



Consolidated Financial Statements Accounting Statements and Explanatory Notes at 31 December 2013



Astaldi Società per Azioni

Astaldi Società per Azioni

Corporate and Head Offices: Rome (Italy), Via Giulio Vincenzo Bona n. 65

Registered with the Companies Register of Rome

Fiscal Code and VAT Number: 00398970582

R.E.A. no. 152353

VAT no. 0080281001

Share Capital: Euro 196,849,800.00 fully paid-in

CONSOLIDATED ACCOUNTING STATEMENTS

CONSOLIDATED SEPARATE INCOME STATEMENT

(Thousands of Euro)	Note	31/12/2013	*31/12/2012 Recalculated
Revenues	1	2,392,871	2,325,299
<i>of which with related parties</i>		203,530	238,111
Other Operating revenues	2	126,804	131,598
<i>of which with related parties</i>		9,819	5,453
Total revenues		2,519,675	2,456,897
Purchase costs	3	(423,764)	(487,584)
Service costs	4	(1,411,951)	(1,340,552)
<i>of which with related parties</i>		(159,192)	(161,114)
Personnel costs	5	(320,715)	(305,430)
Amortisation and depreciation	6	(85,252)	(52,616)
Other operating costs	7	(43,692)	(60,456)
<i>of which with related parties</i>		(165)	(290)
Total Costs		(2,285,375)	(2,246,639)
(Capitalisation of internal construction costs)	8	1,652	1,565
Operating result		235,952	211,822
Financial income	9	110,478	78,550
<i>of which with related parties</i>		4,219	2,195
Financial charges	10	(214,145)	(163,681)
<i>of which with related parties</i>		(2,126)	(627)
Effect of valuation of equity with the net equity method	11	6,302	3,146
TOTAL FINANCIAL AREA AND EQUITY INVESTMENTS		(97,365)	(81,985)
PROFIT (LOSS) BEFORE TAX OF CONTINUED OPERATIONS		138,586	129,837
Taxes	12	(55,571)	(55,882)
PROFIT (LOSS) OF CONTINUED OPERATIONS		83,015	73,956
PROFIT (LOSS) RELATED TO GROUPS SUBJECT TO DISPOSAL	13	(4,575)	0
PROFIT (LOSS) FOR THE YEAR		78,440	73,956
Group profit		75,213	74,133
Minority profit		3,227	(177)
<i>Profit per share</i>	14		
Basic		Euro 0.77	Euro 0.76
Diluted		Euro 0.76	Euro 0.75

* Following the application (retrospectively) of accounting principle IAS 19 (2011) – Benefits for employees, the data at 31/12/2012, shown for comparative purposes only, have been recalculated.

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(Thousands of Euro)	Note	31/12/2013	*31/12/2012 Recalculated
Profit (loss) for the year (A)		78,440	73,956
Items to be reclassified subsequently in the Profit (loss) for the year	27		
Change in Cash Flow Hedge Reserve Subsidiaries net of tax effect		13,637	(9,105)
Change in Cash Flow Hedge Reserve Associated net of tax effect		9,089	(5,220)
Change in Translation Reserve Subsidiaries		(10,997)	(2,279)
Change in Translation Reserve Associated		(18,118)	1,322
Profit (Loss) for the evaluation of AFS financial assets for valuation under Equity		(194)	0
Components of the comprehensive income statement connected with groups available for sale		(34)	0
Total Other Profit (Loss) net of tax effect to be reclassified subsequently in the Profit (loss) for the year (B1)		(6,618)	(15,282)
Components not to be reclassified subsequently in the Profit (loss) for the year	27		
Actuarial Profit (Loss) of defined benefits plans		683	(889)
Actuarial Profit (Loss) of defined benefits plans deriving from valuation under Equity		203	0
Total Other Profit (Loss) net of tax effect not to be reclassified subsequently in the Profit (loss) for the year (B2)		886	(889)
Total Other Profit (Loss) net of tax effect (B1)+(B2)=(B)		(5,732)	(16,172)
TOTAL PROFIT (LOSS) (A)+(B)		72,708	57,784
of which Group items		69,436	58,333
of which related parties		3,272	(549)

* Following the application (retrospectively) of accounting principle IAS 19 (2011) – Benefits for employees, the data at 31/12/2012, shown for comparative purposes only, have been recalculated.

CONSOLIDATED NET EQUITY

(Thousands of Euro)	Note	31/12/2013	* 31/12/2012 Recalculated
NET EQUITY ASSETS			
Non-current assets			
Property, plant and machinery	15	203,977	221,094
Investment property	16	1,086	1,105
Intangible assets	17	58,971	107,523
Equity investments	18	395,564	257,441
of which:			
Equity investments valued with the net equity method		393,531	104,414
Non-current financial assets	19	99,786	193,448
of which with related parties		55,567	49,926
Other non-current assets	20	54,723	39,874
Deferred tax receivables	12	17,128	8,589
Total Non-current assets		831,234	829,074
Current assets			
Inventories	21	61,711	84,343
Amounts receivables from customers	22	1,261,797	1,058,039
of which with related parties		4,815	41,954
Trade receivables	23	961,860	835,077
of which with related parties		46,710	30,435
Current financial assets	19	46,391	17,653
Tax receivables	24	105,893	143,067
Other current assets	20	383,043	381,022
of which with related parties		21,096	27,948
Cash and cash equivalents	25	373,772	400,215
Total current assets		3,194,467	2,919,417
Assets connected with groups available for sale	26	60,273	0
Total Assets		4,085,974	3,748,491

* Following the application (retrospectively) of accounting principle IAS 19 (2011) – Benefits for employees, the data at 31/12/2012, shown for comparative purposes only, have been recalculated.

(Thousands of Euro)	Note	31/12/2013	* 31/12/2012 Recalculated
NET EQUITY AND LIABILITIES			
Net Equity	27		
Share capital		196,850	196,850
Treasury shares		(1,040)	(1,216)
Provisions:			
Legal reserve		26,201	23,930
Extraordinary reserve		244,376	218,262
Profit (loss) carried forward		75,844	48,971
Other provisions		114	(921)
Other items of comprehensive income statement		(58,735)	(52,957)
Total capital and provisions		483,609	432,918
Profit (loss) for the year		75,213	74,133
Total Group Net Equity		558,822	507,050
Minority Profit (loss)		3,227	(177)
Other minority components of comprehensive income statement		(51)	(97)
Capital and Other Reserves pertaining to the minority		41,925	47,171
Minority Net Equity		45,101	46,897
Total Net Equity		603,923	553,948
Non-current liabilities			
Non-current financial liabilities	28	970,042	734,920
<i>of which with related parties</i>		1,645	1,749
Other non-current liabilities	29	16,698	13,721
Employee benefits	30	8,003	9,367
Liabilities for deferred tax	12	10,957	4,188
Total non-current liabilities		1,005,701	762,195
Current liabilities			
Amounts receivable by customers	22	674,738	479,397
<i>of which with related parties</i>		24,148	103,130
Trade payables	31	1,117,990	1,128,798
<i>of which with related parties</i>		91,585	142,218
Current financial liabilities	28	392,680	537,661
Tax payables	32	73,679	93,387
Provisions for current risks and charges	33	22,591	28,578
Other current liabilities	29	154,725	164,527
<i>of which with related parties</i>		1,254	1,120
Total current liabilities		2,436,404	2,432,348
Liabilities connected with groups available for sale	26	39,947	0
Total liabilities		3,482,051	3,194,543
Total Net Equity and liabilities		4,085,974	3,748,491

* Following the application (retrospectively) of accounting principle IAS 19 (2011) – Benefits for employees, the data at 31/12/2012, shown for comparative purposes only, have been recalculated.

Statement of changes in Net Equity

Changes in Net Equity at 31 December 2013

(Thousands of Euro)

	Share capital	Legal reserve	Extraordinary reserve	Cash Flow Hedge reserve net of tax effect	Translation reserve	Actuarial Profit (Loss)	Profit (Loss) evaluation fin. Assets AFS	Other provisions	Retained earnings	Profit for the period	Total Group Net Equity	Minority interests	Total Net Equity
Balance at 01 January 2013 Published	195,633	23,930	218,262	(45,676)	(6,412)	0	0	(921)	48,682	74,126	507,625	46,930	554,555
Effects deriving from the application of IAS 19 (2011)	0	0	0	0	0	(869)	0	0	288	6	(575)	(32)	(607)
Balance at 01 January 2013 Recalculated	195,633	23,930	218,262	(45,676)	(6,412)	(869)	0	(921)	48,971	74,133	507,050	46,897	553,948
Allocation of profit of continued operations 2013	0	0	0	0	0	0	0	0	0	75,213	75,213	3,227	78,440
Other items of comprehensive economic result	0	0	0	22,362	(28,797)	804	(147)	0	0	0	(5,778)	46	(5,732)
COMPREHENSIVE ECONOMIC RESULT	0	0	0	22,362	(28,797)	804	(147)	0	0	75,213	69,436	3,272	72,708
Operations with shareholders and other equity changes:													
Treasury shares	176	0	(16)	0	0	0	0	330	0	0	490	0	490
Dividends	0	0	0	0	0	0	0	0	0	(16,639)	(16,639)	(167)	(16,806)
Fund pursuant to Art. 27	0	0	0	0	0	0	0	0	0	(681)	(681)	0	(681)
Operations with minority interests	0	0	0	0	0	0	0	0	(1,539)	0	(1,539)	(7,014)	(8,553)
Changes in Consolidation Area	0	0	0	0	0	0	0	0	0	0	0	2,112	2,112
Allocation of profit of continued operations 2012	0	2,271	26,130	0	0	0	0	0	28,412	(56,813)	0	0	0
Other changes	0	0	0	0	0	0	0	(193)	0	0	(193)	0	(193)
Stock grant allocation reserve	0	0	0	0	0	0	0	898	0	0	898	0	898
Balance at 31/12/2013	*195,810	26,201	*244,376	(23,314)	(35,209)	(66)	(147)	114	75,844	75,213	558,822	45,101	603,923

*The amount indicated in the highlighted items is shown net of overall investment in treasury shares totalling Euro/000 2,859 of which Euro/000 1,040, corresponding to the nominal value of the shares, entered as a reduction of share capital, and Euro/000 1,819 entered as a reduction of the Extraordinary Reserve.

Changes in Net Equity at 31 December 2012

<i>(Thousands of Euro)</i>	Share capital	Legal reserve	Extraordinary reserve	Cash Flow Hedge Reserve net of tax effect	Translation reserve	Actuarial Profit (Loss)	Other provisions	Retained earnings	Profit for the period	Total Group Net Equity	Minority interests	Total Net Equity
Balance at 01 January 2012 Published	193,552	20,797	172,724	(31,799)	(5,352)	0	3,611	40,493	71,195	465,222	5,057	470,279
Reclassification of treasury shares delivered to employees under the stock grant scheme	2,076	0	3,244	0	0	0	(5,320)	0	0	0	0	0
Effects deriving from the application of IAS 19 (2011)	0	0	0	0	0	(7)	0	287	1	282	(6)	276
Balance at 01 January 2012 Recalculated	195,628	20,797	175,968	(31,799)	(5,352)	(7)	(1,709)	40,780	71,196	465,502	5,051	470,553
Utile of continued operations 2012	0	0	0	0	0	0	0	0	74,126	74,126	(177)	73,949
Other items of comprehensive economic result	0	0	0	(13,877)	(1,060)	(863)	0	0	6	(15,794)	(373)	(16,167)
COMPREHENSIVE ECONOMIC RESULT	0	0	0	(13,877)	(1,060)	(863)	0	0	74,132	58,333	(549)	57,784
Operations with shareholders and other equity changes:												
Treasury shares	5	0	(20)	0	0	0	74	0	0	59	0	59
Dividends	0	0	0	0	0	0	0	0	(16,630)	(16,630)	(766)	(17,396)
Fund pursuant to Art. 27	0	0	0	0	0	0	0	0	(940)	(940)	0	(940)
Operations with Minority interests	0	0	0	0	0	0	0	11	0	11	0	11
Changes in Consolidation Area	0	0	0	0	0	0	0	0	0	0	43,162	43,162
Allocation of profit of continued operations 2011	0	3,133	42,314	0	0	0	0	8,178	(53,625)	0	0	0
Other changes	0	0	0	0	0	0	(279)	0	0	(279)	0	(279)
Stock grant allocation reserve	0	0	0	0	0	0	993	0	0	993	0	993
Balance at 31/12/2012 Recalculated	*195,634	23,930	*218,262	(45,676)	(6,412)	(869)	(921)	48,971	74,133	507,050	46,897	553,948

* The amount indicated in the highlighted items is shown net of overall investment in treasury shares totalling Euro/000 3,019 of which Euro/000 1,216, corresponding to the nominal value of the shares, entered as a reduction of share capital, and Euro/000 1,803 entered as a reduction of the Extraordinary Reserve.

Consolidation flow statement

	31/12/13	31/12/12
FINANCIAL STATEMENT OF OPERATING ACTIVITY		
Group and Minority result of the period	78,440	73,949
Taxes	55,571	55,879
Result before tax	134,011	129,829
<i>Adjustments for:</i>		
<u>Non-monetary items</u>		
Depreciation of tangible and intangible assets	71,178	52,018
Depreciation	14,074	598
Effect of the application of the net equity method on the value of equity holdings	(23,141)	(3,146)
Costs for Severance Pay and defined benefits plans	777	1,568
Costs for employee incentive plans	1,450	993
Risks and liabilities provisions	4,471	1,427
Depreciation (Revaluation) following the adoption of fair value	475	0
Subtotal	69,284	53,458
<u>Investment management items</u>		
Surpluses/losses on disposals	(2,447)	1,478
<u>Other adjustments necessary to reconcile net profit with cash flow from operational activities</u>		
Net interest receivable and payable and dividends received (coverage of losses)	72,090	39,422
Subtotal	69,643	40,900
Cash flow from operating activities before changes in net working capital	272,938	224,186
<u>Change in working capital</u>		
Trade receivables	(136,097)	(14,113)
<i>of which with related parties</i>	(16,275)	1,890
Inventories and amounts receivables from customers	(169,825)	(80,830)
<i>of which with related parties</i>	37,139	20,800
Trade payables	7,204	10,029
<i>of which with related parties</i>	(25,052)	25,581
Risks and charges provisions	(8,781)	(2,606)
Amounts receivable by customers	206,107	56,755
<i>of which with related parties</i>	(78,982)	46,650
Other operational assets	(62,775)	(135,105)
<i>of which with related parties</i>	6,853	(3,157)
Other operational liabilities	5,117	74,948
<i>of which with related parties</i>	134	793
Payment of severance pay fund and defined benefits plans	(783)	(735)
Subtotal	(159,833)	(91,657)
Net cash flows from operating activities	113,106	132,529
Interest and dividends received (coverage of losses)	3,580	7,993
Interest paid	(65,744)	(47,415)
Taxes paid	(40,976)	(49,949)
A) Net cash flows produced by (absorbed by) operating activities	9,965	43,158

	31/12/13	31/12/12
CASH FLOW FROM INVESTMENT ACTIVITIES		
<u>Construction</u>		
Net investment in intangible assets	3,479	(22,575)
Investment in property, plant and machinery	(27,936)	(91,313)
Sales price or reimbursement value of property, plant and machinery	16,121	19,549
Change in investee company financing activities	(2,903)	(8,058)
<i>of which with related parties</i>	(2,624)	(8,058)
Payment for purchases of equity in associated and other investee companies	(6,966)	(194)
Amounts obtained for the sale of holdings in associated and other investee companies	28	4
Sale – purchase of securities	(60)	0
Change in other net financial receivables	4,606	0
Subtotal	(13,631)	(102,588)
<u>Concessions</u>		
Change in receivables entitlement from concessions	10,077	(10,774)
Investment in intangible fixed assets for entitlements on concession infrastructures	0	(51,327)
Net investment in tangible fixed assets	0	(7,245)
Change in equity financing activities	(22,371)	(28,384)
<i>of which with related parties</i>	(22,371)	(28,384)
Payment for acquisitions of equity holdings in associate and other investee companies	(93,422)	(63,737)
Change in other net financial receivables	(20,668)	0
Increase in receivables for financial leasing receivables related to investments	(18,604)	0
Subtotal	(144,989)	(161,467)
B) Cash flows produced by (absorbed by) investment activity	(158,619)	(264,055)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends distributed to shareholders of Astaldi	(16,639)	(16,630)
Dividends distributed to other Shareholders	(167)	(761)
Sale (Acquisitions) of treasury shares	160	(14)
Bond issues	730,000	0
Commissions on issue and placement of bonds	(19,110)	0
Reimbursements and other changes net of financial payables	(539,340)	159,707
Change in other Financial liabilities	(580)	(2,000)
<i>of which with related parties</i>	(104)	104
Reimbursement of financial leasing	(12,654)	(8,730)
Changes in consolidation area and other changes	(18,852)	33,330
C) Cash flows produced by (absorbed by) financing activities	122,818	164,902
NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (A+B+C)	(25,836)	(55,995)
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	400,215	456,210
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	374,379	400,215

EXPLANATORY NOTES TO THE CONSOLIDATED ACCOUNTS

GENERAL INFORMATION

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

The Group operates through the Parent Company Astaldi S.p.A., a public company with registered offices in Rome, Via Giulio Vincenzo Bona 65, listed on the STAR division of the Milan Stock Exchange since June 2002.

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

On the date of the drawing up of the financial statements, Astaldi S.p.A. was not subject to the management and coordination of any of its shareholders since the Company Board of Directors makes, in full and complete independence and autonomy, any and the most appropriate decisions with regard to managing the Company's activity. These consolidated financial statements were approved by the Board of Directors of the Company at the meeting of 28 March 2014.

FORM, CONTENTS AND SEGMENT INFORMATION

The consolidated financial statements of Astaldi S.p.A. Group at 31 December 2013 have been drafted in compliance with international accounting principles (International Accounting Standards - IAS and 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 n° 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 38/2005.

The Consolidated financial statements for 2013 consist of the following statements:

1. Consolidated separate income statement;
2. Consolidated comprehensive income statement;
3. Statement of consolidated financial position;
4. Consolidated cash flow statement;
5. Statement of changes in consolidated Net Equity;

6. Explanatory notes.

It should be pointed out that the Group decided to present the comprehensive income statement in two separate statements, as allowed by IAS 1.81. Therefore, the income statement consists of a statement showing the profit (loss) items for the period (consolidated separate income statement) and a second statement which starts from the profit (loss) of the period and algebraically adds “other items of comprehensive income” (consolidated comprehensive income statement).

It is likewise pointed out that the separate income statement is prepared based on a classification of each single component by nature. This classification reflects the management reporting methods used in the Group and is therefore considered more representative compared to presentation of items according to their destination, providing more relevant indications with respect to their specific sector.

With reference to the 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 cash flow statement shows cash flow for the year, broken down into operations, investments and financial activities; cash flows from operations are entered using the indirect method. It should likewise be observed that investment activities are distinguished between those regarding construction and those regarding concessions.

The statement of changes in equity was prepared in compliance with IAS 1, obviously taking into account the comprehensive economic result.

Finally, with regard to sector disclosure, 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 sectors subject to disclosure referred especially to the various geographical areas where the Group works, and were determined on the basis of the same accounting standards used for drawing up the consolidated financial statements. Refer to note 37 for the presentation of the models of the segment information.

With regard to the cash flow statement, it should be pointed out that cash flows for the year 2012, in order to ensure accurate comparability with those in the period concerned, were recalculated in a more analytical manner though without modifying the partial results of the various areas of the statement regarding operating, investment and financial activity.

DRAFTING CRITERIA

The consolidated financial statements were drafted with the prospect of corporate continuity, applying the historical cost principle, except for the items in the financial statements which, according to IFRS-EU, are entered at fair value, as

indicated in the criteria for valuation of the single items. All the values are shown in thousands of Euro unless otherwise indicated. Therefore, in some statements, the totals could be slightly different from the sum of the single amounts composing them, due to round-offs.

ACCOUNTING PRINCIPLES ADOPTED

The most significant accounting principles and valuation criteria adopted for drafting the consolidated financial statements at 31 December 2013 are shown below.

Consolidation area and principles of consolidation

The Group consolidated financial statements include the financial statements of the Parent Company Astaldi S.p.A. and of the Italian and foreign companies under direct or indirect control of Astaldi, including joint control, and have been prepared for consolidation purposes according to the IFRS accounting principles of the Astaldi Group. At the end of this note there is a list of the companies included in the consolidation area with the corresponding direct or indirect stakes of the Group together with other significant information. There follows a list of companies in the consolidation area at 31 December 2013, reporting some changes compared to the year 2012.

Construction Italy			
Company name	Method	Geographical area	%
Astaldi Aedifica S.r.l. in liquidation	Full	Italy	100.00%
Garbi Line 5 S.c.a.r.l.	Full	Italy	100.00%
Italstrade IS S.r.l.	Full	Italy	100.00%
Messina Stadio S.c.r.l. in liquid.	Full	Italy	100.00%
Ospedale del Mare S.C.r.l. in liquid.	Full	Italy	100.00%
P.F.P. S.c.p.A.	Full	Italy	99.99%
AR.GI S.c.p.A.	Full	Italy	99.99%

CO.MERI S.p.A.	Full	Italy	99.99%
Portovesme S.c.r.l. in liquid.	Full	Italy	99.98%
Toledo S.c.r.l.	Full	Italy	90.39%
Susa Dora Four S.c.r.l. in liquid.	Full	Italy	90.00%
S. Filippo S.c.r.l. in liquid.	Full	Italy	80.00%
Forum S.c.r.l. in liquid.	Full	Italy	79.99%
Bussentina S.c.r.l. in liquid.	Full	Italy	78.80%
AS. M. S.c.r.l.	Full	Italy	75.91%
Mormanno S.c.r.l. in liquid.	Full	Italy	74.99%
S.P.T. S.C.r.l.	Full	Italy	74.00%
CO.ME.NA. S.c.r.l. in liquid.	Full	Italy	70.43%
Scuola Carabinieri S.C.r.l.	Full	Italy	61.40%
Four Venti S.c.r.l. in liquid.	Full	Italy	60.00%
Sirjo Scpa	Full	Italy	60.00%
C.O.MES. in liquid. S.C.r.l.	Full	Italy	55.00%
Infralegrea Project S.p.A.	Full	Italy	51.00%
M.O.MES S.c.r.l.	Proportional	Italy	55.00%
CO.SAT S.c.r.l.	Proportional	Italy	50.00%
Metro Blu S.c.r.l.	Proportional	Italy	50.00%
Avrasya Metro Grubu Srl	Proportional	Italy	42.00%
Total Construction Italy			27

Construction Foreign			
Company name	Method	Geographical area	%
Astaldi Bulgaria LTD	Full	Europe	100.00%
Astaldi International Ltd.	Full	Europe	100.00%
Astur Construction and Trade A.S.	Full	Europe	99.98%
ASTALROM S.A.	Full	Europe	99.63%
Romairport S.p.A.	Full	Europe	99.26%
Astaldi-Max Bogl-CCCF JV S.r.l.	Full	Europe	66.00%

Italstrade CCCF JV Romis S.r.l.	Full	Europe	51.00%
Romstrade S.r.l.	Full	Europe	51.00%
Asocierii Astaldi SpA, Sc Somet sa, sc Tiab sa, sc Uti grup sa (Line 4 Bucharest)	Full	Europe	40.00%
Ic Içtas - Astaldi Insaat A.S.	Proportional	Europe	50.00%
Ica Astaldi -Ic Ictas WHSD Insaat AS	Proportional	Europe	50.00%
Astaldi Canada Inc.	Full	America	100.00%
Astaldi Construction Corporation	Full	America	100.00%
T.E.Q. Construction Enterprise Inc.	Full	America	100.00%
Constructora Astaldi Cachapoal Limitada	Full	America	99.90%
Astaldi de Venezuela C.A.	Full	America	99.80%
Consorcio Rio Pallca	Full	America	60.00%
Concorcio Obrainsa - Astaldi	Proportional	America	51.00%
Consorcio Rio Mantaro	Proportional	America	50.00%
Consorcio Rio Urubamba	Proportional	America	40.00%
Astaldi Algerie - E.u.r.l.	Full	Africa	100.00%
Astaldi International Inc.	Full	Africa	100.00%
Astaldi-Astaldi International J.V.	Full	Africa	100.00%
Groupeement de Raccordement de the Station d'El Hamma (G.R.S.H.)	Full	Africa	100.00%
Redo-Association Momentanée	Full	Africa	100.00%
Seac S.p.a.r.l. in liquid.	Full	Africa	100.00%
Astaldi Arabia Ltd.	Full	Asia	100.00%
Total Constructions, international			27

Concessions			
Company name	Method	Geographical area	%
Astaldi Concessioni S.p.A.	Full	Italy	100.00%
Ast B Parking S.r.l.	Full	Italy	100.00%
Ast VT Parking S.r.l.	Full	Italy	100.00%
A.I.2 S.r.l.	Full	Italy	75.43%
Mondial Milas - Bodrum	Full	Europe	100.00%
Ankara etlik Hastante A.S.	Proportional	Europe	51.00%
Cachapoal Inversiones Limitada	Full	America	100.00%
Inversiones Assimco Limitada	Full	America	100.00%
Valle Aconcagua S.A.	Full	America	55.00%
Total Concessions			9

Maintenance and plant			
Company name	Method	Geographical area	%
nBI Srl	Full	Italy	100.00%
3E System S.r.l	Full	Italy	100.00%
Sartori Tecnologie Industriali S.r.l.	Full	Italy	100.00%
Consorzio Stabile Busi	Full	Italy	95.00%
Tione 2008 Srl	Full	Italy	76.00%

Bielle Plant S.c.r.l.	Full	Italy	75.00%
CO.VA S.c.r.l.	Full	Italy	60.00%
CONA Plant S.c.r.l.	Proportional	Italy	50.00%
nBI Elektrik Elektromekanik Ve	Full	Europe	100.00%
Total maintenance and plant			9

MAIN CHANGES IN THE CONSOLIDATION AREA

The following table shows the changes in the consolidation area compared to the previous year:

Consolidation area at 31/12/2012 Consolidated companies no.	71
--	-----------

New companies in 2013

Company name	Event	method 31/12/2013
Astaldi Aedifica S.r.l. in liquidation	Set up	Full
Ast VT Parking S.r.l.	Set up	Full
Ast B Parking S.r.l.	Set up	Full
Concorcio Obraina – Astaldi	Set up	Proportional
Asocierii Astaldi SpA, Sc Somet sa, sc Tiab sa, sc Uti grup sa (Line 4 Bucharest)	Change in Governance	Full

Excluded from the consolidation area in 2013

Company name	Event	method 31/12/2012
Astaldi-Ozcar JV	Reduction of holding with consequent change in governance	Proportional
Metro Brescia S.r.l.	Reduction of holding with consequent change in governance	Proportional
Veneta Sanitaria Finanza di Progetto S.p.A. - V.S.F.P. S.p.A.	Change in Governance	Proportional
Euroast S.r.l. In liquid.	Liquidation	Full

Consolidation area at 31/12/2013 Consolidated companies no.	72
--	-----------

With reference to the main changes in the consolidation area it is pointed out that:

- On 1 October 2013, the partners of the Investee Association “ASTALDI S.P.A., S.C. SOMET S.A., S.C. TIAB S.A., S.C. UTI GRUP S.A.”, signed an internal agreement amending the governance rules of the Association with regard to the functioning of the Executive Committee.

Therefore, starting from this date, since the aforesaid agreement came into force, the Association must be defined as a “subsidiary” of Astaldi S.p.A.

For the purposes of verification in compliance with the provisions of international accounting principle IFRS 3, for the fair value of assets acquired and liabilities undertaken with the business combination, it should be pointed out that the relative accounting values expressed in the financial statements of the investee entity should be considered as corresponding to the relative fair value, therefore without reference to any goodwill (positive or negative).

This is because the investee entity, recently set up, has a corporate purpose limited to undertaking works for the construction of tunnels, stations, depot, multimedia terminal and relative installations for the execution of the project “Line 4. Branch 2. Bazilescu – Straulesti Park” in Bucharest (Romania).

