and the other currencies in which it operates;

- Liquidity risk: the possibility that the Astaldi might not be able to meet its financial commitments deriving from contracts and, more generally, from its short-term financial commitments;
- Credit risk: exposure of the Company to potential loss deriving from the failure to fulfil commitments undertaken by counterparts.

The various types of risk are monitored in such a way as to evaluate in advance their potential negative effects, and take suitable mitigating actions. The optimisation and reduction of risk levels is pursued by an adequate organisational structure, the adopting of rules and procedures, the implementation of targeted commercial and purchasing policies, and the use of insurance policies and hedging derivatives.

In order to maintain corporate value, Astaldi has drawn up guidelines for controlling its exposure to market risks and entrusted the definition of policies and strategies to be adopted to manage the same through derivatives and monitoring of hedged positions, to a Financial Risks Committee.

With respect to these policies, Astaldi mainly uses cash flow hedging to cover exposure to fluctuations in cash flows especially due to risks identified and associated with assets or liabilities, or for a planned transaction highly likely to have an effect on the income statement.

There follow the hedging derivatives operations at 31 December 2014, with a distinction between hedge accounting, representing most of the Company's transactions, and non-hedge accounting transactions shown for each type of financial instruments with fair value, notional value and the changes in the respective provisions and the income statement. For transactions in currencies other than the Euro, the corresponding amounts are calculated at the exchange rate at the end of the year.

Interest rate risk

Company exposure to the risk of changes in interest rates is mainly related to floating interest financial debt; changes in interest rates affect the market value of financial assets and liabilities of the company and the level of net financial charges.

Astaldi, also taking into account contract obligations, duly assesses exposure to the risk of changes in interest rates and manages these risks by the use of non-speculative derivatives, in order to pursue a Cash Flow Hedge strategy. The Company's hedging policy, governed by a specific interest rate risk management policy, involved the definition of an ideal mix between fixed rate and floating rate borrowing (mainly Euribor) in the borrowing structure in order to reduce borrowing costs and their volatility.

Therefore, Astaldi undertakes hedging transactions through simple derivatives ("plain vanilla"), on a cash flow hedge basis, in order to convert the floating rate into a fixed rate (Interest Rate Swap), or to allow a limited interest rate fluctuation within a predefined range (Collar), and in any event guaranteeing a maximum risk exposure level (Cap). These instruments are generally at zero cost.

At 31 December 2013, the notional value of derivatives hedging on the interest rate risk totalled EUR 271.8 million. Taking these hedges into account, as well as the fixed rate debt associated with the bond issues, the percentage of fixed rate debt equalled approximately 77% of the gross debt.

The following tables show the aforementioned transactions, all designed to hedge financial flows, split into cash flow hedges and transactions for which Astaldi decided not to apply hedge accounting.

EUR/000

Type of derivative	Hedged item	Notional reminder 31 December 2014	Fair Value 2014	Fair Value 2013
IRS	Medium/long-term debt	253,929	(11,690)	(11,994)
Total		**253,929**	**(11,690)**	**(11,994)**

With reference to the aforesaid Hedge Accounting, the change in value had an impact above all on the Company's equity, leading to a final balance of the hedging reserve of EUR 11.4 million, together with the related effect for deferred tax of EUR 3.1 million.

Details on changes in the hedging reserve in 2014 are shown below:

EUR/000

Hedging reserve – interest rate risk	31 December 2014	31 December 2013
Opening reserve	(11,717)	(19,247)
Impact on hedging reserve net of release to profit or loss	249	7,530
Closing reserve	**(11,468)**	**(11,717)**
Ineffectiveness	(222)	(277)

With regard to transactions for which hedge accounting has not been applied, the changes in amounts of these financial instruments were recognised directly in profit or loss.

Type of derivative	Hedged item	Notional reminder 31 December 2014	Fair Value 2014	Fair Value 2013
IRS	Medium/long-term debt	17,902	(745)	(1,218)
Total		**17,902**	**(745)**	**(1,218)**

Sensitivity analysis

The potential effects of a hypothetical increase or decrease in interest rates on the Company's Income Statement and statement of financial position are shown hereunder in terms of higher or lower interest expense payable over the entire remaining duration of floating rate financial payables.

The analysis was carried out based on market curves at 31 December 2014 and considers a parallel rate shock by 1% upwards (shock up) and 0.30% downwards (shock down) on interest rates.

