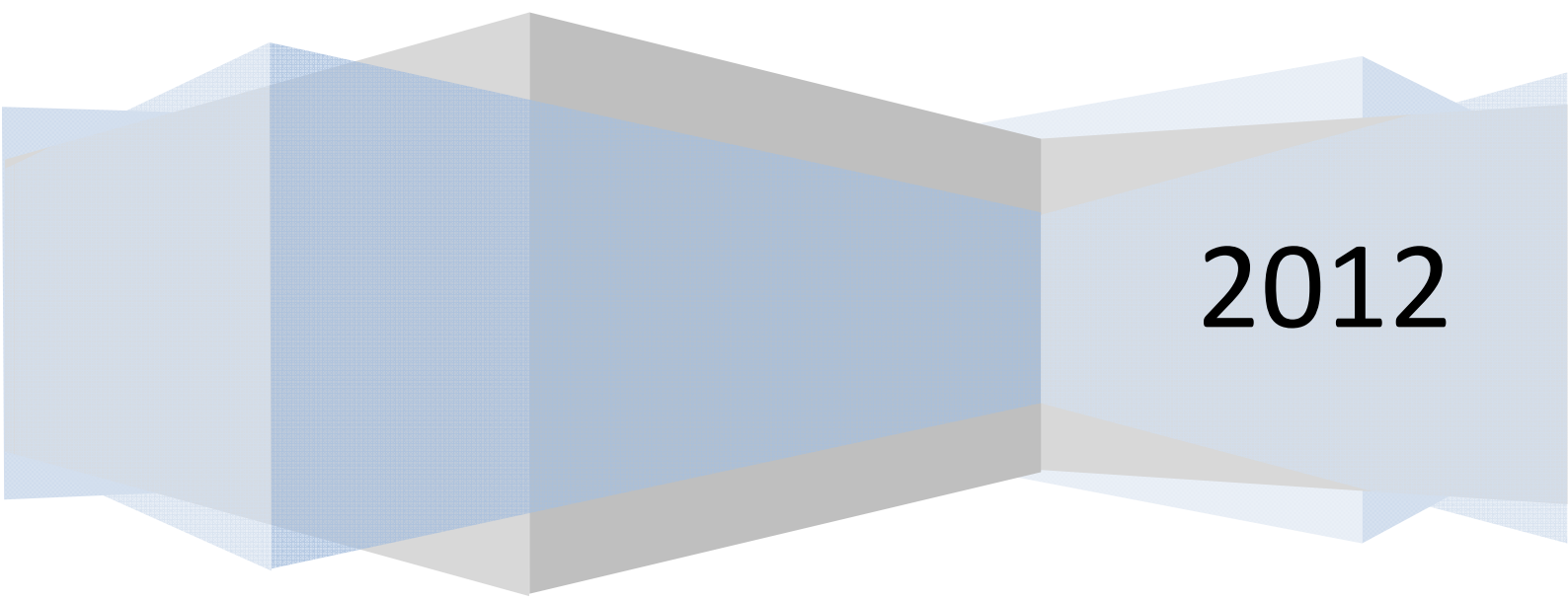


# **Astaldi S.p.A.**

## **Separate Financial Statements**

**Accounting statements and explanatory notes at  
31 December 2012**



**2012**

*(The present document is a translation from the Italian original, which remains the definitive version)*

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. n. 152353  
VAT n. 0080281001  
Share Capital: Euro 196,849,800.00 fully paid-in

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## FINANCIAL STATEMENTS OF ASTALDI S.p.A.

### SEPARATE INCOME STATEMENT

(Amounts in Euro)

OPERATING PERFORMANCE	Notes	31/12/12	31/12/11
Revenues	1	1,767,397,193	1,948,735,424
<i>of which with related parties</i>		345,845,174	395,256,229
Other operating revenues	2	130,352,821	89,327,924
<i>of which with related parties</i>		31,030,176	25,519,249
<b>Total revenues</b>		<b>1,897,750,014</b>	<b>2,038,063,348</b>
Purchase costs	3	(327,020,369)	(340,979,703)
<i>of which with related parties</i>			(702,041)
Service costs	4	(1,122,294,962)	(1,248,287,338)
<i>of which with related parties</i>		(427,105,673)	(481,781,262)
Personnel costs	5	(195,885,332)	(170,588,112)
Amortisation and depreciation	6	(29,869,228)	(37,288,044)
Other operating costs	7	(45,104,655)	(30,549,589)
<i>of which with related parties</i>		(685,299)	(1,561,656)
<b>Total Costs</b>		<b>(1,720,174,546)</b>	<b>(1,827,692,786)</b>
(Capitalisation of internal construction costs)	8	1,026,045	0
<b>Operating result</b>		<b>178,601,513</b>	<b>210,370,562</b>
Financial income	9	86,525,002	45,184,237
<i>of which with related parties</i>		32,636,520	15,342,678
Financial charges	10	(179,328,896)	(150,382,948)
<i>of which with related parties</i>		(56,271,097)	(44,058,132)
<b>TOTAL FINANCIAL AREA and equity investments</b>		<b>(92,803,894)</b>	<b>(105,198,711)</b>
<b>PROFIT (LOSS) BEFORE TAX OF CONTINUED OPERATIONS</b>		<b>85,797,619</b>	<b>105,171,851</b>
Taxes	11	(40,383,272)	(42,517,506)
<b>PROFIT (LOSS) OF CONTINUED OPERATIONS</b>		<b>45,414,347</b>	<b>62,654,345</b>
<b>PROFIT (LOSS) FOR THE YEAR</b>		<b>45,414,347</b>	<b>62,654,345</b>
Basic profit per share	12	0.46	0.64
Diluted profit per share		0.46	0.64