It is pointed out in this regard that the amount of revenues of the company concerned, starting from the date of “Business combination” and up to the end of the year totalled Euro/000 16,201; it is also pointed out that the result of the initiative referred to the same portion of the year substantially recorded a break-even.

It is likewise pointed out that pursuant to the provisions of IFRS 3, the amount of revenues of the company concerned, which would have been calculated if the date of “Business combination” had been from the start of the year of these statements, would amount to Euro/000 24,726, while the result of the initiative would in any case have substantially recorded a break-even.

Finally, with reference to the determination of minority equity, it is pointed out that this was calculated with the same criteria used for the calculation of the fair value of the net assets pertaining to the Group.

- On 10 January 2013, the General Meeting of Metro Brescia S.r.l. approved an increase in share capital which, as by previous agreements between the shareholders and after renunciation of their option entitlement, was fully subscribed by the third party company Brescia Mobilità S.p.A.

In the same act, all the connected and consequent amendments were made to the Articles of Association, also regarding the corporate governance system.

In particular, following the amendments to the Articles of Association, the Group no longer exercises joint control over the activities of the Company, though still being able to exercise considerable influence over the economic and financial policies of the investee company.

Under this act, and starting from January 2013, the Company was thus classified among the associated

companies, pursuant to the provisions of IAS 28. Consequently, these consolidated financial statements use the net equity method for accounting and presenting, in the consolidated financial statements, the interests of the Group in the associated company.

In compliance with the provisions of international accounting principle IAS 31 Para. 45, on the date of loss of joint control, the fair value of the holding in Metro Brescia S.r.l. was calculated. The measurement at fair value of the assets and liabilities in the remaining holdings in the investee company after the loss of joint control, did not involve effects since the relative accounting values in the financial statements of the Company should be considered as corresponding to the relative fair values, so that no difference emerges. This is due to the fact that the company: (i) was recently set up and (ii) has a corporate purpose limited to the management of transport services regarding the light Metro line in the city of Brescia.

- With reference to Joint Venture Astaldi-Ozcar JV Oman, it is pointed out that, on 29 May 2013, the partners signed the act amending the Joint Venture Agreement, after which Astaldi S.p.A. reduced its holding from 51.00% to 0.01% since it was not wholly strategic for the Group development plans.

In particular, due to the effect of signing the afore-mentioned agreement, and following the connected and consequent amendments to the governance rules, the Joint Venture is no longer placed among the entities subject to “joint control”, but must be classified in the category of financial instruments available for sale as defined in IAS 39.

For the purposes of verifying the fair value of the remaining interest in the holdings after the loss of control, in compliance with the provisions of international accounting principle IAS 31 Para. 45A, it should be pointed out that the relative accounting values shown in the financial statements of the joint venture should be considered as corresponding with the relative fair values, and therefore without any difference being recorded.

This is due to the fact that the joint venture: (i) was recently set up; (ii) has a corporate purpose limited to the conducting of work for doubling the BidBid – Sur motorway stretch in the Sultanate of Oman and (iii) in connection with this has recently acquired the machinery necessary for undertaking these works.

- It is likewise pointed out that following the agreements made, the governance rules of the company Veneta Sanitaria Finanza di Progetto (V.S.F.P.) S.p.A. have been revised. The Company holds the concession for the design, construction and management of the Angelo Hospital in Mestre. The management period is currently under way and will end in 2032. In particular, with the signature of the new corporate agreements, the Group

no longer exercised joint control over the activities of V.S.F.P. though still being able to exercise considerable influence over the economic and financial policies of the investee company.

Starting from June 2013, V.S.F.P. was thus classified among the associated companies; consequently, pursuant to the provisions of IAS 28, the net equity method was used for the accounting and presentation in the consolidated financial statements at 31 December 2013 of the Group interest in V.S.F.P.

In compliance with the provisions of international accounting principle IAS 31 Para. 45, on the date of loss of joint control, the fair value of the holding in V.S.F.P. was determined.

The measurement at fair value of the assets and liabilities of V.S.F.P., determined at the date of the amendment of the contract agreements and on the basis of a report estimating fair value drawn up by an independent consultant, produced an overall impact on the consolidated income statement and on Group Net Equity totalling Euro/000 11,729. This amount was recorded in the item other financial income.

In particular, the fair value of the assets and liabilities of V.S.F.P. was determined by the dividend discount model (DDM), actualizing the future dividend flows expected by company management at a rate of 8.06%, representing the K_e (cost of equity) of V.S.F.P. For the purposes of the application of this method, the V.S.F.P. economic and financial plan drawn up by the Company organs was used, projected over the duration of the concession.

Furthermore, as stated in Para. 45B of IAS 31, the amounts entered by V.S.F.P. in the statement of other components in the comprehensive income statement (totalling Euro/000 3,853), referring solely to the Cash flow hedge reserve, were reclassified, in the same way as would have been done had V.S.F.P. directly removed the corresponding liabilities, from the specific equity reserve in the separate income statement.

OTHER COMPANY OPERATIONS DURING 2013

Following the 2012 agreements, the details of which are shown in the consolidated financial statements for that year, in 2013 the Group, through the purpose company AI2 S.r.l. subscribed the capital increase approved by the Board of Directors of A4 Holding S.p.A. (A4H), and the relative unopted amount, increasing its holding from 14.96% to 15.45%, thus confirming its position as the second reference shareholder of A4H company leading a complex of enterprises legally autonomous controlled by it or in which it has invested.

In August 2013, the Group also decided to amend and integrate the 2012 agreements by signing a specific addendum, in order to undertake the completion of the operation in the meantime. Due to the effect of this, and after the process of industrial, operational and corporate reorganisation of A4H, concluded in 2013, since August 2013 the Group, given the occurrence of circumstances stated in accounting principle IAS 28, paragraph 7, has been able to exercise considerable influence on A4H, enabling it to participate in the financial and management policies of the investee company.

In the light of the above and pursuant to IAS 28, and for the purposes of the drafting of the consolidated financial statements at 31 December 2013, the Group has used the net equity method for the valuation, accounting and subsequent presentation of its interests in A4H. On the basis of the provisions of paragraph 23 of the aforesaid principle, this has enabled us to estimate, at the beginning of the year, the considerable influence of the investee company at the current value (fair value) of the assets and liabilities acquired.

The fair value was determined on the basis of a specific report made by an independent consultant.

In particular the fair value of the assets and liabilities of the A4 Group was determined by the use of assets, revenue, and financial data of the holding and the single companies that are its subsidiaries or investee companies.

In this way, the value of the economic capital of the investee companies was estimated separately going upwards in the organisation chart, so that the book value of the shareholdings owned by each group company can be substituted with the respective economic value considered on a pro-quota basis.

With regard to the valuation techniques used for the economic capital of the single investee companies, it is pointed out that the major asset of the of the A4 Group, represented by the Brescia-Padua motorway (80% of the total valuation), was estimated by analysing the expected cash flows in the business plan approved by the concessionaire company ANAS S.p.A., containing estimates on traffic, investments, costs and revenue for the duration of the concession. The estimated cash flows were actualized at the rate of 7.53%, representing the WACC of the concessionaire.

The other minor assets were valued at fair value or use value.

Following this, the investment quota held by the subsidiary Ai 2 S.r.l., with an original value of Euro/000 159,606, was recalculated at Euro/000 178,126, corresponding to the fair value of the assets and liabilities of A4H, as derived from the relative estimation report.

A4 Holding Group

A4 Holding S.p.A. (A4H) is a holding for investee companies operating in the sector of infrastructures, real estate, technological networks and road works. A4H controls 100% of the capital of Autostrada Brescia Verona Vicenza Padova,

and operates mainly in motorway management and related services through corporate equity, mainly controlling holdings.

In particular, the sector of the motorway concession and promotion of new road infrastructures is managed through:

- Autostrada Brescia Verona Vicenza Padova S.p.A. – stake totalling 100%
- Società delle Tangenziali Lombardo Venete S.r.l. – stake totalling 100%
- Società delle Tangenziali Venete S.r.l. – stake totalling 100%
- G.R.A. di Padova S.p.A. – stake totalling 40%
- Pedemontana Veneta S.p.A. – stake totalling 31.92%

The services and real estate sector and connected activities includes:

- Serenissima Partecipazioni S.p.A. – stake totalling 99.99%
- Serenissima Trading S.p.A. – stake totalling 100%
- Serenissima Società di Servizi Immobiliari S.r.l. – stake totalling 75%
- Globalcar Service S.p.A. – stake totalling 66%
- Mazzi Impresa Generale Costruzioni S.p.A. – stake totalling 30%
- Serenissima SGR S.p.A. – stake totalling 27%
- Centri Interscambio Merci and Servizi C.I.S. S.p.A. – stake totalling 25.23%
- Servizi Utilities Stradale S.c.p.a. – stake totalling 25%

The following companies are in the field of technology connected with mobility and the management of activities with high information, technological and telecommunications contents:

- Serenissima Mobilità S.r.l. – stake totalling 100%
- Infracom Italy S.p.A. – stake totalling 79.16%

Finally, with regard to the design, construction and maintenance of road infrastructures in Italy and abroad we can cite Serenissima Costruzioni S.p.A. – stake totalling 100%.

Conversion of items and translation of financial statements in foreign currency

The consolidated financial statements of the Astaldi Group are drawn up in Euro, which is the functional and accounting currency of the Parent Company.

Conversion of operations in foreign currency into the operating currency

The balances included in the financial statements of each Group company are recorded in the currency of the primary economic ambient where the entity operates (operating currency). In the context of the single financial statements, the items expressed in a currency other than the operating 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, works in progress, advances to suppliers of goods and/or services, goodwill, intangible assets etc.) are initially entered at the exchange rate in force on the transaction date. The items are subsequently converted into the operating currency on the basis of the exchange rate on the closing date of the financial statements, and the resulting differences are entered in the income statement. With regard to the latter it should be pointed out that the exchange rate differences are classified on the separate income statement, on the basis of the type of equity item that has generated them.

The non-monetary items are kept at the conversion 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 entered (income statement or equity) in the same was as changes in the value of these items.

Translation of financial statements into the financial statement currency

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

- The assets and liabilities entered in financial statements are converted at the exchange rate on the closing date of the financial year;
- Costs and revenues, income and charges entered in the financial statements are converted at the average exchange rate for the period, or at the exchange rate on the transaction date should this differ significantly from the average rate;
- Equity items, excluding profit for the period, are converted at historic exchange rates;
- The “translation reserve” comprises both the exchange rate differences generated by conversion of economic items at a different exchange rate from the year-end rate, and those generated by conversion of opening equity balances at a different exchange rate from the year-end rate.

The following main exchange rates were used for the conversion into euro of economic and assets values of companies with an operational currency other than the Euro:

CURRENCY	2013		2012	
	Final December 2013	Average twelve Months 2013	Final December 2012	Average twelve Months 2012
Dinar - Algeria	107.7868	105.5803	103.3836	99.8153

New Lev - Bulgaria	1.9558	1.9558	1.9558	1.9558
Dollar - Canada	1.4671	1.3685	1.3137	1.2848
Peso - Chile	724.7688	658.2664	631.7287	625.073
Kroner - Denmark	7.4593	7.4579	7.461	7.4438
Dirham – Arab Emirates	5.0654	4.8782	4.8462	4.722
Dirham - Morocco	11.2538	11.1684	11.1424	11.0989
Nuevo Sol - Peru	3.8587	3.5904	3.3678	3.3919
Pound Sterling - UK	0.8337	0.8493	0.8161	0.8111
New Leu - Romania	4.471	4.4193	4.4445	4.4581
Rouble - Russia	45.3246	42.3248	40.3295	39.9238
US Dollar	1.3791	1.3281	1.3194	1.2856
Lira - Turkey	2.9605	2.5329	2.3551	2.3145
Bolivar - Venezuela	8.6774	8.0012	5.6664	5.5212

It should be pointed out that the exchange rate expresses the amount of foreign currency required to purchase 1 Euro.

In case of economies showing hyper-inflation under the definition set forth in IAS 29, the measurement provided in this standard shall apply.

Property, plant and machinery

Tangible assets are valued at purchase or production cost, net of accrued depreciation and any impairment. 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 capitalized exclusively within the limits in which they can meet the requirements for separate classification as an asset.

The value of an asset is adjusted by systematic depreciation, calculated in relation to the residual possibility of based on its useful life. Depreciation is applied when the asset becomes available for use. The useful life estimated by the Group 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 tangible asset, depreciation is applied 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 sales costs, with the relevant book value.

Leased property, plant and machinery

In leasing contract the lessor transfers to the lessee the use of an asset for a set period of time, in exchange for a payment or series of payments.

In some types of agreements, the economic substance of the operation may qualify them as leasing contracts even when they do not have this legal form.

The valuation of the eventual existence of leasing within a contract agreement not expressly containing this form must, as stated in accounting interpretation IFRIC 4, be based on the substance of the agreement and requires the fulfilment of two conditions:

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

The first condition is fulfilled only if a given supply of goods or services can be provided exclusively through the use of a specific asset, i.e. when it is not economically suitable or feasible for the supplier to fulfil its obligation by the use of assets alternative to the one identified, also implicitly.

The second requisite is fulfilled when *one of the following conditions is satisfied:*

- a) The purchaser has the capacity or right to manage the asset or direct others to manage it in such a way that the purchaser obtains or controls more than an insignificant amount of the production or other benefit of the asset;*
- b) The purchaser has the capacity or right to control physical access to the underlying asset while obtaining or controlling more than an insignificant amount of the production or other benefit of the asset;*
- c) The facts and circumstances indicate that an acquisition by one or more parties other than the purchaser of a more than insignificant amount of the production or other benefit produced or generated by the asset during the*

period of the agreement is a remote eventuality, and the price to be paid by the purchaser for the production is not fixed by contract for unit of product and is not equal to the current market price for unit of product at the time of the distribution of production.

In the context of IAS 17 there are two main types of leasing:

Financial Leasing:

The tangible assets held under **financial leasing** contracts, by which the risks and benefits related to ownership are substantially transferred to the Group, are entered in the financial statements, on the starting date of leasing, as assets of the Group at their current value or, if lower, at the current value of the minimum payments due for the leasing, including the amount to be paid for exercising the option to purchase. The corresponding liability towards the lessor is entered in the financial statements under financial liabilities.

If there is no reasonable certainty that ownership of the assets will be acquired upon the expiry of the leasing contract, the leased assets are amortised over the period of the duration of the leasing contract or the useful life of the asset, whichever is shorter.

Operational Leasing:

Leasing agreements by which the lessor substantially retains all the risks and benefits related to the ownership of the assets are classified as **operational leasing**. The instalments for operational leasing are entered in the income statement in the years of duration of the leasing contract.

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 recorded in the financial statements at purchase and/or production cost, including expenses that may be directly attributed during the preparation phase to bring it into operation, net of accrued amortisation (with the exception of assets with an undefined useful life, where the value is subjected to the impairment tests pursuant to IAS 36) and of eventual losses of value. Impairment starts when the asset becomes available for use, and is systematically spread according to the remaining possibility of use, i.e. on the basis of its useful life. In the year in which the intangible asset is recorded for the first time, a rate taking its actual use into account is applied.

Industrial patent rights and rights for the use of intellectual works are recorded at cost net of amortisation and impairment of value accrued over time.

Amortisation is performed starting from the financial year in which the rights for which ownership has been acquired make the asset available for use, and takes into account the useful life (2 –5 years).

Licenses and similar rights are entered at cost net of amortisation and impairment accrued over time. Amortisation is performed starting from the financial year in which the purchased right is available for use and takes into account the useful life.

Rights for the exploitation of infrastructures under concession are amortised over the duration of the concession, with criteria reflecting the way in which the economic benefits are estimated to accrue to the company. This means criteria that reflect the way in which the economic benefits are expected to accrue to the company; the amortisation rates are thus calculated taking into account, among other things, the dynamics, if significant, of the fees receivable on the basis of estimated traffic duration the concession period (revenue-based method). Amortisation takes place from the time when the right for the exploitation of the concession infrastructures start to produce the relative economic benefits.

Goodwill, recorded in relation to business combination operations, is allocated to each cash generating unit identified and is recorded under intangible assets. It represents the positive difference between the cost incurred for the acquisition of a company or a corporate branch and the quota of interest acquired with regard to the current value of these assets and liabilities composing the capital of that company or corporate branch. The potential assets and liabilities (including the respective minority interests) acquired and identifiable are entered at their current value (fair value) on the date of acquisition. The eventual negative difference, on the other hand, is recorded in the income statement at the time of purchase. Goodwill, after the initial entry, is not subject to amortisation, but tested for impairment.

Annually, or more frequently if specific events or changed circumstances indicate that goodwill may have been impaired, it is subjected to checking to identify eventual impairment of value, in accordance with the provisions of IAS 36 (Impairment of assets).

Business combinations

At the time of the first application of the IFRS-EU rules, the Group decided not to apply IFRS 3 (Business Combinations) retrospectively to the acquisitions made before 1 January 2004.

The business combinations previous to 1 January 2010 and completed within that financial year are entered according to the provisions of IFRS 3 (2004). In particular, these combinations are entered using the acquisition method, where the

acquisition cost equals fair value on the transfer date of the assets, of the liabilities incurred or undertaken, plus the costs directly attributable to the acquisition. This cost is allocated by entering the assets, liabilities and potential liabilities identifiable for the acquisition relative to fair value. Any surplus of acquisition costs compared to fair value of the share in net assets brought into the Group is recorded as goodwill; if the difference is negative, it is entered in the income statement. When the fair value of the assets, liabilities and potential liabilities can only be calculated on a provisional basis, the business combination is entered by using these provisional values. The value of minority equity is determined proportionally to the minority stake held in net assets. In business combinations undertaken in several phases, at the time of acquisition of the controlling stake, the adjustments at fair values for the net assets previous owned by the purchaser are shown under net equity. Any adjustments deriving from the completion of the valuation process are detected within twelve months from the acquisition date.

Business combinations after 1 January 2010 are entered according to the provisions of IFRS 3 (2008). In particular, these combinations are entered using the acquisition method, where the acquisition cost equals fair value on the transfer date of the assets, of the liabilities incurred or undertaken, plus the costs directly attributable to the acquisition, plus any capital instruments issued by the purchaser. The costs directly attributable to the acquisition are recorded in the income statement. The acquisition cost is allocated by entering the assets, liabilities and potential liabilities identifiable of the purchase at fair value on the acquisition date. Any surplus between the amount of the assets transferred, and the amount of any minority holding, compared to the net value of the amounts of assets and liabilities identifiable in the acquisition, valued at fair value, is entered as goodwill; or, if the balance is negative, in the income statement. The value of minority equity is determined proportionally to the minority stake held in net assets identifiable in the acquisition, or their fair value on the acquisition date.

If the fair value of the assets, liabilities and potential liabilities can only be calculated on a provisional basis, the business combination is entered by using these provisional values. Any adjustments deriving from the completion of the valuation process are detected within twelve months from the acquisition date, with adjustment of comparative data.

In business aggregations undertaken in several phases, at the time of acquisition of the controlling stake, the net assets previously owned by the purchaser are adjusted at fair value, and any differences (positive or negative) are shown in the income statement.

Completion of accounting activities related to the acquisition of the Busi Impianti corporate branch

As described in the notes to the consolidated financial statements at 31 December 2012, to which reference is made for greater details, in the second half of the previous year, the Group definitively purchased the corporate branch of Busi involved in the plant and maintenance sectors.

On the date of purchase, the current value of the assets and liabilities acquired had only been determined on a provisional basis, on the basis of a report drawn up by an independent consultant, involving a decrease totalling Euro/000 3,173 in the book value of the assets acquired.

The Group, in accordance with IFRS 3, had in any case availed itself of the twelve month period for the completion of the Purchase Price Allocation (PPA).

Consequently, the activities for the identification and valuation of the fair value of the assets and liabilities were completed in 2013 for the Busi Impianti corporate branch, and no difference emerged with respect to the amount shown in the consolidated financial statements at 31/12/2012.

The following table shows a summary, taken from the consolidated financial statements at 31/12/2012, of the Purchase Price Allocations (PPA) determined in 2012:

	(Thousands of Euro)
Fair value of net assets acquired	1,762
Minority interests	66
Cost of the Business Combination	13,330
Goodwill	(11,634)
Liquid assets, net of amounts acquired, utilised (received) for the purchase	5,635

Completion of the accounting activities related to the acquisition of T.E.Q. Construction Enterprise Inc.

The activities for identification and valuation of the *fair value* of the assets and liabilities of the Company T.E.Q. Construction Enterprise Inc., registered under Canadian law, were completed in 2013; the Group, as illustrated in the Business Combinations section of the consolidated financial statements for 2012, to which reference is made for greater details, acquired control in the third quarter of 2012.

Since the completion of the valuation activities, no differences have emerged with respect to the amounts stated in the consolidated financial statements at 31/12/2012.

The following table shows a summary, from, the consolidated financial statements at 31/12/2012, of the Purchase Price Allocations (PPA) determined in 2012 (the values are converted at the Euro/Canadian Dollar exchange rate of 1.3005 recorded on 31/10/2012, date of the acquisition of the Canadian company):

(Thousands of Euro)

Fair value of net assets acquired	0
Cost of the Business Combination	3,111
Goodwill	(3,111)
Liquid assets, net of amounts acquired, utilised (received) for the purchase	339

Investment property

An investment property is recognised as an asset when it 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 valued at purchase or production cost, increased by any additional costs, net of accrued depreciation and any impairment.

The useful life of the property 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 of tangible and intangible assets

Assets with an undefined useful life are not subject to systematic amortisation, but are subjected to an impairment test, at least once a year. Such test checks the recoverability of the value entered in the financial statements.

For assets subject to systematic amortisation and depreciation, the presence of any indicators leading to the possibility of impairment is assessed; consequently the realizable amount of the asset is estimated.

Such amount is defined as the greater between the fair value net of sale costs and the asset's value in use, with any surplus entered in the income statement.

Should the prerequisites for the previously performer impairment cease to exist, the book value of the asset is restored within the limits of the net book value. Any value restoration is recorded in the income statement. Conversely, the value

of previously amortised goodwill or an intangible asset with an undefined useful life is never restored.

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

It is pointed out that in the year 2013 the impairment procedures, conducted according to IAS 36, did not lead to any need to apply impairment to tangible assets and shareholdings.

With regard to intangible assets, it is pointed out that the Group, after conducting the tests, applied partial impairment to the intangible concession rights referring to the management of the Milas Bodrum Airport in Turkey. For further details see note 17 below.

Agreements for concession activities

Agreements for concession activities, in which the authority granting the concession is an entity of the public sector and the concessionaire is an entity of the private sector, falls within the application of IFRIC 12 if the following conditions occur:

- The authority granting the concession controls or regulates the services that the concessionaire must provide with the infrastructure, to whom it must supply them and at what price;
- The authority granting the concession controls any remaining interest in the infrastructure at the expiry date of the agreement through its ownership or in another way.

According to IFRIC 12, the right to use the infrastructure (asset under concession) to supply the service is recorded under tangible assets but as:

- A financial asset, when there is an unconditioned right of the concessionaire to receive a payment regardless of the actual use of the infrastructure;
- An intangible asset, when there is a right to charge the users for the use of the public service;
- As both an intangible asset and a financial asset (so-called “mixed method”) when the concessionaire is paid for the construction of the infrastructure with both of the above forms. In this case the intangible asset is calculated as the difference between the fair value of the investment made and the value of the financial asset obtained by the actualization of cash flows deriving from the minimum guaranteed amount.

For the measurement of the current value if the minimum guaranteed amounts, it is pointed out that the actualization

rates applied by the Group for concession agreements incorporates both the time value component and the counterpart risk. The current value measured in this way (fair value of minimum guaranteed amount) is then compared with the fair value of the construction service and, when higher, is entirely recorded at the current value under financial assets and subsequently measured at amortized cost; when lower, the difference is recorded under intangible assets. The intangible asset is then amortized over the duration of the concession in accordance with the provisions of IAS 38. There follows a table summarising the concessions of the Astaldi Group in which IFRIC 12 is applied.

PROJECT: **Design, Construction and management of three multi-storey Car Parks**

Investee Company holding the concession: Ast VT Parking S.r.l.

Consolidation Method: Full

Sector: Car Parks

Country: Italy

Description of Project: Concession contract, (formula BOT *Build-Operate-Transfer*), for the design, construction and management of three multi-storey Car Parks: Corso Stati Uniti and Porta Palazzo in Turin, Piazza Cittadella in Verona. Currently, the initiatives are being managed, after starting in December 2001 for the Corso Stati Uniti Car Park; in January 1999 for Porta Palazzo; and more recently, in June 2010 for Piazza Cittadella.

The total number of parking spaces managed is 2,153.

Authority granting concession: Municipalities of Turin and Verona

Concession expiry date: Corso Stati Uniti: February 2079; Porta Palazzo: August 2076, and Piazza Cittadella: June 2048;

PROJECT: **Design, Construction and management of two multi-storey Car Parks**

Investee Company holding the concession: Ast B Parking S.r.l.

Consolidation Method: Full

Sector: Car Parks

Country: Italy

Description of Project: Concession contract, (formula BOT *Build-Operate-Transfer*), for the Design, Construction and management of 2 multi-storey Car Parks: Piazza VIII Agosto and Riva Reno in Bologna.

Currently, the initiatives, started in March 2001, are being managed, for the Piazza VIII Agosto Car Park and more recently, in June 2009, for the Riva Reno Car Park.

The total number of parking spaces managed is 1.522.

Authority granting concession: Municipality of Bologna

Concession expiry date: Riva Reno: December 2040 and Piazza VIII Agosto: July 2058;

PROJECT: **Milas - Bodrum International Airport**

Investee Company holding the concession: Mondial Milas – Bodrum A.S. (Astaldi Group 100%)

Consolidation Method: Full

Sector: Airports

Country: Turkey

Description of Project: Concession contract, (formula BOT *Build-Operate-Transfer*), for the design, construction and management of the international terminal of the Milas - Bodrum Airport in south-western Turkey.

Authority granting concession: Turkish Ministry of Transport, Maritime Affairs and Communication

Concession expiry date: October 2015

PROJECT: **Etlik Hospital Campus**

Investee Company holding the concession: Ankara Etlik Hastane Saglik Hizmetleri Isletme Yatirim A.S. (Astaldi Group 51%)

Consolidation Method: Proportional

Sector: Healthcare

Country: Italy

Description of Project: Concession contract, (formula BOT *Build-Operate-Transfer*) for the design, construction and management of non-healthcare and commercial services in the new Etlik Hospital Campus. The complex will include six different Hospitals, where there will be a total of over 3,566 beds.

Authority granting concession: Turkish Ministry of Health

Concession expiry date: 2042

PROJECT: New Venice – Mestre Hospital

Investee Company holding the concession: Veneta Sanitaria Finanza di Progetto SpA (Astaldi Group 37%)

Consolidation Method: Valuation at Net Equity

Sector: Healthcare

Country: Italy

Description of Project: Concession contract for the design, construction and management of non-core services of the New Venice-Mestre Hospital (680 beds and 1,092 parking spaces)

Authority granting concession: ULSS 12 Venice

Concession expiry date: November 2032

PROJECT: Tuscany Hospitals

Investee Company holding the concession: S.A.T. S.p.A. (Astaldi Group 35%)

Consolidation Method: Valuation at Net Equity

Sector: Healthcare

Country: Italy

Description of Project: Concession contract, (formula BOT *Build-Operate-Transfer*) for the design, construction and management of non-core services of 4 new Hospitals of Apuane, Lucca, Pistoia and Prato in Tuscany (2,019 beds and 4,500 parking spaces)

Authority granting concession: SIOR, expression of the four local health agencies involved

Concession expiry date: July 2033

PROJECT Milan Metro Line 5

Investee Company holding the concession: Phase 1: Metro 5 SpA (Astaldi Group 38.7%); Phase 2: Metro 5 Lilla Srl (100% subsidiary of Metro 5 Spa)

Consolidation Method: Valuation at Net Equity

Sector: Metro construction

Country: Italy

Description of Project: (i) Phase 1- Concession contract, (formula BOT *Build-Operate-Transfer*) for the construction and management of Milan Metro Line 5, awarded on a PPP basis, for a total of 13.2 kilometres of metro line, 19 stations and a passenger transport capacity of 26,000 in either direction; (ii) Phase 2 - Concession contract, (formula BOT *Build-*

Operate-Transfer) for the design, construction of civil and plant works, and management of the Milan metro line in the stretch Garibaldi - San Siro that will have a route 7 km long with 10 stations.