Interest rate risk	**Income statement**		**Equity**	
sensitivity analysis	**Shock up 31 December 2014**	**Shock down 31 December 2014**	**Shock up 31 December 2014**	**Shock down 31 December 2014**
Financial liabilities				
• cash flow	(6,026)	1,808		
Derivative hedging instruments				
• cash flow	1,980	(451)		
Total	**(4,046)**	**1,357**	**0**	**0**
• *fair value*	170	(52)	4,762	(1,454)

With reference to 31 December 2014 the analysis shows how, considering a hypothetical 1% increase in interest rates, as a consequence of hedging through derivatives (approximately EUR 1.9 million), financial charges would increase by EUR 4 million, in this hypothetical scenario the fair value of hedging recognised in profit or loss, compared to the effective amount recorded at 31 December 2014, would show an increase of EUR 0.1 million, while the equity reserve would show a negative effect of nearly EUR 4.7 million.

Similarly, as shown in the table, a shock down of 0.30% in interest rates would lead to a decrease in financial charges of approximately 1.3 million euro.

- **Currency risk**

With reference to the currency risk, Astaldi performs cash flow hedges for specific foreign orders, in order to mitigate the effect of exchange rate fluctuations on the related costs or revenue in terms of foreign currency.

The Company policy is aimed at hedging a percentage of exposure to currency risk depending on the characteristics of the business and the particular volatility of certain currencies, for the entire duration of the works regarding specific contracts, and when this is not possible, for a period of 12 months.

Hedging is performed by the use of forward plain vanilla derivatives, cost zero cylinders, Knock-in forward and cross currency interest rate swaps.

In those cases where, in connection with specific foreign currencies especially those of emerging countries, financial markets do not allow for mitigation of the currency risk through derivatives, Astaldi tends to protect the currency imbalance between trade receivables and payables in local currency through financial debt in the same currency (the so-called “natural hedge”).

At 31 December 2014 the notional value of existing currency risk hedges amounted to a total counter-value of EUR 54.7 million.

EUR/000

Type of derivative	Hedged item	Notional reminder 31 December 2014	Fair Value 2014	Fair Value 2013
Forward Buy CAD / Sell EUR	Coverage of financing, AST Canada	13,511	194	194
Forward Buy EUR / Sell USD	Coverage of receivables, Turkey	20,591	(536)	(536)
Forward Knock-in Buy EUR / Sell USD	Coverage of receivables, Turkey	20,591	(883)	(883)
Total		54,693	(1,225)	(1,225)

A breakdown of the changes in the hedging reserve during 2014 due to hedges on exchange rates is shown below:
EUR/000

Hedging reserve – currency risk	31 December 2014	31 December 2013
Opening reserve	177	22
Impact on hedging reserve net of release to profit or loss	(177)	155
Closing reserve	**0**	**177**
Ineffectiveness	(1,313)	0

- **Liquidity risk**

The main factors determining the Company’s liquidity risk are, on one hand, the financial resources generated by or used in corporate operating and investing activities, and on the other, the characteristics of debt maturity and use of cash, as well as contingent cash terms of financial markets.

Astaldi aims to maintain a sufficient cash margin to allow for coverage of financial requirements with the availability of committed and uncommitted credit lines.

Cash flows, the need for financing and the liquidity are constantly monitored and managed with the aim of guaranteeing effective and efficient management of financial resources.

The following table shows the timeframe of the Company’s financial liabilities:

EUR/000

Analysis of maturities	Use	On sight	2015	2016	2017	2018	2019	beyond
Short-term loans*	(291,122)	291,122	0	0	0	0	0	0
Medium/Long term loans*	(324,150)	0	4,126	126,557	63,321	24,783	65,784	752,579
Equity- Linked bond	(130,000)						130,000	
Senior unsecured bond	(750,000)							750,000
Total	**(1,495,272)**	**291,122**	**4,126**	**126,557**	**63,321**	**24,783**	**195,784**	**1,502,579**
Derivatives								
- interest rate risk derivatives **	(12,435)	0	4,836	4,522	1,608	1,470	0	0
- currency risk derivatives**	(1,225)	0	1,225	0	0	0	0	0
Total	**(13,660)**	**0**	**6,061**	**4,522**	**1,608**	**1,470**	**0**	**0**

EXPOSURE AT 31 December 2014			**291,122**	**10,187**	**131,079**	**64,929**	**26,253**	**195,784**	**1,502,579**

Note: The figures shown in the table coincide with the nominal value of financial liabilities and therefore do not include (i) commission directly related to the granting of loans that in turn are included in the measurement at amortised cost of the financial liabilities, and (ii) accrued interest still to be liquidated.