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## COMPREHENSIVE INCOME STATEMENT

(Amounts in Euro)	Notes	31/12/12	31/12/11
<b>Profit (loss) for the year</b>		<b>45,414,347</b>	<b>62,654,345</b>
Change in Cash Flow Hedge Reserve	24	(6,081,027)	2,791,127
<b>Result of other Group items</b>		<b>(6,081,027)</b>	<b>2,791,127</b>
<b>Comprehensive result</b>		<b>39,333,320</b>	<b>65,445,472</b>

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## STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	31/12/12	31/12/11
<b>Non-current assets</b>			
Property, plant and machinery	13	151,171,609	131,809,092
Investment property	14	161,124	167,242
Intangible assets	15	8,215,240	3,982,975
Equity investments	16	356,040,967	226,555,934
Non-current financial assets	17	119,481,868	187,799,892
<i>of which with related parties</i>		118,089,714	165,472,042
Other non-current assets	18	29,065,786	24,949,633
Deferred tax receivables		16,402,397	13,391,585
<b>Total Non-current assets</b>		<b>680,538,991</b>	<b>588,656,353</b>
<b>Current assets</b>			
Inventories	19	58,652,620	79,307,981
Amounts receivable from customers	20	964,765,075	963,485,654
<i>of which with related parties</i>		64,645,678	118,226,701
Trade receivables	21	799,792,476	749,856,392
<i>of which with related parties</i>		165,219,059	154,929,558
Current financial assets	17	1,707,214	3,242,852
Tax receivables	22	108,304,046	83,126,029
Other current assets	18	289,475,398	263,537,296
<i>of which with related parties</i>		57,833,794	48,509,355
Cash and cash equivalents	23	220,670,279	241,247,279
<b>Total current assets</b>		<b>2,443,367,108</b>	<b>2,383,803,483</b>
<b>Total assets</b>		<b>3,123,906,100</b>	<b>2,972,459,836</b>
<b>NET EQUITY and liabilities</b>			
Net equity	24		
Share capital		196,849,800	196,849,800
Treasury shares		(1,216,374)	(1,221,816)
Provisions:			
Legal reserve		23,930,097	20,797,380
Extraordinary reserve		215,194,601	173,262,883
Profit (loss) carried forward		(1,194,606)	(1,194,606)
Other reserves		3,339,556	2,272,911
Other items of the comprehensive income statement		(13,938,162)	(7,857,135)
<b>Total capital and reserves</b>		<b>422,964,912</b>	<b>382,909,417</b>
Profit (loss) for the year		45,414,347	62,654,345
<b>Total net equity</b>		<b>468,379,259</b>	<b>445,563,762</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	25	610,232,363	524,062,066
<i>of which with related parties</i>		57,945,732	27,409,493
Other non-current liabilities	26	835,932	760,226

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Employee benefits	27	5,197,902	5,630,864
<b>Total non-current liabilities</b>		<b>616,266,197</b>	<b>530,453,156</b>
<b>Current liabilities</b>			
Amounts payable to customers	20	309,969,442	377,023,452
<i>of which with related parties</i>		61,279,387	78,695,696
Trade payables	28	1,002,665,283	979,021,858
<i>of which with related parties</i>		415,144,171	345,063,338
Current tax liabilities	25	451,421,115	358,521,740
<i>of which with related parties</i>		7,000,000	3,687,205
Tax payables	29	66,743,659	63,019,744
Provisions for risks and charges current	30	85,471,768	111,237,433
Other current liabilities	26	122,989,377	107,618,691
<i>of which with related parties</i>		21,376,525	
<b>Total current liabilities</b>		<b>2,039,260,644</b>	<b>1,996,442,918</b>
<b>Total liabilities</b>		<b>2,655,526,841</b>	<b>2,526,896,074</b>
<b>Total net equity and liabilities</b>		<b>3,123,906,100</b>	<b>2,972,459,836</b>

## Statement of changes in net equity

(Amounts in Euro)