Authority granting concession: Municipality of Milan

Concession expiry date: Phase 1: March 2038. Phase 2: December 2040

PROJECT **Milan Metro Line 4**

Investee Company holding the concession: SP M 4 ScpA (Astaldi Group 28.9%)

Consolidation Method: Valuation at Net Equity

Sector: Metro lines

Country: Italy

Description of Project: Concession contract, (formula BOT *Build-Operate-Transfer*) for the design , construction of civil and plant works and management of the new Line 4 of the Milan Metro, in the stretch San Cristoforo – Linate. The new line will have a route 15.2 km long, with 21 stations

Authority granting concession: Municipality of Milan

Concession expiry date: 2040

PROJECT: **Gebze - Orhangazi - Izmir**

Investee Company holding the concession: Otoyol Yatirim ve Isletme A.S. (Astaldi Group 18.86%)

Consolidation Method: Valuation at Net Equity

Sector: Roads and Motorways

Country: Turkey

Description of Project: Concession contract, (formula BOT *Build-Operate-Transfer*) for the design , construction and management of the motorway between Gebze and Izmir (Turkey). The work is the most important project in the motorways sector ever produced in the country, and involves the construction of 431 km of new motorway and a suspension bridge approximately 3 km long over the Sea of Marmara.

Authority granting concession: Turkish General Directorate for Motorways

Concession expiry date: 2034

PROJECT: **Third Bridge on the Bosphorus and Northern Marmara Highway**

Investee Company holding the concession: ICA Ic ICTAS - Astaldi Üçüncü Bogaz Köprüsü ve Kuzey Marmara Otoyolu Yatırım ve İşletme AS (Astaldi Group 33.3%)

Consolidation Method: Valuation at Net Equity

Sector: Roads and Motorways

Country: Turkey

Description of Project: Concession contract, (formula BOT *Build-Operate-Transfer*) for the design Construction and management of the Third Bridge on the Bosphorus and the Odayeri-Pasakoy stretch of the North Marmara Highway. The work will provide motorway and rail connection between the Asiatic and European shores of the city of Istanbul, and connection of the North Marmara Highway with the Trans-European motorway network.

Authority granting concession: Turkish General Directorate for Motorways

Concession expiry date: February 2024

PROJECT: Brescia Verona Vicenza Padua Motorway

Investee Company holding the concession: Autostrada Brescia Verona Vicenza Padova S.p.A. (Astaldi S.p.A through A4 Holding 11.65%)

Consolidation Method: Valuation at Net Equity

Sector: Roads and Motorways

Country: Italy

Description of Project: Concession contract for the concession of the A4 motorway stretch between Brescia and Padua and the A31 of the Valdistico route.

Authority granting concession: Anas S.p.A.

Concession expiry date: Year 2026

PROJECT: Motorway link to the Port of Ancona

Investee Company holding the concession: Passante Dorico S.p.a. (Astaldi S.p.a. 24%)

Consolidation Method: Valuation at Net Equity

Sector: Roads and Motorways

Country: Italy

Description of Project: The concession involves the design, construction and management of the motorway connection from the A14 to the Port of Ancona with the SS16 road link. The toll motorway will be 10.7 km long and equipped with a toll system consisting of 20 barriers. The project is part of an agreement between the Ministry of Infrastructures and Transport and the Marche Region, and was prepared by Anas SpA.

Authority granting concession: ANAS

Concession expiry date: The duration of the concession is 36 years. The end of the concession is estimated in the year 2048. The start of works is planned for the year 2016, and the design phase currently is under way.

Equity investments

The shareholdings in companies other than subsidiaries, associated companies and joint ventures, for which the consolidation area should be referred to (generally with share of less than 20%) are classified, at the time of purchase, under “equity investments” classifiable in the category of financial instruments available for sale as defined by IAS 39. These instruments are initially entered at cost, recorded at the date when the transaction took place, as representing fair value, inclusive of transaction costs directly referring to the transaction.

After initial accounting, these investments are valued at fair value, if determinable, with entry of the effects in the comprehensive income statement, and, then in a specific equity reserve. At the time of realization or entry of a loss of value due to impairment, in case of objective evidence that these instruments have undergone a significant and prolonged reduction of value, the profits and losses entered in this reserve are reclassified in the income statement.

If at the updating of the corresponding fair value the impairment has been wholly or partially recovered, the relative effects will also be entered in the comprehensive income statement, while then charging the specific reserve set up previously.

If the fair value cannot be reliably determined, the investments classified among the financial instruments available for sale are valued at cost, adjusted for impairment.

Inventories

Inventories are entered at cost or the net realizable value, whichever is lower. The value of inventories is calculated on 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

Works in progress are entered in accordance with the percentage of completion method, according to which costs, revenues and the margin are entered on the basis of activities carried out. The percentage of completion is calculated by applying the “incurred cost” (cost to cost) criterion.

Valuation reflects the best estimate of works performer at reporting date. Assumptions, underlying measurements, are periodically updated. Any economic effects deriving therefrom are accounted for in the year in which such update is made.

Contract revenues include:

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 they refer to:

- Specific legislation in 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 moreover 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 contract activity (for example, periodic maintenance, assistance and supervision during the first phase of operation of individual works).

It is likewise pointed out that contract costs include borrowing costs, as allowed by the amendment to IAS 11 in connection with the IAS 23 standard, resulting from financing specifically referred to works carried out. In fact, during the call for tenders, specific terms of payment are defined on the basis of law conditions that require the Group to perform structured financing transactions on the contract's invested capital, the relative charges for contract fee calculation.

Should it be forecasted 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 value 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 date of the financial statements occur after the date of the financial statements, the amounts entered in the financial statements are adjusted to reflect the consequent economic, financial and equity effects.

Work in progress is presented net of any provisions for depreciation and/or final losses, as well as of any advances for the contract in progress.

In this regard, it is noted that invoiced amounts related to individual interim work reports (Advances) reduce the gross contract value, if the latter is higher, and any surplus is entered 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 entered 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 provision for losses on individual contracts, it is noted that in case such provision exceed the contract value entered among assets, such excess is recorded under “Amounts due to customers”.

Such analyses are conducted on a contract-by-contract basis: in case the differential is positive (due to work in progress

being greater than the amount of advances), such amount is classified among assets under “Amounts due from customers”; on the other hand, in case this differential is negative, the amount is classified among liabilities, under “Amounts due to customers”.

Accounts receivable and financial assets

The Group classifies financial assets in the following categories:

- Assets at fair value through income statement;
- Accounts receivable and loans;
- Financial assets held to maturity;
- 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.

Initially all the financial assets are entered at fair value, increased by additional charges in case of assets other than those classified at fair value through income statement.

The Group determines the classification of its own financial assets after initial entry and, if appropriate and allowed, reviews such classification at the end of each financial year.

Financial assets at fair value through income statement

This category includes 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 stripped derivatives, are classified as held-for-trade financial instruments unless designated as effective hedging instruments. Profits or losses on assets held for trading are recorded in the income statement. Upon initial entry, financial assets may be classified as financial assets at fair value through income statement, if the following conditions are met: (i) the designation eliminates or significantly reduces the inconsistency of entry which would arise by valuing the assets or entering profits 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 valued on the basis of their fair value, in accordance with a documented risk management strategy.

Accounts receivable 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 valued at the amortised cost based on the effective interest rate method. Any impairment calculated through the impairment test is entered in the income statement. 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.

Financial assets held to maturity

This category includes assets which are not derivatives, with a pre-set maturity and for which the Group has the intention and capacity to hold to maturity. Such assets are valued at the amortised cost based on the effective interest rate method. Assets with a contract maturity within the subsequent 12 months are included within current assets. Any impairment calculated through the impairment test is entered in the income statement.

Financial assets available for sale

This category includes financial assets which are not derivatives, have been designated as such or are not classified in any of the three previous categories. They are valued at fair value, with changes in value shown against a specific equity reserve (“reserve for assets available for sale”). This reserve is entered in the income statement only when the financial asset is effectively transferred, or if there is real evidence that it has undergone a significant reduction of value. Its classification as a current or non-current asset depends on the intentions of management and the real negotiability of the asset; items expected to be realized in the subsequent 12 months are recorded under current assets.

Impairment of financial assets

At the end of each financial year the Group verifies whether any financial asset or group of financial assets were impaired according to the following criteria.

Assets valued at amortised cost

If there is actual evidence that financing or a receivable entered at amortised cost might be impaired, an impairment test is performed in order to determine the difference between the book value of the asset and the current value of estimated future cash flows (excluding losses on future amounts receivable 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 entry). The book value of the asset will be reduced by application of a provision. The amount of the loss will be entered in the income statement.

In particular, with reference to trade receivables, amortisation for impairment is made 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 decreases, the decreased value may be restored. Any subsequent restorations of value are entered in the income statement, to the extent in which the asset's book value does not exceed the amortised cost at the date of restoration.

Financial assets available for sale

In case of impairment of 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 entered in the income statement, net of any impairment previously entered in the income statement.

Reversal of value relating to equity investments classified as available for sale is not entered in the income statement.

Reversal of values relating to debt instruments is entered in the income statement if the increase in instrument's fair value may be objectively attributed to an event which occurred after impairment was entered in the income statement.

Derivatives

Derivatives are usually considered as instruments suitable for hedging and effective in neutralising the risk of underlying assets or liabilities or Astaldi Group undertakings, except when they are classed as assets held for the purpose of trading and valued at fair value through the income statement.

In particular, The Group uses derivatives within the context of hedging strategies aimed at neutralising the risk of fluctuations of cash flows expected 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 entered in a specific reserve charged to the statement of comprehensive income (“cash flow hedge reserve”), which is then entered in the separate income statement when the economic effects of the hedged item arise. The difference in fair value referable to the ineffective share is immediately entered in the separate 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 operation

had been made, or the occurrence of the underlying operation is no longer considered highly probable, the relative share of the “cash flow hedge reserve” is immediately reversed to the separate income statement. These derivatives are initially entered at fair value at the stipulation date; subsequently, such value is periodically adjusted. Derivative instruments are entered as assets when the fair value is positive, and as liabilities when the fair value is negative. Possible profit or losses deriving from changes in the fair value of derivatives not suitable for hedge accounting are entered directly in the income statement during the year. The effectiveness of hedging operations 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 the Group does not stipulate derivative contracts for speculative purposes. However, not all derivative transactions carried out for risk hedging purposes are entered according to the rules of hedge accounting.

Calculation of fair value

Fair value is defined by IFRS 13 as a criterion for market valuation, not specific for the entity, representing the price that would be received for the sale of an asset or the amount that would be paid for the transfer of a liability, in a regular transaction between market operators on the valuation date.

When is not a price cannot be identified for an identical asset or liability, the fair value is assessed by applying a valuation technique that maximizes the use of significant observable inputs and reduces to a minimum the use of non-observable inputs.

It may be suitable to use single or multiple valuation techniques. If several valuation techniques are used to measure the fair value, the results must be assessed considering the reasonableness of the range of values indicated by these results.

The three most widely used valuation techniques are as follows:

- **Market valuation method:** this uses the prices and other significant information produced by market transactions regarding assets and liabilities, or a group of assets and liabilities, identical or comparable (i.e. similar);
- **Cost method:** this reflects the amount that would be necessary at that time to replace the service capacity of an asset; and

- **Revenue method:** this converts future amounts (for example, financial flows or revenues and costs) into a single current amount at current value.

On the basis of the extent to which the significant inputs used in the context of the valuation technique used are observable, the assets and liabilities valued at fair value in the consolidated financial statements are valued and classified according to the hierarchy of fair value set forth in IFRS 13:

- **Level 1:** refers to listed prices (not adjusted) in active markets by identical assets or liabilities to which the entity can have access on the date of valuation.
- **Level 2:** inputs other than the listed prices included in Level 1, directly or indirectly observable for the assets or liabilities.
- **Level 3:** refers to inputs that are not observable for the assets or for liabilities.

The classification of the entire value of fair value of an asset or of liability is made on the basis of the level of hierarchy corresponding to the one to which reference is made, at the lowest significant input used for calculation.

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 Group transferred the right to receive cash flows from the asset and the Group: (a) has substantially transferred all risks and benefits deriving from ownership of the financial asset, or (b) has neither transferred nor kept all the risks and benefits deriving from the asset, but has transferred the control of the asset.

When the Group has transferred the rights to receive cash flow from an asset and has neither transferred nor kept all the risks and benefits or has not lost the control of the asset, the asset is entered in the Group's financial statements to the extent of the Group's 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 book value of the asset or the maximum value of the consideration the Group 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 entering in the income statement of any differences between accounting values.

Cash and cash equivalents

These include cash, deposits or other amounts with banks or other credit institutes, 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 entered at fair value, which normally corresponds to their nominal value.

Assets/liabilities connected with groups available for sale

The assets and liabilities connected with groups available for sale, the book value of which will be recovered mainly through sale rather than through continuing use, are shown separately from other assets and liabilities in the statement of financial position.

Immediately before being classified into two groups available for sale, they are entered on the basis of the specific IFRS rule applicable for each asset and liability, and subsequently entered at the book value or presumed fair value, whichever is lower, net of the relative sales costs. Eventual losses are entered immediately in the income statement.

The overall economic effects of these operations, net of the relative tax effects, are shown separately in a single item of the income statement.

Net Equity

Share capital

The share capital is the Parent Company's 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 entered as a reduction of equity. Specifically, the nominal value of treasury shares is entered 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 by the Shareholders' Meeting. Therefore, profits or losses relating to the purchase, sale, issue, or cancellation of treasury shares are not entered in the income statement.

Retained earnings

These include the economic results of previous years for the part not distributed or allocated to reserves (in case of profit) or balanced (in case of loss).

Other provisions

These are reserves deriving from first application of international accounting standards and other equity reserves (such as stock grant reserve).

Other items of the comprehensive income statement

The items under other items of the comprehensive income statement (*O.C.I. – Other Comprehensive Income*) include revenue items entered directly under the equity provisions in compliance with IFRS rules regarding their origin and changes.

The elements included in the comprehensive income statement of these consolidated financial statements are presented according to type and grouped in two categories:

(i) Those which will not subsequently be reclassified in the income statement:

- Actuarial profit and loss items from defined benefits plans (IAS 19)

(ii) Those which will subsequently be reclassified in the income statement, when certain specific conditions occur, as required in IFRS standards

- Profit and loss items deriving from the translation of the financial statements of foreign business using an operating currency other than the Euro (IAS 21)
- Profit and loss items due to the recalculation of financial assets available for sale (IAS 39)
- An effective part of profit and loss items from hedging instruments (IAS 39).

Financial liabilities

Financial liabilities are initially entered in the financial statements at fair value net of transaction costs, and are subsequently valued at their amortized costs.

Any difference between the sum received (net of transaction costs) and the nominal value of the payable is entered in the income statement by applying the actual interest rate method.

Financial liabilities are classified as current liabilities, unless the Group has the contract rights to fulfil their obligations at least more than 12 months after the financial statements date.

It is noted that the Group has not designated any financial liability at fair value through income statement.

Convertible bonds

Convertible bonds are generally financial instruments consisting of a liabilities and an equity component. At the date of issue, the fair value of the liabilities component is estimated using the current market interest rate for similar non-convertible bonds. The difference between the net amount gained for the issue and the fair value assigned to the liabilities component, which represents the implicit option to convert the bonds into Group shares, is included in Net Equity.

On the other hand, convertible bonds offering the issuer with the choice between reimbursement through ordinary shares, or alternatively by payment in cash (Cash Settlement Option), are referred to as hybrid securities

In the latter case, the relative financial liabilities are entered at amortised cost, while the implicit incorporated amount representing the conversion option is valued at fair value entered in the income statement.

Trade payables and other payables

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

Income tax

Current taxes

Current taxes for the year and those of previous years are entered at the value expected to be paid to the tax authorities.

Tax rates and tax laws used to calculate the amount are those substantially issued at the closing date of the financial statements in the individual countries where the Group operates.

Deferred tax

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

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

- Deferred tax liabilities derive from the initial valuation 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 statement, or the profit or loss calculated for tax purposes;

- Temporary taxable differences related to interests in subsidiaries, associated companies and joint ventures, the reversal of the temporary differences may be checked and it is likely that it will not occur in the future.

Deferred tax receivables are entered 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 valuation 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 value of deferred tax assets to be entered in the financial statements is reassessed at each closing date of the financial statements 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 entered are reassessed on an annual basis at the closing date of the financial statements, and are entered in the extent in which it is likely that the tax profit is sufficient to allow the deferred tax assets to be recovered.

Deferred tax, receivable and payable, 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 closing date of the financial statements.

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.

Income taxes (deferred and current) directly related to equity items are entered under equity and not in the income statement.

Employee benefits

Liabilities for benefits guaranteed to employees, issued at the time of or subsequent to the termination of employment through defined benefits plans, are recorded in the year of maturity of the entitlement in relation to the employment period required to obtain the benefits, on the basis of actuarial tables and net of any advances paid. The valuation of the liabilities is conducted by independent actuaries using the “projected unit credit method”.

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

- The costs deriving from current employment services representing the actuarial estimates of the benefits to which employees are entitled in relation to the employment services rendered during the period;
- The net interest cost representing the change in the value of liabilities during the period due to the effect of the elapse of time; and
- The costs and income deriving from amendments to defined benefits plans (“costs or income related to past employment services”) fully recognised in the period in when the changes are made.

Furthermore, the changes of value in liabilities for defined benefits plans regarding actuarial profits or losses, are wholly recorded in the year of maturity in the section Other Comprehensive Income (OCI) of the comprehensive income statement.

The liabilities referring to benefits guaranteed to employees, and paid out at the time of or subsequent to the termination of employment by a defined contributions plan, are entered for the amount accrued at the end of the year.

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

Stock grant scheme

The Parent Company has formulated an Incentive Plan for top management (Chief Executive Officer and General Managers) consisting in the assignment to them, free of charge, of Company shares upon the achieving of specific economic and financial targets.

The stock grant scheme structured in this way comes within the context for application of IFRS 2 under the category of “equity settled” operations.

The cost of the Incentives Plan is spread over the period to which the incentive refers (vesting period) and is calculated with reference to the fair value of the right assigned to top management on the date when the commitment is made, in such a way as to reflect the market conditions on the date in question.

On every closing date of the financial statements, the hypotheses are verified as to the number of Stock Grants expected to mature.

The charges referring to the year are shown in the income statement, under personnel costs, and are offset by an equity reserve.

Provisions for risks and liabilities

Allocations to provisions for risks and liabilities are recorded when, on the date of the financial statements, there is a current obligation (legal or implicit) deriving from a past event, if there is a probable outlay of resources to satisfy the obligation, and a reliable estimate can be made on the amount of the obligation.

The allocations are recorded at the value representing the best estimate of the amount that the company would pay to extinguish the obligation, or to transfer it to third parties on the closing date of the period. If the effect of actualising the value of money is significant, the allocations are calculated by actualizing the expected future financial flows at a pre-tax discount rate reflecting the current market valuation. When the actualization is applied, the increase of the allocation due to the elapsing of time is recorded as a financial charge in the income statement.

Revenues other than contract works in progress

Revenues are stated at the fair value of the amount received, taking into account eventual discounts and reductions related to quantity.

Revenues for the sale of goods are recorded when the company has transferred significant risks and the benefits connected with ownership of the goods to the purchaser; in many cases this coincides with the transfer of ownership or possession to the purchaser, or when the value of the revenues can be reliably determined.

Revenues from the providing of services are recorded, when they can be reliably estimated, on the basis of the percentage of completion.

Public contributions

Public contributions are recorded in the financial statements at fair value, when there is reasonable certainty that they will be received and all the relative conditions have been satisfied. When the contributions are correlated to cost items, they are recorded as revenues, while being spread systematically over the years in such a way as to match the costs they are intended to compensate. If the contribution is correlated to an asset, the fair value is recorded as a decrease of the said asset. It is also suspended under liabilities if the asset to which it is correlated does not come into operations, or is in the construction phase, and the relative amount does not cover the value of the asset.

Financial charges

Interest is entered on an accrual basis according to 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. Borrowing costs are capitalized according to provisions set out by IAS 23.

Dividends

Dividends are entered when the shareholders become entitled to receive the payment that normally corresponds to the dividend distribution approved by the Shareholders' Meeting. Distribution of dividends to the shareholders is recorded as a liability in the financial statements for the period in which the distribution thereof is approved by the Shareholders' Meeting.

Costs

Costs are entered on an accrual basis and on the basis of going concern of the activity of the Group companies.

Profit per share

The basic profit per share is calculated by dividing the share of the Group's economic result attributable to ordinary shares by the weighted average of outstanding ordinary shares, excluding treasury shares. The diluted profit is calculated by adjusting the denominator of the ratio with the effect of the potential ordinary shares coming from the Stock Grant schemes.

Use of estimates

The drafting of the financial statements and notes in compliance with IFRSs requires the formulation of estimates and assumptions affecting the values of assets and liabilities and the information regarding potential assets and liabilities. In the light of the Banca d'Italia/ CONSOB/Isvap Joint Document N. 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 provisions for credit risks, contract revenues, amortisation and depreciation, write-down of assets, employee benefits, taxes, other amounts allocated, 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 and approved accounting principles and interpretations effective from 1 January 2013

There follows a summary of the new EU Regulations effective at 1 January 2013.

EU Regulation 475/2012 of the Commission of 5 June 2012, published in Gazzetta Ufficiale L 146 of 6 June 2012:

Amendments to IAS 1 - Entry in financial statement of items of the other items of the comprehensive income statement and to IAS 19 - Employee benefits.

The amendments to IAS 1 are aimed at obtaining a clearer a presentation of the growing number of items composing the other items of the comprehensive income statement. This is to enable users of the financial statements to identify among the items of the other items of the comprehensive income statement the ones that might be reclassified subsequently in the statement of profit (loss) for the year.

The adoption of these amendments must be applied from the years starting after or from 1 July 2012.

The Group has adopted the amendment to IAS 1 starting from 1 January 2013 though without producing any effect with regard to the valuation of the financial statement items and with limited effects on the information provided in these consolidated financial statements.

The amendments to IAS 19 involved the elimination of the option to defer the recognition of actuarial profits and losses with the corridor method, providing for their entry among the items of the comprehensive income statement.

Furthermore, the new version of the principle no longer allows the deferral of the accounting entry of past service costs, introducing stricter rules requiring immediate and full entry in the separate income statement, in the period when amendments are made to the plan, of the cost corresponding to the increase of the commitment.

Furthermore, under these amendments the separate income statement must contain further distinctions between the economic items regarding employee benefits, as well as the introduction of additional new information.

In accordance with the transition rules set for by IAS 19 (2011) in paragraph 173, the Group has applied this principle retrospectively starting from 1 January 2013, adjusting the opening values of the financial position at 1 January 2012 and the data of the 2012 comprehensive income statement as if the amendments to IAS 19 has always been applied.

In detail, the Group has calculated the following retroactive effects deriving from the application of IAS 19 (2011):

<i>Effects on financial position</i>	<i>31/12/2011 Published</i>	<i>Effects deriving from the application of IAS 19 (2011)</i>		<i>01/01/2012 Recalculated</i>
		<i>Reclassification actuarial Gains/losses amortisation to income statement</i>	<i>Actuarial Gains/losses not recognised</i>	
<u>Group equity</u>				
Profit (loss) carried forward	40,493	287		40,780
Other items of comprehensive income statement	(37,151)	(288)	282	(37,158)
Profit (loss) for the year	71,195	1		71,196
Total Group Net Equity	465,222	0	282	465,503
<u>Minority equity</u>				
Minority Profit (loss)	729			729
Other minority items of comprehensive income statement	282	(1)	(6)	276
Minority Capital and Other Provisions	4,046	1		4,047
Total minority equity	5,057	0	(6)	5,051
<u>Liabilities</u>				
Employee benefits	7,926		(276)	7,650
Total liabilities	2,967,291	0	(276)	2,967,015
Total equity and liabilities	3,437,569	0	0	3,437,569

<i>Effects on financial position</i>	<i>31/12/2012 Published</i>	<i>Effects deriving from the application of IAS 19 (2011)</i>		<i>31/12/2012 Recalculated</i>
		<i>Reclassification actuarial Gains/losses amortisation to income statement</i>	<i>Actuarial Gains/losses not recognised</i>	
<u>Group equity</u>				
Profit (loss) carried forward	48,682	288		48,971
Other items of comprehensive income statement	(52,088)	(295)	(575)	(52,957)
Profit (loss) for the year	74,126	6		74,133
Total Group Net Equity	507,625	0	(575)	507,050
<u>Minority equity</u>				
Minority Profit (loss)	(177)			(177)
Other items of comprehensive income statement	(63)	(1)	(32)	(97)
Minority Capital and Other Provisions	47,170	1		47,171
Total Minority equity	46,930	0	(32)	46,897
<u>Liabilities</u>				
Employee benefits	8,760		607	9,367
Total liabilities	3,193,936	0	607	3,194,543
Total Net Equity and liabilities	3,748,491	0	0	3,748,491

“Translation under review from the Italian original, that remains the definitive version”

Effects on Income statement	31/12/2012 Published	Effects deriving from the application of IAS 19 (2011)		31/12/2012 Recalculated
		Reclassification actuarial Gains/losses amortisation to income statement	Actuarial Gains/losses not recognised	
<u>Effects on Separate income statement</u>				
Personnel costs	(305,439)	9	0	(305,430)
Total Costs	(2,246,648)	9	0	(2,246,639)
Operating result	211,813	9	0	211,822
Profit (loss) before tax of continued operations	129,829	9	0	129,837
Taxes	(55,879)	(2)	0	(55,882)
Profit (loss) For the year	73,949	6	0	73,956
Profit pertaining to the Group	74,126	6	0	74,133
<u>Effects on comprehensive income statement</u>				
Actuarial Profit (Loss) of defined benefits plans net of tax effect	0	(6)	(883)	(889)
Overall result pertaining to the Group	59,189	0	(856)	58,333
Overall result pertaining to Minority	(522)	0	(27)	(549)

It is likewise pointed out that, considering the negligible relevance of the effects deriving from the application of IAS 19 (2011), the balances recalculated at starting date of the first comparative year (01/01/2012) were not shown in the financial position.

EU Regulation 1255/2012 of the Commission of 11 December 2012, published in Gazzetta Ufficiale L 360 of 29 December 2012: Amendments to IFRS 1 First adoption of International Financial Reporting Standard - Serious hyper-inflation and elimination of fixed dates for new users - to IAS 12 Income tax – Deferred taxation: recovery of underlying assets, to IFRS 13 Valuation of fair value and IFRIC 20 Excavation costs in the production phase of an open air mine.

The amendments to IFRS 1 – First adoption of International Financial Reporting Standards (IFRS) – aim to provide a guide to the presentation of the financial statements in accordance with the IFRS after a period of hyper-inflation.

The amendments to IAS 12 – Income tax - require the valuation of deferred tax deriving from an asset according to the way in which the accounting value of this asset is recovered (by continuous use by sale).

IFRS 13 establishes a single IFRS framework for the valuation of fair value and provides a complete guide on how to evaluate the fair value of financial and non-financial assets and liabilities. IFRS 13 is applied when another IFRS requests or allows valuations at fair value or requests additional information on the valuations of fair value. The principle must be applied in table form from 1 January 2013

The aim of IFRIC 20 is to provide orientation on the entry of excavation costs.

The new Principles, applied starting from the financial statements for years beginning from 1 January 2013, have not produced effects on valuation of the items included in these consolidated financial statements.