Astaldi has adopted a series of policies and processes aimed at making the most of management of sources of financing, reducing the liquidity risk, such as, in particular:

- Orientation towards centralised management of collection and payment flows (cash management systems) where deemed advantageous in compliance with the various civil, currency and tax laws of the countries where the Company operates, and in keeping with the rules for managing the financial flows of individual contracts;
- Maintenance of a suitable level of available funds;
- Existence of an investment portfolio with a corresponding liquid market and whose securities are available for trading in order to cope with liquidity needs;
- Diversification of instruments for obtaining financial resources and ongoing focus on financial markets;
- Obtainment of appropriate bank credit facilities (committed and uncommitted), guaranteeing an adequate availability of committed (unused) lines;
- access to the debt capital market;
- Monitoring of future liquidity conditions in relation to corporate planning.

- **Credit risk**

The credit risk is the Company's exposure to potential default risks by a counterpart.

The Company's credit risk is limited by the solvency characteristics of the customers served. The portfolio of receivables maturing is constantly monitored by the appropriate departments.

The Company customers are basically government and public bodies, by their very nature solvent.

Therefore, the credit risk, represented by the possible default of customers, is considered to have little significance, also considering the insurance coverage that can be set up by policies with insurance companies.

We should likewise point out that for some countries, collection times may go beyond the usual terms. At 31 December 2014 the percentage of expired trade receivables was 27% of which 19% for those expired over 12 months. However, the analysis of credit risk exposure according to maturity is not very significant, since the receivables are measured in relation to the other items of working capital and in particular the payables to subcontractors and suppliers typical in the segment the due dates of which, in the management of operational leverage, tend to be aligned to the collection time by customers (back to back). As regards Russia in particular, it is pointed out that although the country is recording a phase of economic slow-down due (i) to the political uncertainty connected with the Ukrainian crisis, followed by the consequent international sanctions, and (ii) to falling oil prices, the group believes that there are no elements to affirm a risk with regard to the overall collectability of relative receivables, since the projects underway in the country are contracts with private parties of high financial standing, with an already-guaranteed financial coverage, that do not come under the embargo to which the country has been exposed since the situation in Ukraine.

Moreover, as concerns Venezuela, see what was fully described in notes 1, 10, and 21.

Guarantees and securities

Personal guarantees

<u>Personal guarantees</u>

The total amount of the guarantees provided is EUR/000 3,652,677 and refers to the following cases:

- sureties for opening credit facilities, to be used to ensure regular cash flow in relation to individual contracts, issued in favour of subsidiaries, associates and jointly controlled entities and other investees, set up for this purpose pursuant to current tax laws for the amount of EUR/000 687,660 of which EUR/000 20,876 referring to joint ventures;
- sureties for works, issued in the Company's interest by banks and insurance companies in favour of customers for various purposes, on its own account and in the interest of subsidiaries, associates and jointly controlled entities and other investees for the amount of EUR/000 2,733,798, of which EUR/000 38,993 referring to joint ventures;
- Other sureties issued for various purposes for a total of EUR/000 231,219, of which EUR/000 1,020 referring to joint ventures.

Third party sureties in favour of the Company

They refer to sureties of EUR/000 218,072 issued by Banks and Insurance Companies in the interests of Italian and foreign suppliers and subcontractors, in relation to contract obligations vis-à-vis the Company.

33 Disclosure on transactions with related parties and fees payable to Directors, Statutory Auditors, General Managers and key management personnel

In accordance with IAS 24 as well as CONSOB communication no. 6064293 of 28 July 2006, Annex 1 to these Notes shows the totals of existing transactions and balances resulting from financial and commercial relations with related parties. In this regard, it is noted that the relevant transactions were carried out at market conditions. It should be pointed out that relations with consortia and consortium companies (special purpose vehicles), taking into account the specific segment the Company operates in, are to be related to receivables due from third parties – recognised among Trade Receivables (note 21) – not summarised in the annex regarding transactions with related parties.

Information regarding fees due to Directors, Statutory Auditors and General Managers of the Company is shown in the table below in accordance with the provisions of the remuneration report as per Art. 123-ter of the Consolidated Finance Act.