EU Regulation 1256/2012 of the Commission of 13 December 2012, published in Gazzetta Ufficiale L. 360 of 29 December 2012: Amendments to IFRS 7 Financial instruments: Additional information — Compensation of financial assets and liabilities and to IAS 32 Financial instruments: Entry in financial statements — Compensation of financial assets and liabilities.

The Amendments to IFRS 7 aim to require additional quantitative information in order to allow users to better compare and reconcile the information deriving from the application of the IFRSs and those deriving from the application of the US Generally Accepted Accounting Principles (GAAP). Furthermore, the IASB has amended IAS 32 in order to provide additional orientation to reduce incongruence in the practical application of the Principle.

The Amendments to IFRS 7 must be applied starting from the financial statements of the years starting from 1 January 2013, and further amendments to IAS 32 will be applied from the financial statements of the years starting from 1 January 2014.

The Group has adopted the amendment to IFRS 7 starting from 1 January 2013 with limited effects on the information provided in these consolidated financial statements.

EU Regulation 301/2013 of the Commission of 27 March 2013, published in Gazzetta Ufficiale L. 90 of 28 March 2013: Improvements to international accounting principles – Cycle 2009-2011.

The amendments to IFRS 1 and the international accounting principles IAS 1, IAS 16, IAS 32, IAS 34, are measures with a limited scope regarding incongruence observed in the IFRS rules or clarifications of terminology.

In particular, the amendment to IFRS 1 - First adoption of international accounting principles – states that a company that has suspended application of international accounting principles in its financial statements may, if it decides to again

draft the financial statements in compliance with IFRS/IAS, or reapply IFRS 1 or apply IAS 8 as if it had never suspended. The new version of the principle also allows new users to choose, with regard to the capitalisation of financial charges, whether to apply the provisions of IAS 23 from the date of first adoption of IFRS/IAS rules or from a previous date, as indicated in paragraph 28 of IAS 23.

The new version of IAS 1 – Presentation of financial statements - clarifies the way for the presentation in the financial statements of the comparative information that the company may decide to present voluntarily in addition to that requested by the IFRS.

The amendments to IAS 16 – Property, plant and machinery – clarify that if the spare parts and equipment satisfy the requirements for being classified as “property, plant and machinery”, they must be recorded and valued according to IAS 16, otherwise they must be classified as inventories.

The amendment to IAS 32 – Financial instruments: Entry in the financial statements and additional information – states that income tax correlated to distributions to holders of instruments representing capital and those correlated to the transaction cost for operations on capital must be entered in the accounts according to the provisions of IAS 12.

The amendment to IAS 34 – Interim financial statements – states that the interim financial statements must show the total of assets and liabilities of a specific sector only if this information is duly provided to the highest operational decision making level and if it has undergone a significant change compared to the last annual financial statements presented.

The Group has adopted the amendments starting from 1 January 2013 without there being any effect with respect to the valuation of the financial statement items and the information provided in these consolidated financial statements.

EU Regulation 183/2013 of the Commission of 4 March 2013, published in Gazzetta Ufficiale L 61 of 5 March 2013: Amendments to IFRS 1 First adoption of International Financial Reporting Standard – Public financing.

The aim of the amendments to IFRS 1 is to exempt new users, at the time of transition to IFRS rules, from a full retroactive application of the provisions regarding the accounting of public financing at an interest rate lower than market rates. The amendments to IFRS 1 thus introduce a new exception to the retroactive application of the IFRS rule, requiring new users to comply with the provisions of IAS 39 Financial instruments: Entry and valuation, and of IAS 20 Accounting of public contribution and information on public assistance, regarding only the public financing existing at the date of transition to the IFRS rules.

This updated principle is applicable for new users, in accordance with the Regulations, starting from the financial statements of the years starting from 1 January 2013 and therefore cannot involve effects on valuation of financial statement items and the information provided in these consolidated financial statements.

Principles and interpretations approved and not adopted by the Group on an anticipated basis

EU Regulation 1254/2012 of the Commission of 11 December 2012, published in Gazzetta Ufficiale L 360 of 29

December 2012: Adoption of International accounting principles IFRS 10 Consolidated financial statements, IFRS 11 Agreements for joint control, IFRS 12 Information on equity holdings in other entities, amendments to IAS 27 Separate financial statements and IAS 28 Equity holdings in associated companies and joint ventures.

On 11 December 2012, the European Commission adopted EU Regulation n. 1254/2012, which approves IFRS 10, IFRS 11, IFRS 12 and the amended IAS 27 and 28. The regulation published on 29 December 2012 states that the new principles, will be applicable starting at the latest from the starting date of the first financial year starting on 1 January 2014 or on a subsequent date.

In the light of the new rules, the principles applicable to the drafting of the consolidated financial statements are now as follows:

IFRS 10 provides a single reference principle to follow for the drafting of the consolidated financial statements involving control as the basis for the consolidation of all types of entities. IFRS 10 replaces IAS 27 Consolidated and separate financial statements and Interpretation SIC 12 – Special purpose companies.

More particularly, the new IFRS 10 defines in a more specific way the concept of “control” and consequently the basis for determining which entities come within the ‘consolidation area of the Group consolidated financial statements.

In the broader definition, a company controls an investee company if and only if has at the same time:

- a) The power over the investee entity:** Effective significant capacity to manage the assets unilaterally;
- (b) Variable liabilities or entitlements to income deriving from the relationship with the investee entity;**
- c) The capacity to exercise its power on the investee entity to affect the amount of its revenue;**

The consolidation model set forth in IFRS 10 is thus not based, like the previous IAS 27, exclusively on risks and

benefits, but is based on the “power” and capacity to exercise it in the management of the entity, thus being able to have greater influence on the “economic returns”.

The adoption of the amendments to IFRS 10 do not involve significant effects on the consolidated financial statements of the Group since the subsidiaries of Astaldi S.p.A. are generally set up specifically for the execution of specific projects, and thus regulated by governance agreements allowing the Parent Company, through the exercising of an ample majority of voting rights, to determine the strategic choices and management decisions of the company in order to obtains the relative benefits. Then there are the other subsidiaries set up on the basis of the industrial development lines stated in the business plan and fully owned by the Parent Company.

IFRS 11 establishes the principles for entry in the financial statements of activities conducted by entities forming part of agreements for joint control and replaces IAS 31 Shareholding in joint ventures and SIC-13 Entities under joint control – Confferrals in kind by the parties exercising control.

IFRS 11 states that joint control occurs when several parties share control at the same time in an “arrangement”, i.e. when the decisions concerning the significant activities connected with it require the unanimous consent of the parties.

With regard to the procedures for valuation and entry in the financial statements, IFRS 11 has different procedures for:

- JOINT OPERATIONS (JO): an agreement for joint control in which the parties holding joint control have rights on the assets and obligations for the commitments stated in the agreement
- JOINT VENTURES (JV): an agreement for joint control in which the parties holding joint control have rights on the net assets of the agreement

The formulation of IFRS 11 with regard to the distinction between JO and JV is no longer based on the legal form of the entities under joint control, but rather on the rights and obligations on the co-venturers in relation to their participation in the joint arrangement, i.e. the substance of the relationship.

With regard to the entry of JVs in the consolidated financial statements, IFRS 11 eliminates the accounting option in the current IAS 31, with regard to the consolidation of JVs, consisting in the application of the proportional or net equity method, providing for only one criterion for consolidation based exclusively on the net equity method.

According to this method, since in a JO the participants in the agreement share the rights on the assets and accept the obligations for the liabilities related to the agreement, each joint operator must enter in its accounts the pro quota value of the assets, liabilities, costs and revenues of that JO.

On the date of these consolidated financial statements, the Group has estimated that the adoption of this principle will

not involve significant changes in terms of the measurement of the comprehensive economic result and the other items of consolidated equity.

IFRS 12 combines, strengthens and replaces the requirements on the information to be provided in the notes to the financial statements for subsidiaries, agreements for joint control, associated companies and non-consolidated structured entities.

The application of the new principle will produce greater obligations for information regarding (i) indication of the significant valuations used in defining the consolidation area and (ii) analyses of the type of investments and the connected risks undertaken.

Following these new IFRS rules, the IASB has also issued the amended IAS 27, regarding only the separate financial statements, and the amended IAS 28 to implement the rules introduced with IFRS 11 regarding Joint Ventures.

EU Regulation 313/2013 of the Commission of 4 April 2013, published in Gazzetta Ufficiale L. 95 of 5 April 2013:

Guide to transitory provisions (Amendments to IFRS 10, 11 and 12).

The amendments limit the obligation to provide adjusted comparative information, for the transition to IFRS 10, IFRS 11 and IFRS 12, only to the previous comparative year.

They also clarify how to adjust the comparative period if the conclusions on consolidation at the “date of first application” are not the same according to IAS 27 / SIC 12 and IFRS 10.

In particular, the following two cases could arise:

Consolidation according to IFRS 10 of a previously non-consolidated company: this requires the retrospective application of IFRS 3 Business Combinations on the date of obtaining control, as defined by IFRS 10. Any difference between the assets, liabilities and non-controlling interests and the previous book value of the holding will be entered under profits carried forward at the start of the most distant comparative period presented, or subsequently if control has been acquired on a subsequent date. There is no obligation if the shareholding was sold before the date of first application.

Non-consolidation according to IFRS 10 of a previously consolidated company: retrospective application of IFRS 10. Any difference between the assets, liabilities and non-controlling interests previously entered and the value of the equity according to IFRS 10 will be entered under profits carried forward at the start of the most distant comparative period presented, or subsequently if control has been acquired on a subsequent date.

Regarding information on non-consolidated structured entities, the obligation to present comparative information for the

years previous to the date in which IFRS 12 is applied for the first time has been abolished.

The amendments will be applicable, together with the reference principles, starting from the date of the first year starting on 1 January 2014 at the latest, or on a subsequent date.

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

The aim of the amendments is to make some modifications to International Financial Reporting Standard (IFRS) 10 and 12 and International Accounting Principle (IAS) 27 in order to define the guidelines to follow for drafting the consolidated and separate financial statements of the “investment entities”.

The main measures were as follows:

IFRS 10 was amended to require the investment entities to evaluate the subsidiaries at the fair value recorded in the income statement rather than consolidating them, in order to better reflect their business model. In particular, an “investment entity” is defined, in the context of the principle (new paragraph 27), as an entity that obtains funds from one or more investors in order to obtain profits from the management of these investments in terms of capital gain or revenues. An “investment entity” (i) normally holds more than one investment; (ii) has more than one investor; (iii) has investors that are not “related parties”; (iv) holds equity in the form of capital instruments. An “investment entity” also calculates and evaluates the yields of almost all the investments on the basis of “fair value”.

IFRS 12 was amended to require the presentation of specific information with regard to the subsidiaries of the investment entity.

Paragraph 9A of *IFRS 12* likewise states that the entity must provide information regarding the evaluations significant hypotheses according to which, in compliance with paragraph 27 of *IFRS 10*, it comes within the category of “Investment entities”.

The amendments to “IAS 27 Separate financial statements” have eliminated, in this area, the choice for “investment entities” to opt for the valuation of investments in certain subsidiaries at cost or at fair value.

IAS 27 likewise states that an investment entity is required to apply the exception to consolidation for all of its subsidiaries to present its own separate financial statements in single financial statements, while indicating this in the notes.

The amendments will be applicable starting from the starting date of the first financial year starting on 1 January 2014 or

on a subsequent date, and without any effect with regard to the valuation of the financial statement items and the information to be provided.

EU Regulation 1374/2013 of the Commission of 19 December 2013 adopting additional information on the realizable value of non-financial assets (Amendment to IAS 36).

The amendments aim to clarify the information to be provided in the disclosures on the realizable value of the assets valued at fair value net of disposal costs in which a loss or reduction of value or the reversal of a previous impairment was recorded during the year, following the impairment test.

In particular, in this respect, the new paragraphs 130 and 134 of IAS 36 introduce, for each CGU assigned with a significant part of the book value for goodwill or of intangible assets with indefinite useful life, the requirement to indicate the following information in the disclosures:

- The level of fair value hierarchy in which the valuation as a whole is classified (without considering whether “disposal costs” are observable);
- for the valuations coming under categories 2 and 3 of the fair value hierarchy (i) the description of the valuation techniques adopted to assess the fair value net of disposal costs;
- (ii) The key assumptions (including the discount rate used) on which management has based the determination of fair value.

The amendments will be applicable from the starting date of the first financial year starting on 1 January 2014 or on a subsequent date with limited effects on the information to be provided and without any effect regarding the valuation of the financial statement items.

EU Regulation 1375/2013 of the Commission of 19 December 2013 adopting the Novation of derivatives and continuation of hedge accounting (Amendment to IAS 39).

On the basis of the amendments to paragraphs 91 and 101 of IAS 39 the novation of a derivatives contract, made following legislative or regulatory provisions, that implies the replacement of the original counterpart with a key counterpart, does not represent an event involving the cessation of hedge accounting.

The amendment to IAS 39 is applicable starting from the first financial year starting on 1 January 2014 or on a subsequent date.

On the date of these consolidated financial statements, the Group has estimated that the adoption of this principle starting from 1 January 2013, would not involve any changes in terms of measurement, recording and presentation of the income and financial items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Revenues: Euro/000 2,392,871 (Euro/000 2,325,299)

At 31 December 2013 the revenues from works totalling Euro/000 2,392,871 show an increase of approximately 3% compared to the previous year. This is especially relevant if seen in a macroeconomic context that tends to be negative for Italy as well as for most European economies. This item consists of the following:

	31/12/13	31/12/12	Change
Revenues from works	2,340,865	2,275,409	65,456
Concessions - Commercial services under convention	26,676	30,137	(3,460)
Periodical instalments for plant maintenance contracts	3,912	12,544	(8,633)
Final inventories assets and plant under construction	21,417	7,209	14,209
Total	2,392,871	2,325,299	67,572

The item “revenues from works” shows the amounts of the works completed and accepted by the respective customers, including the proportional amount of long term works undertaken during the year, but not yet completed.

This item also includes Euro/000 2,268 (Euro/000 65,603 at 31/12/2012) for amounts referring to works undertaken by the Concessionaries of the Astaldi Group for construction services undertaken in the context of “Concession Agreements”.

This item has recorded an overall net increase of Euro/000 65,456, though with elements making annual comparisons difficult such as: (i) the effect of conversion of values expressed in currency other than the Euro, which produces lower volumes (though without impact on margins) following the change in exchange rates of some foreign currencies, such as the US dollar and the Rouble; (ii) the planned withdrawal from the Middle East Area.

The item “Concessions – Commercial services under convention” includes the items accrued for management services of the infrastructures, essentially due (i) to the management of the Milas-Bodrum Airport (Euro/000 14,169); (ii) at the start-up of the management phase of the commercial services connected to the management of the four Hospitals in Tuscany with specific regard to the San Jacopo Hospital in Pistoia and the Prato Hospital, inaugurated respectively in

July and September 2013 (Euro/000 2,965); (iii) and to the contribution guaranteed up to the de-consolidation date of Veneta Sanitaria Finanza di Progetto S.p.A. and the management of the Mestre Hospital (Euro/000 9,189).

The item “Periodical instalments for plant maintenance contracts”, on the other hand, refers to the activities undertaken in 2013 by the subsidiary NBI, the company operating in the plant and facility management sector, complementary to the current activities of the Group, but also useful for providing it with relevant industrial and commercial synergies, with the contribution of top level professional skills.

The item “Change in Inventories Property and Plant under construction” records the increase in book value for the plant constructed in Chile (Relaves Project), for the treatment and recovery of the copper and molybdenum contained in the waste products of the “Codelco” (Chilean National Mining Corporation) mine.

Under the Relaves Project the Chilean subsidiary Valle Aconcagua A.S has the right to the management of the facility for 20 years.

In this contract, Codelco has agreed to purchase the amount of copper and molybdenum extracted from the mine processing waste, thus guaranteeing the recovery of the investment during the management period.

In the light of the above points, the Company believes that the contract terms, pursuant to IFRIC 4, constitute a leasing contract, and has thus made the relevant accounting entries.

The revenues in terms of geographical breakdown are shown below:

	31/12/13	%	31/12/12	%	Change
Italy	812,643	33.96%	913,932	39.30%	(101,289)
Europe	1,020,134	42.63%	788,689	33.92%	231,445
America	371,508	15.53%	355,078	15.27%	16,430
Africa	144,194	6.03%	188,905	8.12%	(44,711)
Asia	44,393	1.86%	78,696	3.38%	(34,303)
Total	2,392,871	100.00%	2,325,299	100.00%	67,572

On the domestic level, production has benefitted from the positive advancement of works for the Pedemontana Lombarda Motorway and the four Hospitals in Tuscany (Lucca, Massa, Pistoia and Prato) which partially mitigate the effects of the forecast reduction of production on other projects now nearing completion (Jonica State Highway, the Pantano-Centocelle stretch of Rome Metro Line C and the Turin Railway Bypass).

On the domestic level, the contribution from the new plant sector, basically related to the activities of the investee company NBI Impianti e Energia, shows positive results.

In relation to the geographical breakdown of revenues, there has been a significant increase in Europe, benefitting from the growth recorded in works in progress in Russia (Pulkovo International Airport and St. Petersburg Motorway Bypass) and Turkey (Gebze-Orhangazi-Izmir Motorway, Phase 1 and Third Bridge on the Bosphorus - North Marmara Highway); at the same time, the comparison on an annual basis reflects the planned reduction of production volumes due to the substantial completion of some contracts in progress in Poland (NR-8 National Road) and Romania (motorway and airport works).

The American area has benefitted from the positive effect of the recent commercial entry of the Group in Canada, which took place in the third quarter of 2012, as well as (i) the development of the activities in Chile, with particular reference to the *Proyecto Minero Chuquicamata Subterráneo* and the completion of the above-mentioned Relaves Project and (ii) the advancement of the works in progress in Honduras (road works). On the other hand, this increase is partially offset by the effects of the planned reduction in volumes of production recorded in relation to the railway works in Venezuela.

With reference to the latter area, the Group, present in the country for over 40 years, still has important infrastructure initiatives in progress in railway works, a priority for Venezuela, developed under bilateral agreements signed between the governments of the two countries. However, due to the particular social and political situation in that country, especially after the death of President Chavez, the production in the period is much lower, also with respect to the major potentials of the projects.

For the African area, the production value are lower compared to the previous year, also following the slowdown of some activities regarding the construction of the Saida - Moulay – Slissen Railway in Algeria while awaiting the formalization of the technical and contract variations.

The Asian area shows a decrease of production totalling Euro/000 34.303, essentially due to the effect of the gradual withdrawal of the Group from Saudi Arabia and Oman.

For further information on this item see note 37 on Sector disclosure pursuant to IFRS 8.

2 Other Revenues: Euro/000 126,804 (Euro/000 131,598)

Other revenues, totalling Euro/000 126.804, comprise economic components not directly related to the core business of

the Group, but in any case accessory to the core business.

This item consists of the following:

	31/12/13	31/12/12	Change
Revenues from sale of goods	22,473	23,400	(927)
Services to third parties	58,829	33,357	25,472
Services to manage joint initiatives	2,871	6,893	(4,022)
Rentals and leases receivable	2,823	4,949	(2,127)
Net surpluses from disposal of tangible assets	5,593	6,968	(1,375)
Other	34,216	56,030	(21,815)
Total	126,804	131,598	(4,794)

This item shows an overall decrease of Euro/000 4,794 compared to 2012. This change, with special reference to the specific item “Other”, is due mainly to revenues that are not repeatable , for an amount of approximately Euro/000 21,000, recorded in 2012 and deriving from the definition of the economic and financial relationships with companies subject to bankruptcy procedures in relation to complex contract situations. In this context, on 31/12/2012 the Group recorded a corresponding liability, in terms of value, recorded in the item “other operating costs” (see table with changes shown in note 7 below).

On the other hand, we should point out the increase of the item “Services to third parties” to be attributed to the higher volumes recorded in the domestic area (Line 5 of the Milan Metro) and Turkey (Third Bridge on the Bosphorus - North Marmara Highway), compared to the corresponding period for the year 2012, especially due to the effect of some operations regarding agreements with subcontractors on single contracts.

3 Purchase costs: Euro/000 423,764 (Euro/000 487,584)

Purchase costs for raw materials and subsidiary materials at 31/12/2013 totalled Euro/000 423,764 with a decrease of Euro/000 63,820 compared to the corresponding period of the previous year:

	31/12/13	31/12/12	Change
Purchase costs	413,157	470,882	(57,725)
Change in inventories of raw materials, subsidiary materials consumables and goods	10,607	16,702	(6,095)
Total	423,764	487,584	(63,820)

The significant decrease in the item “Purchase costs” and “Change in inventories of raw materials, subsidiary materials,

consumables and goods” is mainly due to the completion of some contracts in the Turkey area (Milas-Bodrum Airport), the Romania area (Motorway works) and Poland (NR-8 National Road).

On the other hand, there is an increase in consumption in Russia (St. Petersburg Motorway Bypass), Chile (Proyecto Minero Chuquicamata Subterráneo and Relaves Project) and Honduras (road works) directly related to the higher production volumes achieved in 2013.

A detailed analysis of the geographical breakdown of purchase costs for raw materials and subsidiary materials is shown below:

	31/12/13	%	31/12/12	%	Change
Italy	106,566	25.15%	130,507	26.77%	(23,941)
Europe	197,036	46.50%	237,628	48.74%	(40,592)
America	92,962	21.94%	64,249	13.18%	28,713
Africa	23,993	5.66%	37,714	7.73%	(13,721)
Asia	3,206	0.76%	17,485	3.59%	(14,279)
Total	423,764	100.00%	487,584	100.00%	(63,820)

4 Service costs: Euro/000 1,411,951 (Euro/000 1,340,552)

Service costs totalling Euro/000 1,411,951 rose by Euro/000 71,399 compared to the corresponding period of the previous year.

This item consists of the following:

	31/12/13	31/12/12	Change
Consortium costs	211,318	158,681	52,637
Subcontracting and other services	947,835	912,094	35,741
Technical, administrative and legal consulting	123,897	92,585	31,312
Remuneration of directors and auditors	3,851	3,520	331
Utilities	14,023	16,555	(2,532)
Travel and travel indemnities	5,855	5,146	709
Insurance	20,781	32,672	(11,891)
Rentals and other costs	47,883	84,864	(36,981)
Rent and running expenses	8,197	9,400	(1,203)
Maintenance costs for leased assets	682	1,067	(385)
Other	27,630	23,968	3,662
Total	1,411,951	1,340,552	71,399

The consortium costs linked to the execution of works, in association with other firms in the sector, show an increase, of approximately 33%, compared to the corresponding period of the previous year, due to (i) the domestic area and especially the construction of the Pedemontana Lombarda Motorway and (ii) and the European area, and more specifically, construction works for the Łódź Fabryczna Station in Poland.

When analysing this item we should likewise observe the significant change of the item “Subcontracting and other services” which is higher compared to the corresponding period of the previous year by Euro/000 35,741.

The geographical breakdown of subcontracting costs is shown below:

	31/12/13	%	31/12/12	%	Change
Italy	315,743	33.31%	398,177	43.66%	(82,434)
Europe	431,772	45.55%	336,785	36.92%	94,987
America	129,847	13.70%	121,223	13.29%	8,623
Africa	33,410	3.52%	15,505	1.70%	17,905
Asia	37,064	3.91%	40,404	4.43%	(3,340)
Total	947,835	100.00%	912,094	100.00%	35,741

The changes included in the above table substantially reflect the production trend for the period by geographical area, showing, as stated in note 1, a significant increase in the initiatives in progress in the foreign area and namely in Russia, Turkey and Canada as compared to a reduction in the domestic area.

We can likewise observe the increase in costs for technical, administrative and legal costs recorded, essentially related to the works in progress in Russia and Turkey. This increase is especially connected with the start-up phase and the start-up of the production phase for the initiatives, involving especially significant legal and financial assistance activities for defining the works contracts as well as the planning of the works.

On the other hand, there is a fall in rental costs mainly (i) in the European area and more especially due to the fall in production volumes for the motorway contracts in the Romania area; (ii) and due to the railway works in Algeria.

5 Personnel costs: Euro/000 320,715 (Euro/000 305,430)

Personnel costs, totalling Euro/000 320,715, rose slightly compared to the corresponding period of the previous year.

This item consists of the following:

	31/12/13	31/12/12	Change
Wages and salaries	221,106	210,769	10,337
Social security charges	44,706	47,517	(2,811)
Other costs	52,681	44,583	8,098
Other benefits after employment	777	1,568	(791)
Cost of share-based payments	1,445	993	452
Total	320,715	305,430	15,285

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

The allocation of the severance pay indemnity in the context of the “defined contributions plan” is included in the item “Other benefits after employment”.

The geographical breakdown of personnel costs is shown below:

	31/12/13	%	31/12/12	%	Change
Italy	112,096	34.95%	124,068	40.62%	(11,972)
Europe	85,108	26.54%	75,612	24.76%	9,496
America	96,692	30.15%	67,082	21.96%	29,610
Africa	21,398	6.67%	21,152	6.93%	246
Asia	5,421	1.69%	17,516	5.73%	(12,095)
Total	320,715	100.00%	305,430	100.00%	15,285

As for the geographical breakdown of personnel costs, we should point out the significant increase in the foreign sector related to the higher production volumes of the construction works in progress in Russia and Chile; in the latter case, the use of subcontracting was more complex due to the need to identify firms able to guarantee the Group quality standards.

Average number of employees

The average number of employees by category is shown in the following table:

Composition of personnel	31/12/2013	31/12/2012	Change
Top management	235	207	28
Middle management	187	163	24
White collars	3,216	3,114	102
Workers	5,942	6,479	(537)
Total	9,579	9,963	(384)

In 2013 the Group had an average workforce of 9,579 employees. On an aggregate basis, figure shows a slight decrease compared to the previous year (-3.8%); it also confirms the prevalence of personnel employed abroad (86% of the total), due to the preponderance of sales produced outside of Italy, but also to the presence abroad of a larger number of contracts in progress that involve direct works.

Incentives plan for top management

Stock grant scheme

The item “Cost of share-based payments” includes the valuation of an Incentives Plan for top management linked to the achieving of specific economic and financial target. There follow the main features of the Scheme.

The Scheme consists of assigning to the Beneficiaries (Chief Executive Officer and General Managers) Astaldi shares free of charge. Six Beneficiaries have been identified: 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.

The maximum number of shares that can be assigned as a whole to the Beneficiaries during each year will equal 300.000 and they cannot exceed 900,000 shares during the three-year period of validity of the scheme.

Assignment of the shares is subordinated every year to the Company’s achievement of the economic and financial performance targets defined annually by the Board of Directors; the date of assignment of the shares, for the purposes of the Regulation, means the date of the resolution by which the Board of Directors ascertains the reaching of these targets and upon the occurrence of the aforesaid conditions required, consequently assigns the shares to the Beneficiaries.

In connection with what has been described up to this point, the implementation of the plan has determined a cost of Euro/000 1,445, with a net equity provision.

The actuarial assumptions with regard to the calculation are as follows:

- Dividend rate: 3.22%;
- Volatility: 28%;
- Risk free rate: deducted from Euroswap rates at the valuation date.

The following probabilities of reaching the performance targets have likewise been hypothesised:

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

Short term incentives scheme “Management by Objectives” (MBO)

The item “Other costs” includes Euro/000 1,158 for the valuation of a short term Incentives Plan to be issued in favour of the Chairman and CEO, in relation to the achieving of certain targets by 2014.

The maximum amount of the bonus to be paid upon achieving the set targets totals Euro/000 1,700.

The Board of Directors of 28 January 2014, after positive valuation of the Remuneration Committee, deemed the “RATING” target to be achieved, with the consequent assignment to the beneficiaries, of the corresponding part of the bonus payable, totalling Euro/000 910.

With reference to the further targets, due to the completion of a series of disposals defined on the basis of the guidelines of the Industrial Plan, it is pointed out that at the closing date of the financial statements, the relative agreements were signed, while in any case being subject to the occurrence of certain conditions that must take place by June 2014. Because of this, and on the basis of the relative actuarial valuation, the determination of the value of the employment services rendered by the beneficiaries in the year 2013 has been estimated at Euro/000 248.

6 Amortisation and depreciation: Euro/000 85,252 (Euro/000 52,616)

The costs for amortisation and depreciation totalling Euro/000 85,252 rose in absolute terms compared to the period of the previous year by Euro/000 32,636.

This item consists of the following:

	31/12/13	31/12/12	Change
Amortisation of intangible assets	27,960	10,511	17,448
Amortisation of tangible assets	43,218	41,506	1,712
Depreciation of fixed assets – Impairment Test IAS 36	13,927	0	13,927
Bad debts	148	598	(451)
Total	85,252	52,616	32,636

The increase of this item is due to the following:

- Euro/000 17,448 for the rise in amortisation of intangible assets, basically due to the Turkey area and especially to the management of the Milas-Bodrum International Airport, which started operation in May 2012. As regards

this latter project, it must be noted that starting from 2013 financial year the criterion used for the amortisation of the intangible concession rights have been readjusted in a perspective manner in order to reflect more accurately the methods through which it is assumed that the future economic benefits resulting from the use of the asset shall be recorded by the Group:

- Euro/000 1,712 for the rise in amortisation of tangible assets, especially with reference to the foreign area and in relation to contracts being executed in Chile, Peru and Russia.
- Euro/000 13,927 for the impairment of intangible concession rights in connection with the management of Milas Bodrum Airport in Turkey, after the impairment test conducted in 2013, as better specified in note 17 below;

With regard to valuations of credit impairment, it is specified that the test took into account their realizable value considering the nature of the counterpart.

7 Other operating costs: Euro/000 43,692 (Euro/000 60,456)

Other operating costs totalled Euro/000 43,692 and show a decrease of Euro/000 16,764 compared to the corresponding period of the previous year.

Details are shown in the following table:

	31/12/13	31/12/12	Change
Allocation for risks and charges	4,471	1,595	2,876
Contingent and non-existing liabilities for value adjustments	3,532	3,089	444
Tax charges	12,736	8,636	4,100
Other administrative and sundry costs	22,953	47,137	(24,184)
Total	43,692	60,456	(16,764)

The change in this item takes into account the effects connected with solving complex contract situations totalling Euro/000 21.162 recorded during the previous year, as previously commented in note 2.

At 31 December 2013, the item “Other administrative and sundry costs” basically refers to: (i) charges incurred for the definition of settlement agreements of approximately Euro/000 5,000 mainly due to the domestic and American areas; (ii) administrative management expenses of approximately Euro/000 7,000; (iii) losses for disposal of assets totalling approximately Euro/000 3,100 and (iv) bad debts in relation to substantially conclusive results regarding activities gradually conducted in the Latin American area and no longer operational, totally Euro/000 2,707.

We should also point out the increase in the item “Tax charges” mainly due to the Algerian area and essentially the charges due for the acquisition of rights for the exploitation of concessions for the extraction of gravel from quarries, mainly used for the production of cement.

Finally, we should highlight the increase in the allocation for risks and charges, recorded in the domestic area, and directly connected with previous operational situations in which the proposed settlement definition involved the probable charges to be incurred.

8 Capitalised costs for internal construction: Euro/000 1,652 (Euro/000 1,565)

The item comprises capitalised costs incurred for the internal construction of assets, especially in the domestic area and in Russia.

9 Financial income: Euro/000 110,478 (Euro/000 78,550)

Financial income rose compared to the previous year by Euro/000 31,928 and comprises the following:

	31/12/13	31/12/12	Change
Revenues from associated companies	1,153	686	467
Revaluation of equity	11,729	0	11,729
Income from other investee companies	0	552	(552)
Income from financial operations with Banks	3,621	6,118	(2,497)
Commissions on guarantees	5,620	2,049	3,571
Profits on exchange rates	28,973	22,277	6,696
Financial income on leasing contracts	665	0	665
Income from derivatives	1,501	4,142	(2,641)
Interest receivable on financial receivables from concessions	6,184	9,836	(3,653)
Other financial income	51,032	32,889	18,143
Total	110,478	78,550	31,928

The item “Other financial income” in general includes the value of late payment arrears interest payable by single customers for a total of approximately Euro/000 28,500, for works in progress in Italy and abroad, and the release of the late payment provision regarding the activities in progress in Venezuela, for an amount which, net of the effects connected with the devaluation of the strong Bolivar, recorded in under financial charges, amounts to approximately Euro/000 14,000. This determination was made because the amount of interest, also established by contract, was

defined and recognised at the end of an audit conducted by the works direction, within its own specific sphere of competence, undertaken to guarantee the contract obligations of the customer.

The item revaluation of equity includes the effects of valuation at fair value, instead of at cost in accordance with the applicable IAS 31 standard, of the holding in Veneta Sanitaria Finanza di Progetto S.p.A. This holding, entered up to the year 2012 under joint control entities, was classified in these financial statement among the associated companies, following the amendment of the specific contract agreements within the company that have substantially modified the principles of governance.

The fair value for the purposes of the recording of the shareholding was determined on the basis of a report by an independent expert, as also specified in the section “changes in the consolidation area”.

Finally, with regard to currency management, we should point out an increase in the exchange rate profits item, above all related to the domestic area in relation to monetary items expressed in Turkish Lira, an effect to be compared with the increase of exchange rate losses, shown below in the composition of financial charges and which in any case reflect the recording of the effects of the devaluation of the strong Bolivar decided by the Venezuelan government in the early months of 2013.

10 Financial charges: Euro/000 214,145 (Euro/000 163,681)

The financial charges rose compared to the previous year by Euro/000 50,464 and comprise the following:

	31/12/13	31/12/12	Change
Interest on bond issue	9,239	0	9,239
Commissions on guarantees	31,579	23,037	8,542
Charges from financial relations with Banks	55,536	48,716	6,820
Exchange rate losses	68,983	22,063	46,920
Charges on derivatives	15,139	16,016	(878)
Financial charges on leasing contracts	728	585	143
Fair value charges on the POC incorporated derivative	4,389	0	4,389
Other financial charges	28,256	30,608	(2,352)
Total	213,849	141,026	72,823
Depreciation of shareholdings	0	43	(43)
Depreciation of securities and receivables	296	22,612	(22,316)
Total	296	22,655	(22,359)

Total financial charges

214,145

163,681

50,464

The increase in this item is substantially due to:

- Interest on the convertible bond issue (Euro/000 5,903) issued by the Group in January 2013;
- Interest on the “senior unsecured” bond issue (Euro/000 3,336) used by the Group in November 2013 (for detailed information on these bond issues see note 28) ;
- The increase in commitments for operational guarantees, deriving from the increased average value of the initiatives concerning the Group, above all with regard to the foreign sector. This has produced higher commissions on guarantees totalling Euro/000 8,542 entered, in particular, with reference to the contract for the St. Petersburg Motorway Bypass;
- The increase in interest on bank loans totalling Euro/000 6,820 and mainly due to the significant investments made in the period, besides the support to the working capital of some initiatives in progress, above all in the domestic area, due to the macroeconomic difficulties not due to the Group and which are reflected over the entire sector;
- Charges on foreign exchange totalling Euro/000 46,920. This increase is mainly due (i) to the devaluation of the Rouble and the Turkish Lira affecting contracts in progress in East-Central Europe (Russia and Turkey) for an amount of approximately Euro/000 33,690 and (ii) approximately Euro/000 20,342 for Venezuela, following the devaluation of the strong Bolivar. In this regard, it is specified that the economic valuation of the projects in relation to the operating result, which is calculated with the cost to cost criterion, has always taken into account the risk coefficients and the operational and financial procedures designed to mitigate any effects that could have accrued from the possible devaluation of the local currency. This involved the substantial neutralization of these effects in the accounts for the reference period. Furthermore, it should be pointed out that the Group, in the context of a prudent exchange rate management policy, undertakes further actions to cover this devaluation risk by hedging the assets in local currency with similar debit positions. Moreover, a significant part (approximately 50%) of the contract amounts are denominated and paid for a their parte significant in Euro and the relative overall margin is calculated in this currency, besides the specific contract clauses providing for the gradual adjustment of the relative contract amounts in order to guarantee their nominal values;
- Charges from valuation at fair value of the incorporated derivative (Euro/000 4,389) deriving from the potential exercise of the cash settlement option on the convertible bond issue, with details shown in note 28.

On the other hand, the other financial charges decreased, basically due to the effect of the lower charges recorded in relation to specific financial operations on separate credit items existing for purposes of the definitive transfer, in accordance with the law and the contract, of the relative risks and benefits to the respective counterparts.

The item “other financial charges” essentially refers to the following: (i) approximately Euro/000 9,700 for charges incurred for the transfer of receivables on a no-recourse basis; (ii) approximately Euro/000 12,753 for commissions on borrowing (e.g. agency, commitment, up front etc); and (iii) approximately Euro/000 5,794 for interest on extended payment for trade payables.

Finally, it is pointed out that the item “Charges on derivatives” includes Euro/000 3,853 for reclassification in the separate income statement, applied in accordance with Para. 45B of IAS 31, of the net balance of the cash flow hedge reserve taken over by the company Veneta Sanitaria Finanza di Progetto S.p.A. in the statement of other items of the comprehensive income statement on the date of loss of joint control over the entity.

It is also pointed out that during the year, differentials were exchanged on hedging transactions, mainly interest rate swaps, totalling Euro/000 9,220. This involved the consequent reclassification of the corresponding amounts from the statement of comprehensive income to the financial charges item of the separate income statement.

The item Depreciation of securities and receivables showed a substantial fall, which in the year 2013 was essentially due (Euro/000 20,723) to valuation at fair value of late payment arrears interest receivable especially regarding the Venezuelan area.

11 Effects of valuation of equity with net equity method: Euro/000 6,302 (Euro/000 3,146)

This item comprises the values of profits and losses for the accounting of equity holdings with the net equity method, due to: (i) the first recording of the equity in A4 Holding S.p.A., as further described in the introduction to these notes, for the amount of Euro/000 19,803; (ii) the loss recorded for the associated entity COMET JV, in the context of the works, now completed, for the construction of the Copenhagen Metro, following the definition on 27 August 2013 of an arbitration decision in connection with the dispute with the customer Metroselskabet I/S, totalling Euro/000 16,839, already paid at the date of these financial statements; (iii) further profits deriving especially from equity holdings in companies operating in the concessions sector, in Italy and abroad, totalling Euro/000 3,338 as further described in note 18 below.

See annexe 3 for information on the entities valued with the net equity method.

12 Taxes: Euro/000 55.571 (Euro/000 55.882)

The total amount of taxes for the period totalled Euro/000 55,571.

The tax rate for the year, including the impact of IRAP, was 40% (2012: 43%). The decrease, compared to the similar period of the previous year, reflects the different geographical mix of the business and included the tax effects related to some foreign countries where the Group operates.

	31/12/2013	31/12/12	Change
Current income tax (*)	40,344	41,860	(1,516)
Deferred income tax (*)	11,586	4,485	7,101
IRAP current tax	6,190	7,421	(1,231)
IRAP deferred tax	(35)	314	(349)
Substitute and other tax	(2,514)	1,801	(4,315)
Total	55,571	55,882	(311)

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

The change of deferred tax mainly regards the release of the late payment arrears interest write-down provision by the Venezuela branch, described in the previous paragraphs.

There follows a breakdown for assets for deferred taxation totalling Euro/000 17,128 and liabilities for deferred tax totalling Euro/000 10,957.

	31/12/2013		31/12/2012	
Net equity	IRES	IRAP	IRES	IRAP
a) Deferred tax receivables deriving from:	34,561	415	31,827	1,769
- Taxed provisions for risks	5,981	280	8,393	380
- Taxed provisions for arrears interest risks	194	0	5,896	0
- Exchange rate differences	17,365	0	8,373	0
- Tax losses	423	0	99	0
- IFRIC 12	0	0	8,200	1,389
- Other minor items	10,598	135	866	0
b) Deferred tax payable deriving from:	(28,273)	(532)	(25,590)	(3,605)
- Buildings entered at fair value in substitution of cost	(3,752)	(532)	(3,752)	(532)
- Taxable dividends quota	(196)	0	(211)	0
- Arrears interest to be collected	(16,658)	0	(7,989)	0
- Foreign items taxable subsequent years	(10,840)	0	(2,659)	0
- IFRIC 12	0	0	(18,132)	(3,073)
- Other + cash flow hedge reserve	3,173	0	7,153	0

c) Net deferred tax receivables a) - b)	6,288	(117)	6,237	(1,836)
d) Deferred tax of the period entered on income statement	11,586	(35)	4,486	313

In the context of the analysis of these items we can point out the reclassification of assets components regarding the “Car Parks Branch”; as described in detail in note 26 below, this has been applied on the basis of the provisions of IFRS 5, under the liabilities connected with the groups available for sale.

Reconciliation, for income tax purposes only, between the tax entered 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:

	31/12/2013	%	31/12/2012	%
Pre-tax profit	138,586		129,837	
Theoretical income tax	38,111	27.50%	35,705	27.50%
Net effect of permanent increases (decreases)	5,055	3.61%	6,358	4.90%
Net effect of deferred and current taxation of foreign entities and other adjustments	8,764	6.32%	4,282	3.30%
Substitute tax and other	(2,514)	-1.80%	1,801	1.39%
IRAP (current and deferred)	6,155	4.44%	7,735	5.96%
Income tax recorded in the financial statements (current and deferred)	55,571	40.10%	55,882	43.04%

13 Profit (loss) connected with groups available for sale: Euro/000 -4,575 (Euro/000 0)

This item comprises charges and revenues, net of tax, recorded on a comprehensive basis in relation to the Car Parks Branch of Astaldi Concessioni, classified on 30 June 2013 as a group available for sale as further described in note 26 below.

	Income statement for the period 01/07/13 -31/12/13 of Groups available for sale
Revenues	377
Costs of production	(93)
Personnel costs for	(39)
Depreciation	(8,239)
Other operating costs	(321)
Operating result	(8,315)
Charges and financial income	1,543
Profit (loss) before tax	(6,772)
Taxes	2,197

Net result

(4,575)

14 Profit per share: Euro 0.77 (Euro 0.76)

Basic profit per share is calculated as follows:

Numerator	31/12/2013	31/12/2012
Profit of Parent Company's ordinary shareholders	75,213	74,133
Denominator (in units)		
Weighted average of shares (all ordinary)	98,424,900	98,424,900
Weighted average of treasury shares	(544,024)	(611,640)
Weighted average of the shares to be used for calculation of basic profit per share	97,880,876	97,813,260
Basic profit (loss) per share	0.7684	0.7579

In this respect, it can be pointed out that the stock grant scheme for managers with strategic responsibilities does not produce a significant dilution effect. Considering the effect of potential shares, already assigned and awaiting assignment to the beneficiaries for the period 2011/2012, and those that could be assigned for the period 2013, the result is Euro 0.7637.

It is likewise pointed out that in January 2013, the Parent Company completed a financing operation by the issue of equity-linked bonds totalling Euro 130,000,000 and placed with qualified Italian and foreign investors.

The bonds may become convertible, at a fixed conversion price of 7.3996 Euro, into ordinary shares of the Company, existing or newly issued, after a year has elapsed from the issue.

The Parent Company shall be entitled to settle any eventual conversion by cash payment or a combination of ordinary shares and cash.

At the date of drafting these consolidated financial statements, the calculation of the diluted profits has not taken into account the hypothetical conversion of the bond issue, since entitlement to conversion into ordinary shares is activated only starting from January 2014.

15 Property, plant and machinery: Euro/000 203,977 (Euro/000 221,094)

In 2013, tangible assets decreased by Euro/000 17,117 despite new investments totalling Euro/000 45,506.

There follows the statement of the tangible assets held at the beginning and the end of the year, with the changes that have occurred:

	Land and Buildings	General and specific plant	Excavators, Loaders and Vehicles	Various equipment and machines	Works in progress and advances	Total
Value at 31.12.2012, net of depreciation (1)	45,717	87,234	42,004	30,167	15,972	221,094
Increases deriving from acquisitions	20	14,189	17,968	9,965	3,364	45,506
Gross value	45,737	101,423	59,972	40,132	19,336	266,600
Depreciation	(1,211)	(15,214)	(14,532)	(12,223)	0	(43,180)
Other disposals	(111)	(6,004)	(2,685)	(3,721)	(167)	(12,689)
Reclassification and transfers	3	7,067	2,211	198	(9,478)	0
Exchange rate differences	(107)	(813)	(750)	(685)	(382)	(2,737)
Change in consolidation area and other changes	(409)	(2,023)	(2,366)	(892)	1,671	(4,018)
Value at 31.12.2013, net of depreciation (2)	43,902	84,436	41,850	22,808	10,980	203,977
(1) of which						
- Cost	55,097	160,469	133,022	90,082	15,972	454,643
- Depreciation fund	(9,380)	(73,236)	(91,018)	(59,915)	0	(233,549)
Net value	45,717	87,234	42,004	30,167	15,972	221,094
(2) of which						
- Cost	54,840	162,164	136,641	81,436	10,980	446,060
- Depreciation fund	(10,938)	(77,728)	(94,790)	(58,627)	0	(242,083)
Net value	43,902	84,436	41,850	22,808	10,980	203,977

The following most significant changes are pointed out:

- The increases of Euro/000 45,506 mainly regard the investments made for the projects in progress in Chile, Peru and Russia;
- Depreciation of the period totalling Euro/000 43,180;
- The disposals made in the period amount to Euro/000 12,689 and mainly regard the disposal of assets from contracts being completed in Arabia, Nicaragua Peru and Oman.

The item “Changes in the consolidation area and other changes” mainly refers to: (i) Euro/000 (5,750) for changes in fixed assets occurring after the deconsolidation of the companies Veneta Sanitaria Finanza di Progetto S.p.A., Metro Brescia S.r.l. and Astaldi-Ozcar JV, which left the consolidation area as previously commented in these notes; (ii) Euro/000 1,652 for the capitalisation of costs incurred for internal construction works, especially in the domestic area and Russia.

The value of property, plant and machinery includes a component of leased assets with a value totalling Euro/000 21.593 as shown below:

Value at 31.12.2013, net of depreciation	Land and Buildings	Specific plant	Excavators Loaders and Vehicles	Various equipment and machines	Total
Historical cost	1,196	16,250	9,965	2,177	29,588
Depreciation provision	(67)	(4,265)	(2,664)	(999)	(7,995)
Net value	1,129	11,985	7,301	1,178	21,593

16 Investment property: Euro/000 1,086 (Euro/000 1,105)

The item investment property, totalling Euro/000 1,086, comprises non-instrumental buildings and land valued at cost, having a substantially stable value compared to the previous year, and decreasing in relation to the normal rate of depreciation (Euro/000 38.2) while, on the other hand, increasing due to the effect of reclassification applied to the item property plant and machinery (Euro/000 19.9). In relation to the fair value rate, it should be pointed out that given the scarce significance of the investment in question, it was not deemed necessary to list a precise measurement nor a range of fair values.

17 Intangible assets: Euro/000 58,971 (Euro/000 107,523)

Net intangible assets are shown in the following table:

	31/12/13	31/12/12	Change
Intangible assets - Rights on infrastructures in concession	39,535	84,143	(44,609)
Goodwill	14,745	14,745	0
Other intangible assets	4,691	8,634	(3,943)
Total	58,971	107,523	(48,552)

Intangible assets – Rights on infrastructures in concession: Euro/000 39,535 (Euro/000 84,143)

The details of this item for the changes in the year are shown in the following table:

	31/12/2012	amortisation	Depreciation	Reclassification under IFRS 5	31/12/2013
Airports- Mondial Milas-Bodrum A.S.	80,193	(26,732)	(13,927)	0	39,535
Car Parks - Corso Stati Uniti (To)	258	(2)	0	(256)	0
Car Parks- Ex Manif. Tabacchi (Bo)	3,692	(66)	0	(3,626)	0
Total	84,143	(26,800)	(13,927)	(3,882)	39,535

The fall in this item, compared to the end of the previous year, is essentially due to the effects of: (i) the impairment of

intangible concession rights regarding the management of the Milas Bodrum Airport in Turkey; (ii) the normal depreciation cycle; (iii) the reclassification, applied pursuant to IFRS 5, of the values assigned to the Car Parks Branch of Astaldi Concessioni S.r.l., under assets connected with groups available for sale, as described in note 26 below.

With regard to the initiative regarding the concession for the management of the new International terminal at the Bodrum Airport (Turkey), it should be pointed out that the fact that the events of Gezi Park coincided with the peak season for the airport resulted in a lower than expected passenger traffic volume in 2013.

Moreover, taking also into account that the concession was not renewed for an additional 20 year period as made known in March 2014, the management of the subsidiary Mondial Milas Bodrum S.A., concession holder of the afore-mentioned concession, has drawn up a new Business Plan containing the new development plans formulated for the years 2014 and 2015 based on a more prudent estimate of the cash flows, also in the light of the studies conducted by Eurocontrol (the international organisation consisting of EU Member States for air traffic control and flight planning) with regard to estimated traffic.

These factors, as a specific impairment indicator, led to the impairment test being conducted in order to evaluate the recoverability of the investment in accordance with the provisions of IAS 36.

The realizable value of the investment was thus identified on the basis of the use value of the Cash Generating Unit involved in the aforesaid concession, determined by the actualization of the cash flows available for the Shareholder (DCF for the shareholder) on the basis of the new Business Plan approved by the Board of Directors of the subsidiary.

For the purposes of the application of this method, the actualization rate of expected cash flows (Ke-cost of equity) adopted for the estimate of the realizable value of the CGU was set at 16%.

The outcome of the impairment test resulted in the net impairment of the intangible concession rights totalling Euro/000 13,927 as reflected in the “depreciation” item of the separate income statement.

As regards the effect on the evaluation of the variables adopted to extrapolate the 2014-2015 cash flow projection, supported by studies developed by independent international bodies, it is pointed out, as provided for by IAS 36, the typical uncertainty affecting the growth rates of the average number of the passengers in transit forecast in the business time horizon of 15% per each financial year. To this end it is pointed out that the sensitivity analysis made highlights that the +5%/-5% change of the growth rate relative to the revenues would correspond to a change of approximately Euro/000 3,000/(3,000) of the project economic value.

Intangible fixed assets – Goodwill: Euro/000 14,745 (Euro/000 14,745)

This item does not show changes compared to the previous year. In particular, the amount of Euro/000 14,745 comprises the following:

- Euro/000 11.634 for goodwill entered following the purchase of the BUSI IMPIANTI corporate branch, as already commented in the “business combinations” section of these notes to the financial statements, with reference to the plant and maintenance sectors, allocated to the Cash Generating Unit “Plant and maintenance”, which comprises the assets of NBI and its investee companies. This combination represents the basis reference unit within the Group for which goodwill is monitored by management for management purposes, and thus to determine whether or not to retain it in the financial statements.

At the end of the year, the impairment test was performed on the book value of the CGU by comparison with the relative realizable value. In particular, the realizable value of the CGU was considered to be equal to the use value calculated by the Discounted Cash Flow (DCF) method, using the future financial flows expected by company management. For the purposes of the application of this method, the economic and financial plan approved by the Board of Directors of the subsidiary for the period 2014-2016 was used. The rate used for to actualize the cash flows was 9.1% (WACC).

The result of the impairment test confirmed the full recoverability of the goodwill recorded for the CGU “plant and maintenance”. Therefore no impairment was applied.

Moreover, it is pointed out that the sensitivity analysis made highlights how the reasonable change of the measurement of the financial parameters used to determine the actualization rate does not significantly affect the estimate results.

- Euro/000 3,111 for goodwill entered, as already mentioned in the “business combinations” section of these notes to the financial statements, following the acquisition of T.E.Q. Construction Enterprise Inc., which was allocated to the Cash Generating Unit involving the Investee Company alone. This is because it is believed that the CGU will produce financial revenues deriving from the continuity of company business, quite independent from revenues from other Group activities.

At the end of the year, the impairment test was conducted on the book value of the CGU by the comparison with the realizable value. In particular, the realizable value of the CGU was considered to equal the fair value identified by the market method using multiples of comparable companies, applied to the 2013 EBITDA, as stated in the

IAS/IFRS Reporting Package approved by the Board of Directors of the investee company.

The multiple used is the Enterprise Value/EBITDA ratio recorded as the “Average without outliers” on a sample of comparable companies. The implicit goodwill was thus calculated by adjusting the Enterprise Value to take into account the net invested capital.

The result of the impairment test on goodwill, undertaken after the acquisition of T.E.Q. Construction Enterprise Inc, did not involve the need to apply impairment.

Other intangible assets: Euro/000 4,691 (Euro/000 8,635)

The following table shows the changes of this item, with no leasing assets being present.

	Intellectual property rights	Other intangible assets	Assets in progress	Total
Value at 31.12.2012, net of amortisation (1)	1,201	4,403	3,031	8,635
Increases deriving from acquisitions	341	162	0	503
Disposals	0	0	(2,732)	(2,732)
Other changes and changes in the consolidation area	(255)	0	(299)	(554)
Gross value	1,286	4,565	0	5,851
Amortisation	(516)	(643)	0	(1,160)
Value at 31.12.2013, net of amortisation (2)	770	3,921	0	4,691
(1) of which				
- Cost	3,149	11,645	3,031	17,825
- Accumulated amortisation	(1,948)	(7,242)	0	(9,190)
Net value	1,201	4,403	3,031	8,635
(2) of which				
- Cost	2,521	11,783	0	14,304
- Accumulated amortisation	(1,751)	(7,861)	0	(9,613)
Net value	770	3,921	0	4,691

The disposals item entered in the assets in progress item regards the transfer to the company “SP M4 S.c.p.a” of the costs for design and building site installation capitalized in the year 2012, with reference to the start-up of the concession for Line 4 of the Milan Metro, temporarily assigned by the Municipality of Milan to the private partners of ATI, while awaiting the substitution by the concessionaire Company, which occurred in 2013.

The item other changes and changes in the consolidation area mainly refer to changes in assets following the deconsolidation of the companies Veneta Sanitaria Finanza di Progetto S.p.A., Metro Brescia S.r.l. and Astaldi-Ozcar JV which left the consolidation area as previously commented in the introduction to these notes.

18 Equity investments: Euro/000 395,564 (Euro/000 257,441)

The value of equity holdings in associated companies and other firms net depreciation provisions amounted to Euro/000 395,564 with an increase of Euro/000 138,123 compared to 31 December 2012.

	31/12/13	31/12/12	Change
Equity investments valued at cost	2,032	153,027	(150,994)
Equity investments valued with equity method	393,531	104,414	289,117
Total	395,564	257,441	138,123

The decrease recorded in the item “Equity investments valued at cost” is exclusively due to the reclassification of the shareholding in the company A4 Holding S.p.A. with respect to “Equity investments valued with equity method”, as already mentioned previously in these notes.

The following table, with reference to “Equity investments valued with equity method”, shows the main changes occurring in 2013:

	31/12/12	Acquisitions and underwriting/Disposals	Changes in consolidation area	Profit (loss) from valuation with equity method	Other items of comp. income statement	Decrease for dividends / Increase coverage of losses	Other changes	31/12/13
A4 Holding S.p.A	0	0	159.605	19.803	13	0	(673)	178.748
Otoyol Yatirim Ve Isletme A.S	21.044	56.921	0	(123)	(13.411)	0	0	64.431
Pacific Hydro Chacayes	27.273	0	0	(98)	3.601	(2.462)	(1.255)	27.059
Veneta Sanitaria di Progetto Spa.	0	906	23.500	2.350	504	0	0	27.260
Ica Ucuncu Bogaz Koprusu Ve Kuzey Marmara Otoyolu	0	29.253	0	0	(4.542)	0	0	24.711
METRO C S.c.p.a.	12.771	6.900	0	0	0	0	0	19.671
Metro 5 S.p.A.	9.805	0	0	1.047	3.852	0	0	14.704
S.E.I.S. S.p.A.	14.783	0	0	(234)	0	0	(193)	14.356
M.N. Metropolitana di Napoli S.p.A.	6.444	0	0	560	0	0	0	7.004
SA.T. S.p.A.	5.886	0	0	(188)	1.093	0	0	6.791
Pedelombarda S.c.p.A.	4.800	0	0	0	0	0	0	4.800
Metro Brescia S.r.l.	0	0	933	52	0	0	0	985
COMET	0	0	0	(16.839)	(1)	16.840	0	0
Other minor items	1.609	1.526	0	18	(141)	1	0	3.013
Total	104.415	95.506	184.038	6.348	(9.032)	14.379	(2.121)	393.531

It is pointed out that the results of the companies valued with the equity method, including the effects recorded in the shareholdings risk provisions, described in note 33 below, have caused a cumulative effect on the result for the year totalling Euro/000 6,302 and on the result of other items of comprehensive income statement totalling Euro/000 (9,020).