Category	Fixed fees	Fees for committee meetings	Variable non- equity fees (bonuses and other incentives)	Non-monetary benefits	Other fees	Total	Fair Value of equity benefits
Directors	4,010	28	0	40	16	4,095	442
Statutory Auditors	120	0	0	0	0	120	0
General managers	1,560	0	0	36	32	1,627	883
Key management personnel no. 9	1,871	0	545	37	76	2,529	0

34 Segment reporting

The operating segments subject to segment reporting were determined according to reporting used by the top management as an information set for their decisions. This reporting is specifically based on the various geographical areas where the Company operates, and it is determined by using the same accounting standards used to draw up the separate financial statements.

The following tables show the segment disclosure as per IFRS 8.

EUR/000

Reporting at 31 December 2014	Italy	Europe	America	Africa	Asia	Other assets	Adjustments and eliminations	Total
Revenue	535,677	1,081,161	304,478	152,500	470	491	(50,881)	**2,023,895**
Operating profit (loss)	74,561	120,147	29,602	30,064	(1,219)	70	5,355	**258,579**
Net financial charges								**(147,630)**
Profit before tax								**110,950**
Tax expense								**(46,806)**
Profit for the year								**64,144**
Assets or liabilities								
Segment assets	978,590	1,928,235	901,230	293,387	7,876	1,867,905	(2,128,285)	**3,848,939**
of which investments						630,167	(123,861)	**506,306**
Segment liabilities	(863,083)	(1,810,417)	(900,602)	(286,372)	(9,257)	(1,490,467)	2,111,919	**(3,248,278)**
Other segment reporting								
Property, plant and equipment	15,272	67,847	69,784	6,619	654	35,302	(6,323)	**189,155**
Intangible assets	2,508	218	1	0	0	480	0	**3,208**
Depreciation of property, plant and equipment and investment property	4,310	13,943	14,382	3,456	185	1,108	(837)	**36,547**
Provisions						1.241		**1.241**

EUR/000

Reporting at 31 December 2013	Italy	Europe	America	Africa	Asia	Other assets	Adjustments and eliminations	Total
Revenue	753,435	987,256	269,790	143,581	0	(135)	(44,804)	**2,109,122**
Operating profit (loss)	78,543	189,786	1,268	34,291	(159)	(13,764)	(11,598)	**278,368**
Net financial charges								**(115,956)**
Profit before tax								**162,412**
Tax expense								**(49,662)**
Profit for the year								**112,750**
Assets or liabilities								
Segment assets	962,415	1,888,556	867,259	263,415	7,544	1,748,714	(1,861,818)	**3,876,086**
of which investments						591,512	(135,569)	**455,943**
Segment liabilities	(838,432)	(1,771,314)	(877,252)	(237,329)	(7,598)	(1,389,715)	1,840,843	**(3,280,797)**
Other segment reporting								
Property, plant and equipment	18,866	45,124	70,593	9,932	839	36,013	(595)	**180,772**
Intangible assets	3,894	263	(1)	0	3	452	0	**4,611**
Depreciation of property, plant and equipment and investment property	5,684	11,370	13,853	4,037	376	1,092	161	**36,572**
Provisions						4,334		**4,334**

35 Other information

Non-recurring significant events and transactions

The financial position and results of operations of Astaldi S.p.A. were not affected in the year 2014 by non-recurring significant events and transactions as defined in CONSOB Communication no. DEM/6064293.

Authorisation for publication

Publication of the Financial Statements was authorised by the Board of Directors of the Parent on 10 March 2015.

During said meeting the Board of Directors also resolved to submit to the approval of the Shareholders at their Meeting to be held on 23 April 2015 the proposal regarding the distribution of a dividend of EUR 0.2 per share (ex-dividend date 11 May 2015, record date 12 May 2015, payment on 13 May 2015).

Positions or transactions deriving from atypical or unusual transactions

In 2014 Astaldi did not undertake any atypical or unusual transactions as defined in CONSOB Communication no. DEM/6064293.

Events after the reporting period

There follows information on the events after the reporting period.

In Chile in February, the consortium *Nuevo Pudahuel*, an investee of Astaldi (15%), Aéroports de Paris (45%), and Vinci Airports (40%), was selected by the Chilean government as it submitted the best bid in the tender to win the concession to build and subsequently manage the Arturo Merino Benítez international airport in Santiago de Chile, South America's sixty-largest airport with a traffic totalling 16.1 million passengers/year in 2014 (more than half international). The concession agreement, which will already become operative starting 01 October 2015 (at the end of the contract currently in force), provides for: (i) the modernization and enlargement of the already existing terminal; (ii) the financing, design, and construction of a new passenger terminal covering an area of 175.00 m^2, which will increase the airport's capacity to 30 million passengers/year, with a potential expansion to up to 45 million passengers/year; (iii) the management and commercial development, for 20 years, of the main areas and connected services (new and existing terminal, car parks, and future commercial activities). The construction activities will be performed by Astaldi (50%) and Vinci Construction Grands Projets (50%). The entry into the Group's portfolio of Astaldi's shares is slated after the formal award and the close of financing, expected before the end of the first half of 2015.