With regard to this item, it is pointed out that the main changes occurring in the year are due not only to the overall economic effect caused by valuation of the investee companies with the net equity method, but also to the following main factors:

- Change in the consolidation area of Euro/000 159,605 due to the reclassification of the book value for A4 Holding S.p.A., following the start of the year with considerable influence on the investee company occurring in the third quarter of 2013, as already mentioned in these notes;
- Changes in the consolidation area of Euro/000 24,433 due to the reclassification, following the loss of joint control, of equity holdings referring to the companies Veneta Sanitaria Finanza di Progetto S.p.A. (Euro/000 23.500) and Metro Brescia S.r.l. (Euro/000 933) as already mentioned in these notes;
- Capital account payments totalling Euro/000 56,921, made in relation to the development company “Otoyol Yatirim Ve Isletme A.S”, an entity set up under Turkish law that will develop the concession for the design, construction and management of the new Gebze-Orhangazi-Izmir motorway in Turkey;
- Capital account payments totalling Euro/000 29,253, made in relation to the development company “Ica Ic Ictas Astaldi Ucuncu Bogaz Koprusu Ve Kuzey Marmara Otoyolu Yatirim Ve Isletme A.S”, an entity set up under Turkish law that will develop the concession for the construction and management of the Third Bridge on the Bosphorus and of the Odayeri-Pasakoy stretch of the North Marmara Highway in Turkey.

We should also point out that during the year, considering the presence of impairment factors, the verification was performed of the realizable value of the shareholding in the company Metro 5 S.p.A.

The realizable value of Metro 5 S.p.A. was considered as equal to the relative use value calculated by the Discounted Cash Flow (DCF) method, actualizing the future financial flows expected by company management at a rate of 6.70% representing the WACC of this company. For the purposes of the application of this method, the economic and financial plan of the associated company was projected over the duration of the concession held by that company (2014-2040).

The result of the impairment test did not show any need to undertake the depreciation of the book value of the shareholding. Moreover, it is pointed out that the sensitivity analysis made highlights how the change in the measurement of the actualization rate (+20/-20 bps) does not significantly affects the estimate results.

With regard to verification of the recoverability of the value of other shareholdings recorded in these consolidated financial statements, we do not believe that any indicators of impairment have emerged to determine the need for further specific tests.

Finally, it is pointed out that the book values of equity holdings, as in the previous year, are shown net of payments still to be made for quotas and/or shares underwritten.

For more detailed information on the main economic and financial data of the companies valued at Net Equity, see Annexe 3.

The information on the major elements of the structure of the concessions held by associated companies are shown in the section on “agreements for concessions services” as mentioned in the introduction to these notes to the financial statements.

19 Financial assets

Non-current financial assets: Euro/000 99,786 (Euro/000 193,448)

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

	31/12/13	31/12/12	Change
Rights on receivables from concessions	18,549	135,419	(116,870)
Non-current financial receivables	46,439	50,531	(4,092)
Other financial assets from investee companies	10,401	7,498	2,903
Leasing receivables	24,397	0	24,397
Total	99,786	193,448	(93,662)

Rights on receivables from concessions include the non-current quota of the current value of the minimum payments guaranteed by the concession grantors substantially for Turkey, mainly referring to the concession for Milas-Bodrum Airport (Euro/000 15,603).

The substantial decrease of this item compared to the previous year is substantially due to the following:

- Euro/000 42,593 for the deconsolidation of the company Veneta Sanitaria Finanza di Progetto following the loss of joint control on the entity as already described in these notes;
- Euro/000 61,797 following the reclassification, in accordance with IFRS 5, in the assets connected with groups available for sale in the values of the Car Parks Branch of Astaldi Concessioni S.r.l.

The item “Non-current financial receivables” refers substantially to financial items paid in favour of associated companies expressing the Group’s investment strategy, especially in the concessions business.

The main changes of this item compared to the previous year are due to the following factors:

- Decrease of Euro/000 10,989 in the funding granted to the associated company Otoyol Yatirim Ve Isletme A.S., essentially due to the use of the proportional quota of the amounts paid, to reduce the amount due for the increase of share capital approved by the investee company in July 2013;
- Decrease of Euro/000 7,109 for the reclassification applied to the current financial assets for the amounts paid out for funding the start-up phase of some activities undertaken by the Group in the partnership in Turkey;
- Increase of Euro/000 11,054 of funding granted to the associated company Metro 5 S.p.A. and recorded following the paying of a further financial contribution to support the concession works.

The receivables for the transfer of leasing assets regard the operation, defined as such pursuant to IFRIC 4, undertaken by the subsidiary Valle Aconcagua A.S with reference to the Relaves Project as already mentioned in note 1.

On the basis of the applicable accounting principles and interpretations, the Group has removed from assets the plant for the treatment and recovery of copper and molybdenum, covered in the contract, replacing the relative value based on financial payable, with the gradual crediting of the relative financial income on the basis of the duration of leasing contract, using the effective interest rate applicable to the contract.

For “Other Financial assets from investee companies” see the detailed information on the operations with related parties attached to these notes.

Current financial assets: Euro/000 46,391 (Euro/000 17,653)

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

	31/12/13	31/12/12	Change
Financial assets deriving from concessions	15,447	16,306	(859)
Securities in portfolio	1,407	1,347	60
Derivatives	164	0	164
Current financial receivables	29,373	0	29,373
Total	46,391	17,653	28,738

The current financial assets increased compared to the previous year by Euro/000 28,738. This increase is due to: (i) Euro/000 23,007 from financial resources made available temporarily and for a period limited to the funding of the start-up phase of some activities undertaken by the Group in partnership in Turkey; (ii) Euro/000 4,913 for the funding granted

to the associated company Consorzio MM4 to support the concession works in progress. The agreements governing these works provide for the repetition of the sums by the year 2014, also in terms of the remuneration of the amount already provided.

The “Financial assets deriving from concessions” basically consist of the works in progress in Bodrum for the management of the airport international terminal.

20 Other Assets

Other Non-current assets: Euro/000 54.723 (Euro/000 39.874)

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

	31/12/13	31/12/12	Change
Indirect tax rebates	17,895	7,976	9,919
Direct tax rebates	8,439	5,305	3,134
Tax receivables	26,335	13,281	13,054
Advances to suppliers and subcontractors	2,268	2,433	(165)
Caution deposits	3,795	6,507	(2,712)
Deferred charges on insurance premiums	12,064	12,661	(597)
Deferred charges for commissions on guarantees	8,754	447	8,307
Other deferred charges	1,005	3,804	(2,800)
Receivables from social security bodies	0	16	(16)
Other sundry receivables	502	725	(223)
Other assets	28,388	26,594	1,794
Total	54,723	39,874	14,848

The change in the item tax receivables is substantially due to higher VAT rebates requested from the tax authorities, especially for the Turkey area and mainly related to initiatives with structural credit considering the special tax rules applicable.

The item “other assets”, substantially stable compared to the previous year, increased due to the effect of the increase in deferred charges for commissions on guarantees and other types for Euro/000 4,910 and on the other hand, fell in relation to the item caution deposits receivable by Euro/000 2,712.

Other Current assets: Euro/000 383,043 (Euro/000 381,022)

This item consists of the following:

	31/12/13	31/12/12	Change
Receivables from associated companies	22,098	25,321	(3,223)
Receivables from other firms	134	138	(4)

“Translation under review from the Italian original, that remains the definitive version”

Advances to suppliers and subcontractors	209,091	167,808	41,283
Receivables from third parties to supply goods and services	127,453	126,364	1,090
Receivables from employees	2,915	2,403	513
Receivables from social security bodies	2,647	2,894	(247)
Deferred charges on insurance premiums	4,282	4,202	80
Deferred charges on commissions on guarantees	2,055	2,890	(835)
Other deferred charges	1,940	2,752	(813)
Other sundry receivables	10,428	46,250	(35,822)
Total	383,043	381,022	2,021

The other current assets rose compared to the previous year by Euro/000 2,021 above all in relation to the change, mainly for the Central-Eastern European area, of the “Advances to suppliers and subcontractors”.

In particular, in the contracts in progress in Russia and Turkey, the higher production volumes recorded in the year have made it necessary to utilise subcontractors with adequate quality standing; also in relation to practice in the sector in the areas involved, this has required the payment of higher contract advances for works to be undertaken.

The item “other sundry receivables” reflects a significant reduction due to the reclassification under works in progress of the amounts (Euro/000 38,786) already involved in the transfer to a factoring company, applied after the natural expiry of the contract agreements underlying the operation.

The item “Receivables from third parties to supply goods and services” totalling Euro/000 127,453 rose compared to the previous year by Euro/000 1,090 and, as indicated in the comment on the item “other revenues”, refers to the components not directly related to production activity for works of the Company, but which are in any case accessory to the core business and with continuity over time.

There follows the geographical breakdown of the item receivables from third parties:

	31/12/13	%	31/12/12	%	Change
Italy	30,623	24.03%	25,793	20.41%	4,830
Europe	64,238	50.40%	61,653	48.79%	2,585
America	18,345	14.39%	25,459	20.15%	(7,114)
Africa	12,730	9.99%	12,132	9.60%	598
Asia	1,516	1.19%	1,325	1.05%	191
Total	127,453	100.00%	126,363	100.00%	1,090

For more details regarding the receivables from associated companies, totalling Euro/000 22,098, see the annexe with information on related parties.

It should be pointed out that the realizable value of receivables from third parties was adjusted as shown below:

31/12/2012	Allocations	Use	Other	31/12/2013
-------------------	--------------------	------------	--------------	-------------------

			Income statement	Assets & Liabilities		
Provisions for bad debts	(4,398)	(107)	43		(279)	(4,741)
Total	(4,398)	(107)	43		(279)	(4,741)

21 Inventories: Euro/000 61.711 (Euro/000 84.343)

This item has the following composition:

	31/12/13	31/12/12	Change
Raw materials, subsidiary materials and consumables	59,656	71,971	(12,315)
Products being processed and semi-finished products	113	7,245	(7,132)
Finished products and goods	1,594	1,854	(261)
Goods and materials in transit	347	3,272	(2,925)
Total	61,711	84,343	(22,632)

The following table shows the geographical breakdown of this item:

	31/12/13	%	31/12/12	%	Change
Italy	4,635	7.51%	14,780	17.52%	(10,145)
Europe	19,000	30.79%	22,651	26.86%	(3,651)
America	29,943	48.52%	34,078	40.40%	(4,135)
Africa	8,023	13.00%	10,965	13.00%	(2,943)
Asia	110	0.18%	1,869	2.22%	(1,759)
Total	61,711	100.00%	84,343	100.00%	(22,632)

The significant decrease of this item, in the domestic area, is mainly due to (Euro/000 7,696) for completion of some work phases for the construction of the Milan Metro Line 5 and the consequent utilization of the inventories recorded at 31 December 2012.

For the American area we can observe the following: (i) the change in the item “products being processed and semi-finished products” due to the completion of the plant for the recovery of the copper and molybdenum contents (Relaves Project) and the subsequent reclassification, as already commented in note 19, of the book value under financial receivables for leasing; (ii) partial compensation by the increase of inventories of “Raw materials, subsidiary materials and consumables” recorded in relation to the works regarding the “Project Idroelettrico di Cerro del Águila” in Peru.

We should also point out the decrease of this item in relation to the European area due especially to the lower production volumes of Romanian road work contracts and the contract for the Bridge over the Golden Horn in Istanbul (Haliç Bridge).

The value of inventories is lower, also substantially for the African area, due to the effect of trends in particular working phases of the Algerian railway works (Saida - Moulay – Slisen Railway, Saida Tiaret Railway).

22 Amounts receivable from customers: Euro/000 1,261,797 (Euro/000 1.058.039)

Amounts payable to customers: Euro/000 674,738 (Euro/000 479,397)

These items consist of the following:

	31/12/13	31/12/12	Change
CURRENT ASSETS			
Contract works in progress	8,837,402	7,462,049	1,375,352
Provision for write-down of final losses	(10,642)	(12,374)	1,731
Total contracts in progress	8,826,759	7,449,676	1,377,084
Advances from customers	(7,564,963)	(6,391,637)	(1,173,326)
Total Amount receivable from customers	1,261,797	1,058,039	203,758
CURRENT LIABILITIES			
Contract works in progress	1,840,650	1,256,318	584,331
Provision for write-down of final losses	(2,889)	(7,602)	4,713
Total contracts in progress	1,837,760	1,248,716	589,044
Advances from customers	(2,066,156)	(1,430,773)	(635,383)
Subtotal	(228,395)	(182,057)	(46,339)
Contract advances	(446,343)	(297,340)	(149,003)
Total Amount payable to customers	(674,738)	(479,397)	(195,341)

Contract works in progress, considered separately between the values recorded under amounts receivables from customers and those contained under amounts payable to customers, have shown, in the foreign sector, an increase with particular reference to: (i) the higher production volumes recorded in the year in relation to the construction of the motorway bypass (Western High-Speed Diameter) in St. Petersburg in Russia; (ii) the works for the construction of the Pulkovo International Airport; (iii) the start-up of the activities for the construction of the Third Bridge on the Bosphorus and the Odayeri-Pasakoy stretch of the North Marmara Highway in Turkey.

In the context of activities undertaken abroad, we should likewise point out the decrease of works in progress: (i) in the American area, essentially due to railway works in Venezuela; (ii) the African area, with particular reference to the Saida-Tiaret railway works in Algeria.

Works in progress rose, also in the domestic area, mainly in the sector of transportation infrastructures (Lots DG-21 of the Jonica State Highway, Bologna Centrale High Speed Railway Station, Line 5 of the Milan Metro).

With regard to activities in the domestic area, we should point out that after the agreement signed with the customer on 09 September 2013, specific SAL accounting was used for the amounts for works already undertaken for the First, Second and Third Functional Phase of Rome Metro Line C, for a total of Euro/000 92,243.

Finally, we can point out the increase in the item “contract advances” recorded above all in relation to: (i) the amounts received in the second quarter of the current year for the St. Petersburg Motorway Bypass in Russia; (ii) the contract advance received in relation to the contract assigning the undertaking of works for the Muskrat Falls hydroelectric plant in Canada.

With regard to the “Muskrat Falls” project, we should recall that the recently acquired contract, with an overall approximate value of CAD 1 billion, involves the construction of a hydroelectric power station and the execution of the connected works for water intakes and outlets, and is part of a broader investment which after completion will endow the Muskrat Falls facility with a capacity of over 820MW.

23 Trade receivables: Euro/000 961,860 (Euro/000 835,077)

Trade receivables rose compared to the previous year by approximately Euro/000 126,783 and comprise the following:

	31/12/13	31/12/12	Change
Receivables from customers	928,109	838,285	89,824
Receivables from associated companies	41,770	30,691	11,079
Receivables from parent companies	10	74	(64)
Receivables from other investee companies	4,510	750	3,759
Provision for bad debts	(12,539)	(34,724)	22,185
Total	961,860	835,077	126,783

The following table shows the geographical breakdown of this item:

	31/12/13	%	31/12/12	%	Change
Italy	397,977	41.38%	402,108	48.15%	(4,131)
Europe	150,877	15.69%	115,026	13.77%	35,851
America	359,633	37.39%	264,895	31.72%	94,737
Africa	36,066	3.75%	44,516	5.33%	(8,450)
Asia	17,307	1.80%	8,532	1.02%	8,775
Total	961,860	100.00%	835,077	100.00%	126,783

With regard to the geographical breakdown of trade receivables, we can observe an increase in the American area due partly to the works in progress in Canada and partly to the completion of the process for the certification of the works already completed in Venezuela. With reference to the latter area, it should be pointed out that during the year and in line with 2012, the customer has continued the activity of certification and acknowledgement of the works completed in the previous years. This is all the more relevant when taking into account the particular socio-political situation in the country after the death of President Chavez. Under this authorisation process, the works to be certified were reduced by approximately Euro/000 75,000 with consequent reclassification under receivables. In particular, this involved the certification and partial invoicing of the works completed up to: (i) July 2013 for the Puerto Cabello - La Encrucuada contract; (ii) August 2013 the Ortiz and Calabozo contracts; (iii) September 2013 for the Chaguaramas-Cabruta contract. More in general, with reference to the amounts payable by the Venezuelan government, also in the light of the recent meeting with the customer, the renewed political and trade relations between Italy and Venezuela and confirmation by the new political leadership of the importance for the country's development of the infrastructure works, including the portions mentioned, there are no conditions that would currently lead us to forecast any failure to recover the amounts owed.

In particular it is noted that although Venezuela has experienced a downgrading of the financial rating no impairment indicators are recognised since at the present time there are no information concerning the financial insolvency of the Venezuelan government, requests of renegotiation of the payment terms of current receivables and limits on the procurement of financial resources on the market by the afore-mentioned country.

This item also recorded an increase for: (i) the European area, substantially due to the contribution of the initiatives in progress in Poland (Łódź Fabryczna Station) and Turkey (Third Bridge on the Bosphorus and North Marmara Highway); (ii) the Asian area with specific reference to the high speed Stations of Jeddah and Kaec in Saudi Arabia.

On the other hand, we can point out the decrease due to the African area, especially in connection with the collection of part of the receivables for the works undertaken on the Algerian railway projects.

Trade receivables decreased, also in the domestic area, basically due to the collection of part of the amounts accruing for works undertaken for the construction of the Milan Metro Line 5; this effect was partially compensated by the increase recorded for the greater volumes recorded in the year in relation to the construction of the Pedemontana Lombarda Motorway.

The bad debt provision fell compared to the previous year and the change is shown below:

	31/12/2012	Allocations	Uses		Delta exchanges and other movements	31/12/2013
			Economic	Equity		
Bad debt provision	(11,281)	(28)	0	580	(38)	(10,767)
Provision for write-down of arrears interest	(23,443)	0	14,250	936	6,484	(1,772)
Total	(34,724)	(28)	14,250	1,516	6,446	(12,539)

The decrease of the provision for arrears interest, as commented in note 9, refers to Venezuela.

24 Tax receivables: Euro/000 105,893 (Euro/000 143,067)

This item has the following composition:

	31/12/13	31/12/12	Change
Receivables for indirect taxation	73,423	94,350	(20,927)
Receivables for direct taxation	32,667	48,915	(16,248)
Depreciation provision	(198)	(198)	0
Total	105,893	143,067	(37,175)

The decrease of this item is especially due to the item “receivables for indirect taxation” recorded above all with reference to the foreign sector and specifically with regard to Romania, Algeria and Venezuela as well as the domestic area.

There was also a decrease in “receivables for direct taxation” with reference to the domestic area, Turkey and Algeria, and more in particular, to the use by the Parent Company and investee companies of tax receivables to set off taxes payable in accordance with the law.

25 Cash and cash equivalents: Euro/000 373,772 (Euro/000 400,215)

The cash and cash equivalents decrease compared to 2012 by Euro/000 26,443 and comprise the following:

	31/12/13	31/12/12	Change
Bank and post office deposits	373,338	399,689	(26,351)
Money and cash equivalents	433	526	(92)

Total	373,772	400,215	(26,443)
-------	---------	---------	----------

In terms of geographical breakdown this item is as follows:

	31/12/13	31/12/12	Change
Italy	159,475	171,237	(11,762)
Europe	167,308	133,027	34,281
America	8	794	(786)
Africa	34,147	75,461	(41,314)
Asia	12,834	19,696	(6,862)
Total	373,772	400,215	(26,443)

For a more detailed analysis of flows of cash and cash equivalents there follows a comment on the main changes in the consolidated cash flow statement at 31/12/2013.

Information on the consolidated cash flow statement

The financial flow rates for the year 2013, including the change in bank deposits referring to the groups available for sale (Euro/000 607), show an overall decrease in net cash and cash equivalents of Euro/000 25,836, compared to a reduction of Euro/000 55,995 recorded in the previous year.

Cash flows from operational assets

The cash flow produced by operational activity during 2013, totalling Euro/000 9,965, recorded a decrease of Euro/000 33,193 compared to the corresponding period for the year 2012 (Euro/000 43,158).

This change is due to the increase in trade receivables and works in progress, which especially regarded the works in progress in Russia and Turkey – *where the effects are recorded of the full start-up of the contracts for the St. Petersburg Motorway Bypass and the construction of the Third Bridge on the Bosphorus* – as well as in Canada and Poland; partially compensated by the increase in the item “contract advances”, recorded above all in relation to (i) the amount collected in the second quarter of the current year for the St. Petersburg Motorway Bypass in Russia; (ii) the contract advance received in relation to the contract for undertaking the works for the Muskrat Falls hydroelectric plant in Canada.

Cash flows from investment activities

The cash flow for investment activities in the year 2013 totalled Euro/000 158,619 and is essentially due to:

- The payments made to cover the share capital increases approved by the companies operating in the concessions sector, totalling Euro/000 80,597; especially in Turkey – *with regard to the concessions for the*

construction and management of the Gebze – Orhangazi – Izmir Motorway and of the Third Bridge on the Bosphorus – and in Italy with reference to A4 Holding S.p.A.;

- Financial support granted to initiatives for General Construction being started up in Turkey – *Third Bridge on the Bosphorus* – totalling Euro/000 20,668;
- Capital invested, in the context of the execution of a contract defined as a financial leasing contract, for activities in progress in Chile, totalling Euro/000 18,604.

Cash flows from financing activities

In the year 2013 the management of financing activities generated net cash flows totalling Euro/000 122,818, basically regarding:

- Net cash assets acquired in January 2013 by the issue of an equity-linked bond issue of Euro/000 130,000;
- Net cash assets acquired in December by the issue, in two successive tranches, of senior unsecured bonds for a total amount of Euro/000 600,000;
- Net cash assets acquired following: (i) bilateral “committed” financing operations from Banca del Mezzogiorno in May 2013 (Euro/000 30,000); (ii) bilateral committed borrowing, agreed in December 2013 with Banca Popolare dell’Emilia Romagna (Euro/000 20,000).

Partially compensated by:

- Approximately Euro/000 195,000 from the reimbursement of short term revolving credit lines (committed and uncommitted);
- Euro/000 285,000 from the reimbursement of the proportional quota of the revolving Forward Start Facility utilised up to 31/12/2012, effected with the revenues from the senior unsecured bond;
- Approximately Euro/000 120,000 from reimbursements made in 2013, of the capital quota of committed borrowing;
- Euro/000 16,806 from cash absorbed by the dividends paid by Astaldi and other Group companies in favour of minority shareholders.

26 Assets/Liabilities connected with groups available for sale classified as held for sale:

Euro/000 60,273 (Euro/000 0) - Euro/000 39,947 (Euro/000 0)

On 23 December 2013, through the subsidiary Astaldi Concessioni S.r.l., in the context of the implementation of the strategic lines set during the approval of the pertinent industrial plan, the Group signed an agreement for the sale to a group of institutional investors of 95% of the companies AST VT S.r.l. and AST B S.r.l., holders of the concessions for the “Car Parks Branch” of the Group (consisting of the following Car Parks: “Riva Reno” and “Piazza VIII Agosto” in Bologna, “C.so Stati Uniti” and “Porta Palazzo” in Turin and “P.zza Cittadella” in Verona).

	Porta Palazzo Turin Car Park	C.so Stati Uniti Turin Car Park	P.za Cittadella Verona Car Park	P.za VIII Agosto Bologna Car Park	Ex Manif. Tabacchi Bologna Car Park	Other assets	Adjustments and rounding	31/12/2013
Intangible concession assets	0	0	0	0	1,579	0	0	1,579
Trade receivables	28	1	133	193	0	0	0	355
Rights to receivables for concessions	852	325	31,216	15,190	10,148	0	0	57,731
Other assets	9	6	213	10	68	0	(305)	1
Cash and cash equivalents	0	0	0	0	0	607	0	607
Non-current assets held for sale	889	331	31,563	15,393	11,795	607	(305)	60,273
Employee benefits	0	0	0	0	0	2	0	2
Deferred tax payable	252	(286)	3,738	4,596	222	(44)	0	8,478
Trade payables	7		2	173	74	61	(74)	244
Financial liabilities	0	0	17,560	0	10,097	1,029	(1,029)	27,657
Tax payables	0	0	0	0	0	613	0	613
Other liabilities	0	0	1,948	0	1,389	14	(397)	2,954
Liabilities directly associated with non-current assets held for sale	259	(286)	23,249	4,769	11,783	1,674	(1,501)	39,947

The assets classified as held for sale were valued at the time of recording in these statements, as required by IFRS 5, at the book value or the relative fair value net of sales costs, whichever is lower. The valuation at fair value of the net assets of the five Car Parks has led to an overall adjustment of the corresponding book values totalling Euro/000 5,589 net of fiscal effects.

With regard to the sales price agreed with the group of institutional investors for the sale of the branch, it is observed that the agreed amount will be subject to adjustments if certain revenue targets are reached in the coming years.

For further details regarding the determination of the fair value of the CGU referring to the Car Parks business, see note 34 below.

With regard to the economic components entered for the Car Parks business, already commented in note 13 above, it

should be pointed out that besides the losses mentioned for impairment Euro/000 (5,589), they also express the economic effect of the ordinary management of the Car Parks in the period, totalling Euro/000 1,014.

27 Equity: Euro/000 603,923 (Euro/000 553,948)

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

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

According to the Shareholders' Register and other information in this respect, required 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% as at 31 December 2013 are shown below:

DIRECT SHAREHOLDER	Number of shares	% stake
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%
Odin Forvaltning AS	4,828,885	4.906%
Norges Bank	2,118,499	2.152%
Pictet Asset Management Ltd	2,065,633	2.099%
FMR LLC	1,999,104	2.031%
Total holders of major equity investments	62,845,583	63.851%
Treasury shares	520,120	0.528%
Market	35,059,197	35.620%
General total	98,424,900	100.000%

Therefore, the shares in circulation at 31 December 2013 totalled 97,904,780 (97,816,713 shares at 31/12/2012) and recorded an increase of 88,067 shares, compared to the previous year, calculated as follows:

Shares in circulation in 2013	
01/01/2013	97,816,713
Withdrawals for buy back	(289,336)
Entries for buy back and for stock grant scheme	377,403
31/12/2013	97,904,780

At the draft of these Financial Statements there were no shares subject to encumbrances.

The Parent Company shares regularly consigned to employees under the stock grant scheme totalled 1,063,300 shares at the end of the year (1,038,300 at the end of 2012).

Other financial instruments offering the right to subscribe newly-issued shares

On 23 January 2013, the parent company launched an equity-linked bond offer with a 6-year duration, of a nominal total amount of Euro 130 million, completely placed with qualified Italian and foreign investors on 24 January 2013.

The bonds may become convertible into existing or newly-issued ordinary company shares after one year from the issue date. The bond conversion price has been set at Euro 7.3996 that incorporates a conversion premium of 35% of the average weighted price for Astaldi shares traded on the Italian Stock Exchange during the interval from the bond launch to pricing, equal to Euro 5.4812.

The Company shall be entitled to settle any conversion through payment in cash or a combination of ordinary shares and cash (cash settlement option).

To this end, the Shareholders' Meeting of 23 April 2013 approved the proposed share capital increase, reserved exclusively and irrevocably to serve the equity-linked bond loan, in cash, by payment and in tranches, with exclusion of the right of option pursuant to Article 2441, subsection 5 of the Italian Civil Code for a maximum, nominal total of Euro/000 35,137, to be released on one or on several occasions through the issue of a maximum of 17,568,517 ordinary company shares of a nominal value of Euro 2.00 with the same characteristics as ordinary shares in circulation. The number of shares involved in the conversion shall be calculated by dividing the nominal amount of shares, in relation to which the conversion application was submitted, by the conversion price.

Treasury shares held by the Parent Company: Euro/000 -1,040 (Euro/000 1,216)

The treasury shares owned by the Parent Company at the end of the year totalled 520,120 equivalent to 0.528% of share capital (608,187 shares in 2011), with the nominal value totalling Euro/000 1,040 being entered in accordance with the international accounting standards as decrement of the share capital.

Equity reserves: Euro/000 287,799 (Euro/000 237,284)

A breakdown of equity reserves can be found in the following table:

	31/12/13	31/12/12	Difference
Legal reserve	26,201	23,930	2,271
Extraordinary reserve	244,376	218,262	26,114
Retained earnings and accrued losses	75,844	48,971	26,873

Other reserves	114	(921)	1,035
Other items of comprehensive income statement	(58,735)	(52,957)	(5,778)
Total	287,799	237,284	50,515

- Legal reserve

The legal reserve increased by Euro/000 2,271 in relation to the provision set forth in Art. 2430 of the Italian Civil Code.

- Extraordinary reserve

The extraordinary reserve increased compared to the previous year by Euro/000 26,114. This results from: Euro/000 25,823 as the remaining amount of the allocation of balance sheet profit of the Parent Company for 2012; Euro/000 (16) as a result of buy-back operations; and Euro/000 307 as the remaining amount of the allocation of balance sheet profits of the subsidiaries for 2012;

With regard to buy-back operations, it should be pointed out that the total of the provision for treasury shares held in the portfolio, established pursuant to Art. 2357 ter of the Italian Civil Code totalled Euro/000 2,859 used, pursuant to relevant accounting standards, to reduce the Extraordinary reserve by Euro/000 1,819 and to reduce the share capital by Euro/000 1,040, the latter corresponding to the nominal value of treasury shares in the portfolio.

- Retained earnings and accrued losses

Retained earnings amounting to Euro/000 75,844 reflected the economic effects arising from consolidation of equity investments in subsidiaries and companies under joint control, and from application of the equity method for the valuation of the associated companies.

The item likewise includes entries related to transactions regarding the acquisition of minority stakes in entities that are already Group subsidiaries as governed by IAS 27.

- Dividends paid

In 2013 dividends totalling Euro 16,639,053 were paid (Euro 16,630,295.22 in 2012). The dividend approved by the General Meeting of 23 April 2013 of Euro 0.17 per share (Euro 0.17 in 2012), was paid on 06 June 2013, ex-dividend date on 03 June 2013. The number of shares benefiting from the dividend totalled 97,876,784 (97,825,266 in 2012) on a total number of shares of 98,424,900 and net of the treasury share quota totalling 548,116; likewise, part of the profit for 2012, Euro/000 681, was allocated to the provision pursuant to Art. 27 of the Company's by-laws.

- Other reserves

A breakdown of the item can be found in the table below:

	31/12/2013	31/12/2012	Difference
Stock grant reserve	2,925	2,026	898
IFRS transition reserve	(13,373)	(13,373)	0
Reserve for first-time application of IFRIC 12	10,396	10,396	0
Treasury share negotiation reserve	2,534	2,205	330
Other	(2,368)	(2,175)	(193)
Total	114	(921)	1,035

There was a change in Other reserves mainly due to a stock grant reserve difference of Euro/000 898.

The stock grant reserve represents the value of the shares assigned to employees, but not yet handed over, calculated according to current regulations and the relative actuarial valuation.

The IFRS transition reserve represents: (i) the total amount of adjustments recorded under the opening balance for equity in the first financial statements drawn up according to international accounting standards; (ii) the amount recorded following subsequent IFRS approvals on the first application; (iii) the value of cumulative conversion differences at the time of transition to IFRSs, not recalculated following exercise of the exemption set forth in IFRS 1 par. 13; (iv) the value of the consolidation differences emerging from business combinations prior to the transition date to IFRSs not recalculated following exercise of the option set forth in IFRS 1 par. 13.

The reserve for first-time application of IFRIC 12 has been calculated, as regards agreements for concession services, during first-time application of IFRIC 12, with specific reference to the identification, measurement and classification of single investments (Financial or Intangible assets).

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

Other reserves include minor items arising from the valuation at equity of some associated companies.

- Other comprehensive income statement items

Other comprehensive income statement items summarize the effects of the cash flow hedge reserve, the conversion reserve, actuarial Profit/Loss of defined benefit plans and valuation of AFS Financial Assets. The changes are shown hereunder:

Cash flow hedge reserve	Conversion reserve	AFS Financial Assets	Actuarial Profit/Loss of defined benefit plans	Total
----------------------------	-----------------------	-------------------------	---	-------

At 01/01/2012	(31,799)	(5,352)	0	(6)	(37,157)
Changes during the year	(13,876)	(1,060)	0	(863)	(15,800)
At 31/12/2012	(45,676)	(6,412)	0	(869)	(52,957)
Changes during the year	22,362	(28,797)	(147)	804	(5,778)
At 31/12/2013	(23,314)	(35,209)	(147)	(65)	(58,735)

When analysing other comprehensive income statement items, note must be taken of (i) the negative effect arising from the conversion of equity and economic items listed in currencies other than the Euro, specifically attributable to conversion of items expressed in Turkish Lira referring mainly to companies consolidated at equity, (ii) partially offset by the decrease in the cash flow hedge reserve resulting from the increase in the interest rate curve in the Euro zone compared to 31 December 2012 and to the extinction of some hedging operations during 2013.

A breakdown of the cash flow hedge reserve can be found below:

	31/12/13	31/12/12	Difference
Parent Company/Subsidiaries CFHR	(16,047)	(34,486)	18,439
Fiscal effect	4,294	9,129	(4,835)
Value net of fiscal effect	(11,753)	(25,357)	13,604
CFHR Associated companies	(11,741)	(20,830)	9,089
Total	(23,494)	(46,187)	22,693
Group	(23,314)	(45,676)	22,362
Minority	(181)	(511)	329

Minority equity: Euro/000 45,101 (Euro/000 46,897)

Minority equity, which remained largely unvaried compared to the previous year, underwent changes in relation to the following main factors:

- It decreased by Euro/000 7,014 mainly in relation to changes in the consolidation area during 2013 and specifically, (i) a decrease of Euro/000 5,806 following acquisition by the subsidiary Astaldi Concessioni S.r.l. of part of the minority interests in A.I.2. S.r.l. and (ii) a decrease of Euro/000 1,042 for acquisition of the remaining part of the minority interests in Società Mondial Milas – Bodrum;
- While it increased as a result of the increase during the year in the share capital of the subsidiary A.I.2 S.r.l. (Euro/000 2,112), and as a result of comprehensive income statement items during the year (Euro/000 3,272).

The changes in other minority comprehensive income statement items can be seen below:

	Cash flow hedge reserve	Conversion reserve	AFS Financial Assets	Actuarial Profit/Loss of defined benefit plans	Total
At 01/01/2012	(61)	344	0	(7)	276
Changes during the year	(449)	103	0	(27)	(373)
At 31/12/2012	(510)	447	0	(34)	(97)
Changes during the year	329	(318)	(48)	82	46
At 31/12/2013	(181)	129	(48)	48	(51)

Capital management

Please find below the disclosure provided for in IAS 1 – par. 134

A) Qualitative information

The Group uses the term capital to refer to both capital contributions from shareholders, and the value generated by the Group itself in terms of operating results (retained profits and other reserves). While the Group does not include in this definition the equity items identified subsequent to the valuation of cash flow hedge derivatives since these will be offset in future years by opposite revenue items, thus allowing the company to achieve the goal of hedging.

The goals identified by the Group regarding 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 Group thus intends to maintain a suitable level of capitalisation in order to achieve both a satisfactory economic return for shareholders and to guarantee economic access to external sources of funding. The Group constantly monitors the evolution of the level of debt in relation to equity and taking into account the generation of cash flow from industrial activities with the effects of investment in the construction and concessions sectors. All of the above in complete compliance with the Group's relative Business Plan. In order to achieve the above goals, the Group pursues constant improvement of the profitability of the business sectors where it operates.

In order to provide complete qualitative information, it must be noted that the Group has complied with the financial covenant levels required as regards corporate “committed” borrowing with banks financing the Group. For further information see Note 28 below

B) Quantitative information

Please find below a quantitative analysis of the individual capital items as defined in the paragraph above.

	31/12/13	31/12/12
A – Overall financial debt	(800,983)	(626,005)
Total equity	603,923	553,948
Minus sums accrued among equity related to financial flow hedging	(23,495)	(46,187)
B – Adjusted capital	627,418	600,135
C – Debt/Capital ratio (A/B)	1.28	1.04

28 Financial liabilities

Non-current financial liabilities: Euro/000 970,042 (Euro/000 734,920)*

Non-current financial liabilities showed an overall increase of Euro/000 235,123 and comprised the following:

	31/12/13	31/12/12	Difference
Convertible bonds	130,000	0	130,000
Senior unsecured bonds	600,000	0	600,000
Bond loans – Nominal value	730,000	0	730,000
Issue and placement commissions	(16,732)	0	(16,732)
Cash Settlement option – fair value	4,389	0	4,389
Total Bond loans	717,657	0	717,657
Bank loans	230,653	708,378	(477,725)
Collateral backed loans	4,896	3,797	1,098
Financial leasing	15,992	9,575	6,417
Due to banks and leasing companies – Nominal value	251,540	721,751	(470,210)
Commissions on loans	(9,927)	(15,744)	5,817
Hedging derivatives	9,032	26,796	(17,764)
Total Due to banks and leasing companies	250,646	732,803	(482,157)
Financial payables to associated companies	1,645	2,117	(471)
Financial payables to other investee companies	94	0	94
Total	970,042	734,920	235,123

(*) Included in NFP for a value of Euro/000 954,881 (2012: Euro/000 706,007)

The general increase in this item, compared to 2012, is related to the investments made in Italy and Turkey, in the concessions sector, and more generally to the financing of invested capital in relation to projects in progress.

With regard to the concessions sector, it should also be pointed out that the relative debt is by definition “Non-Recourse”, or in any case self-liquidating, also taking into account the rights on receivables guaranteed by the party granting the

concession.

Lastly, it is also useful to recall, in line with the 2012-2017 Business Plan, the basic focus of the debt structure on the medium-long term, targeted to consolidated an optimal sources/uses structure to meet the Group’s financing and development requirements.

Bond loans

The Bonds item comprises the fair value of the cash settlement option equal to Euro/000 4,389 related to the equity-linked bond loan falling due in 2019, in addition to the nominal value of loans, calculated and expressed on the basis of the relative amortised cost. Said option grants the subscriber the right to exercise the right of conversion from 01/02/2014 through to the due date.

During 2013 the Group accessed the debt capital market through:

- The issue of an equity-linked bond loan in January 2013, reserved for qualified Italian and foreign investors. The bond loan with a nominal value of Euro/000 130,000 has a six-year duration (falling due on 31 January 2019) and has a six-monthly coupon at a fixed rate of 4.50%, payable on 31 January and 31 July of each year. The bonds may become convertible into existing or newly-issued ordinary company shares as from 1 February 2014, save for the Company’s right to settle any conversion application through the consignment of ordinary shares, or through payment in cash, or through a combination of ordinary shares and cash (cash settlement option). The bond conversion price has been set at Euro 7.3996 and incorporates a conversion premium of 35% compared to the average price of Astaldi shares traded on the Italian Stock Exchange on 14 January 2013.
- The issue of a senior unsecured fixed-rate bond loan in December 2013, for the sum of Euro/000 500,000, falling due in 2020. The bonds have an annual coupon of 7.125% and the issue price is equal to 100%. The bonds were rated B1 (Moody’s), B+ (Fitch) and B+ (S&P) and offered exclusively to qualified investors and listed on the official list of the Luxembourg Stock Exchange.
- The issue of an integration of the aforementioned senior unsecured fixed-rate bond loan in December 2013, for the sum of Euro/000 100,000, falling due in 2020 (so-called Tap). The bonds, which had the same characteristics, terms and conditions of those issued pursuant to the senior loan for the sum of Euro/000 500,000 and could be completely combined with these, were placed at a price equal to 102.250%

of their nominal value by the same banks that placed the first senior unsecured loan.

The following table shows the main figures related to the aforementioned bond loans:

Type of loan	Duration	Coupon	Outstanding 31/12/2013
Bond Loan (Equity-Linked)	Jan 2013-Jan 2020	Half-yearly 4.5%	130,000
Bond Loan (senior unsecured)	Dec 2013-Dec 2020	Half-yearly 7.125%	500,000
Bond Loan (senior unsecured)	Dec 2013-Dec 2020	Half-yearly 7.125%	100,000
Total Bond Loans			730,000

In relation to indication of the fair value of bond loans, it must be noted that, on the basis of market prices recorded at the end of the year, the value of the equity-linked bonds was 120.81 while the value of the senior unsecured bonds was 106.44

Therefore, the total fair value of bond loans at 31 December 2013 was Euro/000 795,708

Bank loans and Collateral backed loans

The value of the non-current share of bank loans decreased compared to the previous year mainly as a result of repayment of part of the group's debt through funding resulting from the offer and placement of bond loans as well as repayment of the capital share of loans with amortisation plan.

Specifically, it must be noted that the “Forward Start Facility” revolving loan of Euro 325 million signed on 2 December 2011, organised by Unicredit S.p.A., BNP Paribas, Intesa Sanpaolo and The Royal Bank of Scotland and subscribed by a pool of national and international banks, falling due in December 2016, was completely repaid through the bond issue. Therefore, the aforementioned revolving facility was fully available for use at 31 December 2013 and hence represents an important source of available funds for the Group.

Moreover, the Term Loan of Euro 250 million, signed in May 2013, subscribed by a pool of national and international banks and with final expiry in November 2014, was repaid in full through funding resulting from the first senior unsecured bond issue.

The main bank loan operations performed during 2013 were as follows:

- Committed bilateral loan of Euro 30 million, subscribed by Banca del Mezzogiorno in May 2013: Final expiry June 2016;

- Advance repayment in August of USD 13.5 million concerning the original loan of USD 36 million, subscribed on 5 August 2009 with UniCredit and MPS Capital Services in the capacity of lending banks in favour of Inversiones Assimco Limitada to support the equity investment in the Chacayes Hydroelectric project in Chile. USD 10.5 million of the loan had been used at 31 December 2013 and it provides for an amortisation plan with final expiry in June 2016. 100% repayment of the loan is guaranteed by Astaldi S.p.A. through a corporate guarantee and pledge of equity shares (Astaldi's stake) of the loan beneficiary;
- Committed bilateral loan of Euro 20 million, subscribed in December 2013 with Banca Popolare dell'Emilia Romagna, with final expiry in December 2016.

2013 also saw extension of the committed revolving loan of Euro 35 million, dedicated to covering misalignment between costs and revenues related to the Group's international operations, through its own branches or joint ventures, with Cariparma (and counter-guaranteed by SACE for 70% of the amount), which originally fell due in July 2013 and was extended to January 2015.

The following table shows the key figures related to the Group's main bank loans at 31 December 2013:

Company	Type of loan	Outstanding 31/12/2013	Stipulation date	Expiry date
Astaldi Concessioni S.p.A.	Pool	1,844	31/12/10	30/06/2014 Amortisation plan
Astaldi S.p.A.	Bilateral - BNP Paribas	45,000	04/02/13	20/07/2014
Astaldi S.p.A.	Bilateral - Banco do Brasil	22,000	03/12/13	03/12/2014
Astaldi S.p.A.	Bilateral - Cariparma	10,000	23/07/13	22/01/2015
Mondial Milas - A.S.	Pool	67,858	12/08/11	31/07/2015 Amortisation plan
Astaldi S.p.A.	Bilateral - Portigon Financial Services AG	12,000	07/08/08	07/08/2015 Amortisation plan
Astaldi S.p.A.	Bilateral - Banco Bilbao Vizcaya Argentaria	10,000	05/06/12	04/12/2015

Astaldi S.p.A.	Pool	21,875	22/06/11	30/06/2016 Amortisation plan
Astaldi S.p.A.	Pool	6,660	02/02/12	30/06/2016 Amortisation plan
Astaldi S.p.A.	Bilateral - Banca del Mezzogiorno – Mediocredito Centrale S.p.A.	25,277	17/05/13	30/06/2016 Amortisation plan
Astaldi S.p.A.	Pool	35,000	14/07/08	14/07/2016 Amortisation plan
Inversiones Assimco Limitada	Pool	7,500	05/08/09	08/08/2016 Amortisation plan
Astaldi S.p.A.	Bilateral - Banca popolare dell'Emilia Romagna	20,000	04/12/13	04/12/2016 Amortisation plan
Astaldi S.p.A.	Pool	60,000	30/07/12	30/07/2017 Amortisation plan
Astaldi S.p.A.	Pool	32,638	16/07/09	30/09/2017 Amortisation plan
	Other Corporate Loans	232,990		
	Total Bank Loans	610,642		
	Of which non-current	235,549		
	Of which current	375,093		

It must be noted that at 31 December 2013, the levels of financial covenants applied to the main financings were as follows:

- Ratio between Group's Net Financial Position and Equity: less than or equal to 1.95x;
- Ratio between Group's Net Financial Position and EBITDA: less than or equal to 3.95x;
- EBITDA of Astaldi S.p.A. greater than 50% of Group EBITDA.

Instead, to the financing of EUR 20 million executed with Banca Popolare dell'Emilia Romagna the following financial covenants are applied at 31 December of each year:

- Ratio between Group's Net Financial Position and Equity: less or equal to 1.75x
- Ratio between Group's Net Financial Position and EBITDA: less or equal to 3.75x

To the financing granted to Mondial AS and guaranteed by Astaldi the following financial covenants are applied at 31 December of each year:

- Ratio between Group's Net Financial Position and Equity: less or equal to 1.60x
- Ratio between Group's Net Financial Position and EBITDA: less or equal to 3.50x.

Non-compliance with financial covenants, if not recovered within a period specified in the agreements (the “cure period”), may involve cancellation of granting of the loan and hence a request by the lending banks to accelerate repayments.

All covenants were fully complied with.

In addition to financial covenants, the loan agreements, in keeping with international practice, include clauses that place restrictions on the Group's financial operations and other undertakings such as clauses regarding pari passu, negative pledges and change of control.

Financial leasing payables

During the past year the Group signed financial leasing contracts totalling Euro/000 19,370. Said amounts includes Euro/000 12,622 with a ten-year duration for financing by the concessionaire company Valle Aconcagua S.A. of a plant to treat sludge produced by the CODELCO mine in the Andes in Chile to recover copper and molybdenum. The leasing contracts referred to tangible assets falling into the categories of specific and generic plants, excavators, mechanical loaders and heavy goods vehicles; these contracts contain a redemption clause. The table below shows the amount of future instalments resulting from financial leasing agreements and the current value of said instalments:

	31/12/13 Instalments	31/12/13 Current value	31/12/12 Instalments	31/12/12 Current value
Within one year	10,958	9,770	12,932	11,271
Over one year and within five years	12,830	10,311	8,811	8,874
Over five years	6,470	5,680	936	701
Total leasing instalments	30,258		22,679	
Financial charges	4,497		1,833	
Current value	25,761	25,761	20,846	20,846

Current financial liabilities: Euro/000 392,680 (Euro/000 537,661)*

Current financial liabilities decreased compared to the previous year and comprised the following:

	31/12/13	31/12/12	Difference
Accrued liabilities – Bond loans	5,693	0	5,693
Issue and placement commissions	(2,378)	0	(2,378)
Total – Bond loans	3,315	0	3,315
Current bank loans	308,162	464,316	(156,154)
Current share of medium/long-term loans	66,720	50,822	15,898
Collateral backed loans - current share	212	208	4
Financial leasing payables	9,770	11,271	(1,501)
Due to banks and leasing companies – Nominal value	384,863	526,617	(141,754)
Loan commissions	(6,032)	(3,790)	(2,242)
Accrued liabilities - interest on bank loans	4,039	0	4,039
Hedging derivatives	6,325	10,047	(3,722)
Total Due to banks and leasing companies	389,195	532,874	(143,679)
Due to other lenders	170	4,788	(4,617)
Total	392,680	537,661	(144,982)

(*) Included in NFP for a value of Euro/000 386,354 (2012: Euro/000 527,614)

Bond Loans refer to the coupons accrued and still to be paid, adjusted by the share of issue and placement costs so as to reflect the value upon expiry of the bonds, calculated on the basis of actual interest.

Current bank loans decreased mainly as a result of repayment of short-term revolving credit facilities (committed and uncommitted) through use of funding resulting from the issue of bond loans: it is important to note that, as regards the repaid share, the aforementioned facilities are fully available to be newly used and hence represent an additional source of financing for the Group.

Lastly, as regards the item in question, it must be noted that a bilateral loan of Euro 22 million was subscribed with Banco do Brasil in December 2013, with final expiry in December 2014.

Net financial position

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

		31/12/2013	31/12/2012
A	Cash and cash equivalents	373,772	400,215
B	Securities held for trading	1,407	1,347
C	Available funds	375,179	401,562
-	Short-term financial receivables	29,412	3,393
	<i>Of which from related parties</i>	4,913	
-	Current share of credit rights from concessions	15,447	16,306
D	Current financial receivables	44,859	19,700
E	Current bank payables	(306,168)	(460,526)
F	Current share of payables for issued bonds	(3,315)	
G	Current share of non-current debt	(66,931)	(51,030)
H	Other current financial payables	(9,940)	(16,059)
I	Current financial debt	(386,354)	(527,614)
J	Net current financial debt	33,683	(106,353)
K	Non-current bank payables	(225,622)	(696,432)
L	Issued bonds	(713,268)	
M	Other non-current payables	(15,992)	(9,575)
N	Non-current financial debt	(954,881)	(706,007)
O	Net financial debt - Continuing operations	(921,198)	(812,359)
P	Net financial debt – Disposal groups	30,680	-
Q	Net financial debt	(890,518)	(812,359)
-	Non-current financial receivables	24,547	7,683

-	Subordinate loans		46,439	43,252
	<i>Of which to related parties</i>		46,439	43,252
-	Non-current share of credit rights from concessions		18,549	135,419
R	Non-current financial receivables		89,534	186,354
R	Total financial debt	(Q+R)	(800,983)	(626,005)

Total financial debt takes into account not only the net financial debt (letter Q in the above table) calculated in accordance with European Securities and Markets Authority ESMA (formerly CESR), Recommendation of 10/02/2005, but also non-current financial receivables mainly from associated companies set up for project financing activities, credit rights from concessions.

It should likewise be pointed out that the Parent Company has treasury shares in its portfolio totalling Euro/000 2,859 which generate a net financial position for an amount totalling Euro/000 (798,124). It must also be pointed out that the net financial position, including in comparative terms, does not contain the value of derivatives used in hedging activities since, by their very nature, they do not represent financial values.

The increase in total debt recorded compared to last year is to be attributed to planned investments in the concessions sector, but also to payments for projects in progress in Italy that have been extended with regard to the original deadlines. Said payments were unblocked in part during the fourth quarter. The financial structure as a whole benefitted from the bond issues placed during the year, with an extension of deadlines and greater availability as regards credit facilities that will support development of the Group's future operations. The amount of available funds (Euro/000 375,719) combined with possible use of already available committed and uncommitted revolving credit facilities (totalling approximately Euro/000 800,000), provide the Group with a more than sufficient capacity to meet planned financial undertakings.

29 Other liabilities

Other non-current liabilities: Euro/000 16,698 (Euro/000 13,721)

Other non-current liabilities, mainly referred to payables to Simest S.p.A. (Euro/000 11,593) for acquisition of the minority shares of the subsidiary Inversiones Assimco Limitada.

The difference compared to the previous year can be mainly attributed to the project regarding construction of Ospedale

del Mare in Naples, and specifically to the settlement of previously disputed items totalling Euro/000 2,100, to be paid in instalments to the counterparty as from 2015.

Other current liabilities: Euro/000 154,725 (Euro/000 164,527)

Other current liabilities totalled Euro/000 154,725 and comprised the following:

	31/12/13	31/12/12	Difference
Due to associate companies	1,254	1,386	(132)
Due to other companies	1,381	33	1,348
Due to personnel	20,955	18,533	2,421
Due to social security bodies	10,793	10,766	27
Accrued costs and deferred charges	3,518	3,815	(297)
Other	116,823	129,992	(13,170)
Total	154,725	164,527	(9,802)

The item in question decreased by Euro/000 9,802 compared to the previous year as a result of the “Other” item which mostly decreased in relation to payment of part of the sum paid to the bankruptcy receivers of “Busi Impianti” for acquisition during 2012 of the corporate branch comprising the plant engineering and maintenance sectors (Euro/000 6,665); partly offset by the increase in Due to personnel mostly referring to the development of production activities in Chile which required greater use of human resources.

With reference to composition of the “Other” item, it must be noted that this mainly contains the effects of the consolidation of the Group’s various operating entities with reference to the value of existing relations with various partners in joint initiatives, both in the domestic and the foreign sector.

More details regarding relations with the Group companies can be found in the annex on related parties. It should also be noted that payables to associated companies, for capital to be paid and not yet called-up by the individual Boards of Directors, have been reclassified, as per the previous year, as a direct reduction of the respective book values of equity investments.

30 Employee benefits: Euro/000 8,003 (Euro/000 9,367)

The value of the item in question at 31/12/2013, exclusively comprised defined benefit pension schemes, mainly employee severance pay as paid by Italian companies.

The value of the item in question and the changes in said item during the year are shown in the table below:

Employee severance pay – Actuarial value	
a) At 01/01/2013	9,367
b) Increases during the year	
b.1) Social security cost of current services - Service Cost	565
b.2) Interest payable/financial charges - Interest Cost	212
b.3) Actuarial Profit (Loss) from change in demographical theories - Actuarial Gains or Losses	(639)
b.4) Actuarial Profit (Loss) from change in financial theories - Actuarial Gains or Losses	(44)
c) Use during the year	(1,393)
d) Change in consolidation area	(70)
e) Exchange rate differences	4
f) Total amount of bond at 31/12/2013 (Defined Benefit obligation)	8,003

Please find below a list of the main assumptions used to make an actuarial estimate of employee severance pay at 31 December 2014:

- Annual discounting rate: 2.50%
- Annual inflation rate: 2.00%
- Annual rate of wage increase:
 - Top managers: 2.50%;
 - Middle managers / Office workers / Manual workers: 1.00%;

It must be noted that as regards 2013, in light of the statements issued by ESMA-European Securities and Markets Authority and CONSOB that tend to favour the use of annual discounting rates obtained from baskets of AA-rated securities, the Group has deemed it appropriate when calculating the discounting rate to comply with said recommendations, using a basket corresponding to the average simple yield, at the actuarial valuation date, of bonds in Euros with AA issuer rating instead of the discounting rate obtained from baskets of A-rated securities used in 2012.

However, it should be noted that the use of a basket of A-rate securities in order to define the discounting rate would have produced a not insignificant positive effect on the comprehensive income statement and consolidated equity of Euro/000 173.

Additional information

On the basis of what is provided for in IAS 19 paragraphs 135 et seq, the most important information regarding defined benefit plans is as follows.

Plan characteristics

Employee Severance Pay

At 31 December 2006, the provision for employee severance pay of Italian companies was considered to be a defined benefit plan. Regulation of this provision was amended under Law No. 296 of 27 December 2006 (2007 Finance Act) and subsequent decrees and regulations issued in the early part of 2007. In the light of said amendments, and with specific regard to companies with a minimum of 50 employees, said provision is to be classified as a defined benefit plan solely for sums accrued prior to January 1 2007 (and still to be paid at the date of the financial statements), while subsequent to said date it is to be considered a defined contribution plan.