Also in February, a € 50 million bridge loan from a leading Turkish bank was finalized in Turkey, in preparation for bringing into full operation the production activities of the Etlik hospital Campus in Ankara. The bridge loan will allow the construction phases to progress pending the arrival of the so-called "financial closing."

Also in February, in Italy Astaldi signed an agreement with the Extraordinary Administrator of the Impresa and DIRPA (both under extraordinary administration) for the completion of the works to strengthen the Perugia-Ancona route and to modernize the Pedemontana delle Marche road, so-called Maxi-Lot 2 of the Marche-Umbria Quadrilateral. The value of the works to be performed exceeds € 500 million. In detail, the agreement regards the rental, for a six-month period, of Impresa's "Quadrilatero" branch of business, aimed at the completion of an initial extract of the work for Lots 1.1 and 1.2, and is part of a broader framework of understanding that involves the subsequent purchase by Astaldi of the DIRPA industrial complex and of the aforementioned branch of business, within the context of the procedure of extraordinary administration of Impresa and DIRPA, for the construction of the entire infrastructure. Maxi-Lot 2 of the Marche-Umbria Quadrilateral is a complex work involving the performance under general contracting of the works to strengthen the Perugia-Ancona route, along the Fossato di Vico-Cancelli and Albacina-Galleria Valtreara-Serra San Quirico sections of national road SS-76 (Lot 1.1 – Sub Lots 1.1.1, 1.1.2, 1.1.3) and the Pianello-Val Fabbrica section of national road SS-318 (Lot 1.2), as well as the modernization of the Pedemontana delle Marche road, along the section between Fabriano and Muccia/Sfercia (Lots 2.1 and 2.2). The works total € 745 million, of which more than € 500 million to date are still to be performed; they will be entered into the Group's portfolio immediately for the portion of the works connected with the rental period, after the final award for the remaining part.

It is also pointed out that as in March 2015, Line 2 of the Warsaw Underground in Poland (6 kilometres, 7 stations) was inaugurated and opened to the public – a major operative success that definitively consolidates the Astaldi Group's operating capacity in the country. The event follows the inaugurations recorded in January for the Pedemontana Lombarda motorway project, in Italy, which marked two important objectives: the opening of an initial lot of the Varese bypass road and the inauguration of Section A of the Pedemontana Lombarda road.

It is lastly pointed out that in January, Astaldi's Shareholders' Meeting appointed Piero Gnudi and Filippo Stinellis to replace the outgoing Guido Guzzetti and Mario Lupo. Both Board Members will remain in office until the natural expiry of the current Company Board of Directors, which is to say until the Shareholders' Meeting approving the Financial Statements at 31 December 2015. The same Shareholders' Meeting also approved the introduction into the Group's governance of the voting right increase mechanism (the so-called "increased vote"), with the objective of fostering the presence of stable investors in the shareholding structure, through the establishment of a loyalty premium to incentivize maintaining the investment for a period more in line with the timeframe of the Group's typically medium/long-term growth strategies. The system that has been introduced in fact calls for assigning two votes to each ordinary share belonging to the same shareholder for an uninterrupted period of no less than 2 years starting from the date of entry in a "List" established and kept by the Company.

Fees payable to the independent auditors KPMG and their network pursuant to Art. 149-duodecies of the Issuers Regulation

There follow the fees payable in the year 2012 to KPMG on the basis of their audit engagement for the financial years 2011-2019, assigned by a shareholders' resolution made at their meeting on 18 April 2011:

EUR/000 Type	Amount
A) Auditing services (*)	470
B) Attestation services (**)	341
C) Other services	167
Total fees	**978**

(*) Including expenses and Consob fees	
(**) of which:	341
1) For fees for comfort letters issued on the occasion of the bond issue	83
3) For fees for activities regarding agreed upon procedures, signing of tax declarations, and other attestation activities	258

Stefano Cerri
Chief Executive Officer

Paolo Citterio
Manager in charge of financial reporting