Therefore, the Employee Severance Pay item, entered in the Group's equity and financial situation, net of any advance payments made, shows (i) the Group's obligation as regards the sums acknowledged to employees up to 31 December 2006 that will be paid upon the employee leaving the company, as regards companies with more than 50 employees, (ii) the progressive amount of benefits due to employees, accrued during their working life, entered on an accruals basis in keeping with the provision of services needed to obtain benefits, as regards other companies.

Sensitivity analysis

Please find below the potential effects said to be recorded on the obligation for defined benefits following hypothetical changes in the reasonably possible actuarial theories at year-end:

	Fred. Turnover	Inflation rate		Discounting rate	
	+ 1%	+1/4 %	-1/4 %	+1/4 %	-1/4 %
Change in the total bond amount	(8)	91	(89)	(121)	125

Effect of defined benefit plan on Group's future financial flows

Please find below, based on reasonably possible estimates at year-end, the effects on the Group's future financial flows with regard to the defined benefit plan:

- Forecast plan contributions for 2014: Euro/000 664
- Weighted average duration of obligation for benefits: 9.58 years
- Forecast disbursements:

- 2014: Euro/000 1,168
- 2015: Euro/000 1,008
- 2016 and following: Euro/000 13,553

31 Trade payables: Euro/000 1,117,990 (Euro/000 1,128,798)

The item in question comprised the following:

	31/12/13	31/12/12	Difference
Payables to suppliers	1,016,704	985,346	31,358
Payables to associate companies	91,585	142,241	(50,656)
Payables to other investee companies	9,701	1,210	8,490
Total	1,117,990	1,128,798	(10,807)

The decrease in the item of Euro/000 10,807, set against the increase in production volumes recorded during the year, once more testifies to the careful policy to support production activities adopted by the Group in an ongoing manner despite the macroeconomic situation characterised by especially complex items if we are also to consider the unfavourable overall reference framework.

Specifically, payables to suppliers recorded an overall increase of Euro/000 31,358 which includes an increase of approximately Euro/000 185,000 directly related to the levels of revenues generated, attributable to activities in progress in Russia, Turkey, Poland and Canada, partially offset by a decrease of approximately Euro/000 150,000 recorded in Italy, Algeria and Romania.

While, at a domestic level, there was a decrease in payables to associate companies, especially with regard to works on Line C of the Rome underground.

32 Tax payables: Euro/000 73,679 (Euro/000 93,387)

Tax payables decreased by Euro/000 19,708 compared to last year and comprised the following:

	31/12/13	31/12/12	Difference
Payables for indirect taxation	31,900	37,414	(5,514)
Payables for direct taxation	36,245	50,774	(14,529)
Payables for withholding taxes applied	5,534	5,200	335

Total	73,679	93,387	(19,708)
-------	--------	--------	----------

The decrease in the item, mainly recorded with regard to Italy, Turkey and Algeria, can be attributed specifically to “Payables for indirect taxation” and is largely related to the use by the Parent Company and investee companies, in compliance with law provisions, of tax receivables to set off against taxes due in accordance with the content of Note 24 above.

33 Provisions for risks and charges: Euro/000 22,591 (Euro/000 28,578)

A breakdown of the provisions for risks and charges can be found below:

	Provisions for contract obligations	Provisions for equity investment risks	Provision for potential losses	Provisions as per Article 27 of Bylaws	Total
At 31/12/2012	22,468	2,608	1,700	1,802	28,578
Allocations	3,453	35			3,488
Use	(7,197)			(453)	(7,650)
Allocation of 2012 profit				681	681
Other and changes in consolidation area	(2,506)				(2,506)
At 31/12/2013	16,218	2,643	1,700	2,030	22,591

- Provisions for contract obligations mainly include a conservative assessment of 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 equity investment risks reflect the equity deficit, attributable to the Group, compared to the individual book values of equity investments;
- The provision for potential losses includes the allocation of charges measured through a precise analysis of individual cases, carried out with the help of external consultants and based on both objective and evaluation elements.
- The provision as per Art. 27 of the Bylaws was used for donation purposes and increased through the allocation of profits in accordance with specific resolutions.

The Group is a party to civil and administration legal proceedings and lawsuits connected with the regular performance

of business activities. Based on information currently available, and taking account of existing provisions for bad debt, it is deemed that these proceedings and legal actions shall not have any negative impact on the consolidated financial statements since the possibility of loss of the proceedings is deemed to be remote.

It is to be noted that on 3 November 2010, the Group company COMERI S.p.A. received a Formal Notice of Assessment from the Italian Tax Police, Rome Unit, following a general check made for the purposes of direct and indirect taxation. There were no further developments in 2013, thus confirming what was already stated in this regard with reference to the Financial Statements for 2012 and 2011.

For complete information, we can recall that the aforementioned Notice of Assessment contains an objection concerning taxation of the agreement signed between Astaldi and ANAS S.p.A. on 3 May 2010, regarding the definition of technical reserves included in the construction site accounts up to 31.12.2008, some of which were erroneously considered by the Tax Police to be higher fees rather than penalties for compensation of damage, and thus fully subject to 20% VAT.

In relation to the objection raised, it was shown that COMERI S.p.A. had previously registered the out-of-court agreement in question with the Internal Revenue Office on 15 June 2010; on this occasion the internal revenue office requested and accepted payment of the proportional registration tax on the aforesaid reserves, thus conclusively confirming the tax treatment for these amounts for the purposes of indirect taxation, considering them to be compensatory and thus excluded from VAT taxation.

On the basis of the aforesaid, and through the presentation of detailed observations on the circumstances involved, COMERI S.p.A. presented an application to the Internal Revenue Office on 30.12.2010 requesting them not to proceed in this respect with the issue of an assessment notification regarding the objection raised in the Formal Notice of Assessment made by the Tax Police, since otherwise this would give rise to double taxation of a single taxable item.

There has been no response to this application to date, nor has the Internal Revenue Office issued any assessment notification. Therefore, also with the support of the consultants, the risk of assessment is considered remote.

To complete the information provided regarding provisions for risks and charges, please find below a summary of the provisions entered in the financial statements with indication of their nature and specific category.

Adjusted asset item		31/12/2013	31/12/2012	Note
<u>Provisions as direct reduction of assets</u>		28,128	51,702	
- Provision for write-down of equity investments	Equity investments	8	8	18
- Provision for write-down of final losses	Accounts receivable	10,642	12,374	22

- Provision for bad debts	Trade receivables	10,767	11,281	23
- Provision for arrears interest	Trade receivables	1,772	23,443	23
- Provision for tax arrears interest	Tax receivables	198	198	24
- Provision for write-down of other assets	Other current assets	4,741	4,398	20
		31/12/2013	31/12/2012	Note
Provisions entered among liabilities				
- Provision for risks and charges		25,480	36,180	33
Of which:				
- for equity investment risks	Provisions for risks and charges	2,643	2,608	33
- for final contract losses	Provisions for risks and charges	15,552	21,305	33
- for final contract losses	Advances	2,889	7,602	20
- other provisions for risks and charges	Provisions for risks and charges	4,396	4,665	33
Total provisions		53,608	87,882	

34 – Fair value measurement

Fair value measurement

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

	Measureme nt date	Total	Fair value measurement with		
			Quoted prices in active markets (Level 1)	Observable significant inputs (Level 2)	Unobservable significant inputs (Level 3)
<u>Assets measured at fair value</u>					
Forward exchange contracts	31-Dec-13	164		164	
Securities	31-Dec-13	1,407	1,407		
Assets/liabilities related to disposal groups classified as held for sale	31-Dec-13	20,326			20,326
<u>Liabilities measured at fair value</u>					
Interest Rate Swaps	31-Dec-13	14,650		14,650	
Conversion options – bond loans	31-Dec-13	4,389			4,389

Measurement techniques and inputs used to process measurements

Assets and liabilities measured at fair value on a recurring basis

Interest rate swaps

The fair value of derivatives was measured using a pricing tool. The indexed floating leg was measured by generating the forward rates for the deadlines provided for in the contract, and subsequently by calculating the present value by discounting relative cash flows.

The indexed fixed leg was measured by calculating the present value of flows.

The forward rates and discount rates were calculated as from the zero coupon rates implicit in the short-term rate (deposit quotation) and long-term rate (swap rate quotation) curves at 31 December 2013.

When calculating the fair value of derivatives, the so-called Debit Value Adjustment (DVA) was also measured in order to take into account the default risk.

The overall value of the derivative is obtained from the difference of the present values of the floating and fixed item.

As regards the efficacy of operations, it is obtained through internal valuation models using the Dollar Offset Method, availing itself of the hypothetical derivative to calculate the difference in fair value of the underlying derivative.

Forward exchange contracts

The instruments in question are measured by using a pricing tool.

Valuation is performed by discounting the value upon contract expiry, calculated as the difference between the forward exchange rate upon expiry, quoted by the market at the valuation date, and the yearly exchange rate provided for in the contract, weighted by the nominal provided for in the contract.

The discount rates were calculated as from the zero coupon rates implicit in the short-term rate (deposit quotation) and long-term rate (swap rate quotation) curves at 31 December 2013. The forward exchange rates were estimated through linear interpolation starting from the forward exchange curve acquired by the infoprovder.

Securities

The fair value of securities is equal to the market price of bid prices at the reference date of the period being looked at.

Conversion options – bond loans

A convertible bond grants the holder the possibility to convert the bond into a set number of shares of the issuing company. Therefore, the instrument can be compared to a standard bond that incorporates the sale of a call option.

A pricing tool is used to value the convertible.

The valuation model breaks up the instrument into its basic parts: an equity part and a debt part. To this end it defines the “cash only part of the convertible bond” as a hypothetical instrument. The value of the aforementioned two parts is calculated on the basis of the Black- Scholes equation.

The model uses the following inputs: the market price of the Company’s shares, the rate (swap and deposit) curves, share price volatility and the company’s credit spread.

As regards the aforementioned inputs, the company's credit spread is not currently observable on the market.

The change in “credit spread”, made in order to show reasonably possible alternative assumptions, of +50/-50 bps would entail a difference of approximately +25%/-25% compared to the fair value of the conversion option as at 31 December 2013.

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

Assets/liabilities connected to disposal groups classified as held for sale

The fair value of the CGUs referring to the car park division was calculated by discounting the forecast future financial flows of corporate operations at a rate of 12.5% representing negotiations with corporate investors for the purpose of valuing car park assets. For the purpose of applying said method, the financial economic plan attached to the investment contract signed on 23/12/13 projected on concession durations, was used.

Therefore, the value thus calculated was in line with the value defined in the agreements entered into on 23 December 2013 with a group of corporate investors for the transfer of 95% of AST VT S.r.l. and AST B S.r.l., holders of the concessions regarding “Riva Reno” and “Piazza VII Agosto” car parks in Bologna, “C.so Stati Uniti” and “Porta Palazzo” car parks in Torino and “P.zza Cittadella” car park in Verona.

Transfers within the fair value hierarchy of financial instruments

There were no transfers between the various levels of the fair value hierarchy during 2013.

35 Information on risk management, financial instruments and guarantees

Financial risk management

Astaldi Group operates in an international context where transactions are performed in various currencies; moreover, in order to support and develop its own industrial activities, it makes use of external sources of financing in Euros and foreign currencies.

Astaldi Group is exposed to the following financial risks:

- **Market risk**: the Group's exposure to fluctuations in interest rates and exchange rates between the Euro and the other currencies in which it operates;
- **Liquidity risk**: related to the possibility that Astaldi Group might not be able to meet its financial commitments resulting from contractual undertakings and, more generally, from its short-term financial commitments;

- Credit risk: the Group's exposure to potential loss resulting from default on obligations undertaken by counterparties.

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 optimization and reduction of risk levels is pursued through a suitable organizational structure, the adopting of rules and procedures, the implementation of targeted sales and procurement policies, and the use of insurance policies and hedging derivatives.

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

As regards said policies, Astaldi Group mainly uses cash flow hedging to cover exposure to fluctuations in financial flows attributable to a specific risk associated with an asset or liability, or to a planned operation likely to have an effect on the income statement.

Please find below the hedging derivative operations at 31 December 2013, with distinction between hedge accounting, representing most of Astaldi Group's operations, and non-hedge accounting operations with the fair value, notional value and changes in the respective reserves and income statement listed for each. For operations in currencies other than the Euro, the values are converted into Euros at the exchange rate at year-end.

Interest rate risk

Group exposure to the risk of changes in interest rates is mainly related to floating-rate 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 Group, also taking into account contractual obligations, duly assesses exposure to the risk of changes in interest rates and manages these risks through non-speculative derivatives, in order to pursue a Cash Flow Hedge strategy. The Group's hedging policy, regulated by a specific interest rate risk management policy, involves the definition of an ideal mix between fixed rate and floating rate borrowing in the borrowing structure in order to minimise the risk of interest rate fluctuation, mainly the Euribor, while pursuing set financial structure targets. Astaldi Group therefore undertakes hedging operations 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 derivative hedging on the interest rate risk totalled Euro 408.5 million. Taking into account said hedging and the fixed-rate debt associated with bond issues, the percentage of fixed rate debt equalled approximately 85% 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 Group decided not to apply hedge accounting.

Type of derivative	Hedged item	Notional remainder 31/12/2013	Fair Value 2013	Fair Value 2012
IRS	Medium/Long-term debt	384,910	(16,501)	(34,391)
OPTIONS	Medium/Long-term debt	6,250		(727)
Total		391,160	(16,501)	(35,118)

With reference to the aforementioned Hedge Accounting transactions, the change in value had an impact above all on Group equity, generating a final value of the cash flow hedge reserve of Euro 16.2 million, together with the related effect for deferred taxes of Euro 4.3 million.

Please find below a breakdown of the changes in the cash flow hedge reserve in 2013:

Cash flow hedge reserve – rate risk	31/12/2013	31/12/2012
Initial reserve	(34,507)	(23,098)
Impact on CFH reserve net of transfer to income statement	18,283	(11,409)
End reserve	(16,224)	(34,507)
Ineffectiveness	(277)	(283)

It should be noted that the figure for ineffectiveness also includes the time value of hedges performed via options for which hedge accounting is applied.

With regard to operations for which hedge accounting was not applied, the changes in value of these financial instruments were entered directly in the income statement.

Type of derivative	Hedged item	Notional remainder 31/12/2013	Fair Value 2013	Fair Value 2012
IRS	Medium/Long-term debt	17,392	(1,218)	(484)
Total		17,392	(1,218)	(484)

Sensitivity analysis

The potential effects of a hypothetical marginal increase or decrease in interest rates on the Group's Income Statement and Balance Sheet are shown hereunder in terms of greater or lower interest payable over the entire remaining duration of floating-rate financial payables.

The analysis was carried out based on market curves at 31/12/2013 and considers a parallel rate shock by 1% upwards (shock up) and 0.30% downwards (shock down) on interest rates.

Rate risk sensitivity analysis	Income statement		Equity	
	Shock up 31/12/2013	Shock down 31/12/2013	Shock up 31/12/2013	Shock down 31/12/2013
Financial liabilities				
- cash flow	(6,082)	1,825		
Hedging derivatives				
- cash flow	2,828	(621)		
Total	(3,254)	1,204	0	0
- fair value	320	(98)	9,915	(2,532)

As at 31/12/2013 the analysis shows how, considering a hypothetical 1% increase in interest rates, as a result of the positive impact of hedging through derivatives (approximately Euro 2.8 million), financial costs would increase by Euro 3.2 million; in this hypothetical scenario the fair value of hedging entered in the income statement, compared to the effective amount recorded at 31/12/2013, would show an increase of Euro 0.3 million, while the equity reserve (negative) would drop by approximately 9.9 million Euro.

Similarly, as can be seen from the table, a shock down of 0.30% in interest rates would lead to a decrease in financial charges of approximately 1.2 million Euro.

Exchange rate risk

With reference to the exchange rate risk, Astaldi Group performs cash flow hedges for specific foreign contracts in order to neutralise or mitigate the effect of exchange rate fluctuations on the value of related foreign-currency costs or revenues.

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

Hedging is performed by using forward plain vanilla derivatives, cost zero cylinders and cross currency interest rate

swaps.

As regards specific foreign currencies especially those of emerging countries whose financial markets do not allow for mitigation of the exchange risk through derivatives, Astaldi Group tends to protect the imbalance between trade receivables and payables in local currency through financial debt in the same currency (so-called “natural hedging”).

At 31 December 2013 the notional value of existing exchange rate risk hedges amounted to a total counter-value of Euro 66.8 million.

Description	Notional	Fair Value	Income statement	CFH reserve
Forward sales EUR/CAD	66,798	164	(13)	177
Total	66,798	164	(13)	177

A breakdown of the changes in the cash flow hedge reserve during 2013 due to exchange rate hedges is shown below:

Cash flow hedge reserve – exchange rate risk	31/12/2013	31/12/2012
Initial reserve	22	1,130
Impact on CFH reserve net of transfer to income statement	155	(1,108)
End reserve	177	22
Ineffectiveness	0	(10)

Liquidity risk

The main factors determining the Group’s liquidity risk are, on one hand, the financial resources generated or absorbed by the Group’s operations and investment activities, and on the other, financial debt maturity and use of cash, as well as the contingent conditions of financial markets.

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

Cash flows, the need for financing and liquidity are monitored in an ongoing manner and managed with the aim of ensuring effective and efficient financial resource management.

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

Analysis of maturities	Use	On sight	2014	2015	2016	2017	2018	After
Short-term loans*	(214,038)	214,038						

Medium/long-term loans*	(1,152,365)		170,825	130,203	73,972	32,647	2,023	742,695
Total	(1,366,403)	214,038	170,825	130,203	73,972	32,647	2,023	742,695
Derivatives								
- interest risk derivatives**	(14,800)		5,768	5,438	2,574	868	487	(335)
- exchange risk derivatives**	164		(164)					
Total	(14,636)		5,604	5,438	2,574	868	487	(335)
EXPOSURE AT 31.12.2013		214,038	176,429	135,641	76,546	33,515	2,510	742,360

Note:

*The figures shown in the table coincide with the nominal value of the financial liabilities and therefore do not include (i) commission directly related to the granting of loans that on turn are included in the valuation at amortized cost of the financial liabilities, and (ii) accrued interest not liquidated yet.

** The figures coincide with the total valued of the derivatives, both receivable and payable, and do not include the accrual on the differentials accrued and not liquidated.

Astaldi Group has adopted a series of policies and processes aimed at making the most of management of financial resources, reducing the liquidity risk, such as, specifically:

- tendency towards centralized 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 Group operates and in keeping with the rules for managing the financial flows of individual contracts;
- maintenance of a suitable level of available liquidity;
- existence of an investment portfolio with a corresponding liquid market and whose securities are available for sale in order to cope with any liquidity needs;
- diversification of instruments for obtaining financial resources and ongoing focus on capital markets;
- obtainment of suitable bank credit facilities (committed and uncommitted);
- monitoring of future liquidity conditions in relation to corporate planning.
- access to debt capital markets.

Credit risk

The credit risk represents the Group's exposure to the potential default risks of a counterparty.

The Group's credit risk is limited by the solvency characteristics of the customers served. The portfolio of receivables falling due is constantly monitored by the relevant departments.

The type of Group customers is 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 obtained through specific policies stipulated with insurance companies.

It should be noted that for some countries, collection times may go beyond the usual terms. At 31 December 2013 the percentage of expired trade receivables was 26%, 14% of which for receivables expired over 12 months. However, the analysis of credit risk exposure according to maturity is not very significant since the receivables are valued in relation to other working capital items, and in particular payables to subcontractors and suppliers typical in the sector, whose maturity tends to be aligned to customer collection time (back to back), as regards the management of operating leverage.

Lastly, as regards exposure to the Venezuelan government, marked by a considerable delay in payments, it must be noted that the Group's business model, which is inspired by conservative criteria, has resulted in the curbing of activities in progress in Venezuela as from 2012, also following the socio-economic situation the country is experiencing following President Chavez's death.

The amount of the certified receivables, thus to be collected from the Venezuelan government at 31 December 2013 totalled Euro 306 million (net of Euro 15 million of contract advances).

However it must be noted that the current political situation could lead a slowdown of the payment of the receivables to be collected. In the light of recent meetings with the Client which expressly marked its satisfaction for the works carried out as well as for the renewed political and commercial relations between Italy and Venezuela, the basis of which lie in the signing of bilateral commercial agreements between the two governments in the past, and confirmation by the new political rulers of the importance of infrastructure works for the country's development, it is felt that there are insufficient elements as to affirm a risk with regard to the overall collectability of relative receivables, with consequent write-downs to the income statement as largely described in Note 23.

COLLATERALS AND GUARANTEES

Collaterals

The overall value of the guarantees provided is Euro/000 3,147,775 and refers to the following items:

- guarantees for opening credit facilities with the purpose of ensuring the regular cash flow of individual contracts, issued in the interest of associate companies and other investee companies, set up for this purpose under the laws in force, for a total amount of Euro/000 315,013;
- guarantees for works, issued for various purposes by banks and insurance companies in the interest of the Group, in favour of commissioning bodies, on the Group's own account and that of subsidiaries, jointly-

controlled companies, associates and other investee companies, for a total amount of Euro/000 2,755,517, Euro/000 683,166 of which refers to jointly-controlled companies;

- other guarantees issued for various purposes for a total amount of Euro/000 77,245.

Third party guarantees in favour of the Group

The item amounting to Euro/000 270,014 concerns guarantees issued by banks and insurance companies in the interest of Italian and foreign suppliers and sub-contractors, in relation to contractual obligations undertaken by the latter with the Group.

36 Disclosure on transactions with related parties and fees due to Directors, Auditors, General Managers and other top managers with strategic responsibilities

In accordance with IAS 24 as well as CONSOB Statement No. 6064293 of 28 July 2006, Annex 2 to these Notes shows the totals of existing transactions and balances resulting from financial and commercial relations with related parties.

In this regard, it must be noted that the relevant transactions were carried out at market conditions. Moreover, it is specified that relations with consortia and consortium companies (special purpose vehicles), taking into account the specific sector the Group operates in, are to be related to receivables due from third parties – entered among Trade Receivables (note 23) – not summarised in the annex regarding transactions with related parties.

As regards the disclosure on fees due to Directors, Auditors, General Managers and other top managers with strategic responsibilities of the Parent Company, please refer to the table below, referring to the Remuneration Report as per Art. 123-ter of the Finance Consolidation Act for more details.

Category	Fixed fees	Fees for attending committee meetings	Variable non-equity fees (bonuses and other incentives)	Non-monetary benefits	Other fees	Total	Fair value of equity fees
Directors	4,025	34	1,243	41	17	5,359	482
Auditors	120	0	0	0	0	120	0
General Managers	1,539	0	167	33	38	1,777	964
Managers with strategic responsibilities - 9	1,790	0	495	39	58	2,382	0

37 Segment disclosure

The operating sectors subject to segment disclosure 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 Group operates, and it is determined by applying the same accounting standards used to draw up the consolidated financial statements.

The following tables show the segment disclosure as regards provisions contained in the disclosure as per IFRS 8.

Segment disclosure 2013

Euro/000	Italy	Europe	America	Africa	Asia	Other assets	Adjustments and cancellations	Consolidated total
Revenues								
Revenues	1,010,889	1,029,170	400,504	145,001	35,532	(135)	(228,091)	2,392,871
Operating result	87,673	150,200	(6,740)	35,619	(5,154)	(14,446)	(11,200)	235,952
Net financial charges								(103,667)
Shares of operating result of entities valued at equity								6,302
Profit/(loss) before tax and minority interests								138,586
Income tax								(55,571)
Net profit for the year								75,213
Assets and liabilities								
Segment assets	1,931,112	2,050,535	1,116,532	291,974	38,188	1,678,582	(3,020,949)	4,085,974
of which equity investments						1,004,968	(609,404)	395,564
Segment liabilities	(1,410,401)	(1,952,497)	(1,078,081)	(272,696)	(43,549)	(1,320,762)	2,595,935	(3,482,051)
Other segment information								
Tangible fixed assets	10,096	52,819	76,436	12,684	1,838	51,408	(1,306)	203,977
Intangible fixed assets	15,593	39,805	7	0	3	452	3,111	58,971
Depreciation of tangible fixed assets	1,871	12,958	15,720	5,239	872	6,577	(57)	43,180
Allocations						4,471		4,471

Segment disclosure 2012

Euro/000	Italy	Europe	America	Africa	Asia	Other assets	Adjustments and cancellations	Consolidated total
Revenues								
Revenues	1,212,108	865,942	356,940	179,058	64,420	10,151	(363,320)	2,325,299
Operating result	103,027	52,384	28,573	62,685	(21,900)	(12,725)	(222)	211,822
Net financial charges								(85,131)
Shares of operating result of entities valued at equity								3,146

Profit/(loss) before tax and minority interests								129,837
Income tax								55,882
Net profit for the year								74,133
Assets and liabilities								
Segment assets	2,073,650	1,383,816	1,050,817	301,371	88,987	1,390,123	(2,540,273)	3,748,491
of which equity investments						889,539	(632,098)	257,441
Segment liabilities	(1,559,342)	(1,355,339)	(945,389)	(263,945)	(111,138)	(1,035,178)	2,075,788	(3,194,543)
Other segment information								
Tangible fixed assets	9,482	53,826	72,666	16,479	10,517	58,752	(628)	221,094
Intangible fixed assets	14,717	80,415	11	-	101	9,168	3,111	107,523
Depreciation of tangible fixed assets	2,431	9,901	12,519	5,187	2,902	8,205	325	41,470
Allocations						1,427		1,427

38 Other information

Non-recurring significant events and operations

Astaldi Group's economic, equity and financial situation was not affected during 2013 by non-recurring significant events and operations as defined in CONSOB Statement No. DEM/6064293.

Positions or transactions arising from atypical or unusual operations

In 2013 Astaldi Group did not undertake any atypical or unusual operations as defined in CONSOB Statement No. DEM/6064293.

Authorization to disclosure

The disclosure of the Financial Statements was authorized by the Board of Directors of the Parent Company on 28 March 2014.

During said meeting the Board of Directors also resolved to submit to the approval of the Shareholders' Meeting to be held on 30 April 2014 the proposal relative to the distribution of a dividend of EUR 0.19 per share (ex-dividend date 12 May 2014, record date 14 May 2014, payment on 15 May 2014).

Subsequent events

Please find below some information regarding events that occurred subsequent to year-end.

In February, the Parent Company placed an additional Euro 150 million tranche of the senior bond issued in December,

once again obtaining considerable success on the financial markets.

From an operating viewpoint, the first part of the year 2014 saw: (i) opening of Halic Bridge in Turkey (ii) opening of Isola and Garibaldi stations of Line 5 of the Milan underground in Italy with consequent entry into operation of the relevant line.

Toledo station of Line 1 of the Naples underground was awarded by CNN the title of the most beautiful and spectacular underground station in Europe, thus confirming the station's aesthetic as well as functional value.

Moreover, it must be noted that with regard to the railway works currently underway in Venezuela, in March 2014 after the finalization of the certification process and acknowledgement of the works carried out in the previous years, a share of the compensation accrued was invoiced for an amount of EUR 48 million and relative to the Puerto Cabello-La Encrucjada project. This step makes real the phase of liquidation of the amounts due.

Moreover, as regards the subsidiary A.I. 2 S.r.l. , it must be noted that in order to fulfil the commitments undertaken in the investment agreement signed in April 2012, as amended by the Addendum in August 2013, merger by incorporation of said company into Re.Consult S.p.A. got underway as from 1 January 2014.

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

Please find below the fees paid during 2013 to KPMG on the basis of their auditing appointment for the financial years 2011-2019, assigned by a resolution of the shareholders' meeting held on 18 April 2011:

Type	Amount
A) Auditing Services	1,191
- Referred to the Parent Company, Astaldi S.p.A. (*)	610
- Referred to subsidiary companies	581
B) Certification Services (**)	722
C) Other services	108
Total Fees	2,020

(*) Total amount of expenses and CONSOB contribution

(**) Referred to Parent Company Astaldi S.p.A. 720

Of which:

1) For fees related to comfort letters issued at the same time as the bond loan issue	333
2) For fees regarding opinion of congruity of issue price of Astaldi S.p.A. shares	155
3) For fees related to agreed upon procedures, execution of tax statements and other certification activities	232