	<i>Changes in net equity at 31 December 2012</i>							
	<i>Share capital</i>	<i>Legal reserve</i>	<i>Extraordinary reserve</i>	<i>Other items of the comprehensive income statement</i>	<i>Other reserves</i>	<i>Retained earnings</i>	<i>Profit for the period</i>	<i>Total Net equity</i>
<b>Balance at 01 January 2012 IAS/IFRS</b>	195,627,984	20,797,380	173,262,883	(7,857,135)	2,272,911	(1,194,606)	62,654,345	445,563,762
Profit of continued operations 2012	0	0	0	0	0	0	45,414,347	45,414,347
Cash flow hedge for the period	0	0	0	(6,081,027)	0	0	0	(6,081,027)
Conversion foreign business for the period	0	0	0	0	0	0	0	0
<b>COMPREHENSIVE ECONOMIC RESULT</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,081,027)</b>	<b>0</b>	<b>0</b>	<b>45,414,347</b>	<b>39,333,320</b>
Treasury shares	5,442	0	(19,799)	0	73,998	0	0	59,641
Dividends	0	0	0	0	0	0	(16,630,295)	(16,630,295)
Provision as per Art. 27	0	0	0	0	0	0	(939,815)	(939,815)
Allocation of profit of continued operations 2011	0	3,132,717	41,951,517	0	0	0	(45,084,234)	0
Other changes	0	0	0	0	0	0	0	0
Stock grant allocation reserve	0	0	0	0	992,646	0	0	992,646
<b>Balance at 31 December 2012 IAS/IFRS</b>	<b>195,633,426</b>	<b>23,930,097</b>	<b>215,194,601</b>	<b>(13,938,162)</b>	<b>3,339,556</b>	<b>(1,194,606)</b>	<b>45,414,347</b>	<b>468,379,259</b>

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<i>Changes in net equity at 31 December 2011</i>							
<i>Share capital</i>	<i>Legal reserve</i>	<i>Extraordinary reserve</i>	<i>Other items of the comprehensive income statement</i>	<i>Other reserves</i>	<i>Retained earnings</i>	<i>Profit for the period</i>	<i>Total Net equity</i>

<b>Balance at 01 January 2011</b>	195,205,842	18,452,812	143,342,493	(10,648,262)	2,342,105	(1,194,606)	46,891,360	394,391,744
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Profit of continued operations 2011	0	0	0	0	0	0	62,654,345	62,654,345
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Cash flow hedge for the period	0	0	0	2,791,127	0	0	0	2,791,127
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**COMPREHENSIVE ECONOMIC RESULT**

**2,791,127**

**62,654,345**

**65,445,472**

Treasury shares	422,142	0	721,936	0	(1,263,543)	0	0	(119,465)
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Dividends	0	0	0	0	0	0	(14,644,967)	(14,644,967)
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Provision as per Art. 27	0	0	0	0	0	0	(703,370)	(703,370)
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Allocation of profit of continued operations 2010	0	2,344,568	29,198,454	0	0	0	(31,543,022)	0
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Stock grant allocation reserve	0	0	0	0	1,194,349	0	0	1,194,349
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<b>Balance at 31 December 2011</b>	<b>195,627,984</b>	<b>20,797,380</b>	<b>173,262,883</b>	<b>(7,857,135)</b>	<b>2,272,911</b>	<b>(1,194,606)</b>	<b>62,654,345</b>	<b>445,563,762</b>
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# CASH FLOW STATEMENT

(Amount in Euro)

	31/12/12	31/12/11
<b>A - CASH FLOW FROM CONTINUED OPERATIONS:</b>		
Group and Minority result for the period	<b>45,414,347</b>	<b>62,654,345</b>
<i>Adjustments to reconcile net profit (loss) with the cash flow generated (utilised) by the operations:</i>		
Deferred tax	(348,912)	1,756,652
Amortisation and depreciation	105,659,086	77,828,956
Provision for risks and charges fund	1,200,000	7,665,000
Costs for severance pay and defined benefits plans	194,699	219,591
Costs for employee incentives plans	992,646	1,033,818
Losses on disposals of non-current assets	2,844,088	3,250,078
Surpluses on disposals of non-current assets	(2,805,327)	(2,194,688)
<i>Sub-total</i>	107,736,280	89,559,407
<i>Changes in operating activities and liabilities (working capital):</i>		
Trade receivables	(49,936,084)	(139,484,883)
<i>of which with related parties</i>	(10,289,501)	(28,058,527)
Inventories and Amounts receivable from customers	(30,102,242)	(179,574,193)
<i>of which with related parties</i>	53,581,023	(66,892,523)
Trade payables	23,643,425	172,452,467
<i>of which with related parties</i>	70,080,651	22,965,611
Risks and charges provisions	(72,002,956)	(321,922)
Amounts payable to customers	(17,575,828)	72,725,492
<i>of which with related parties</i>	(17,416,309)	75,868,309
Other operating activities	(58,243,084)	14,748,721
<i>of which with related parties</i>	(9,324,439)	23,538,451
Other liabilities operative	18,526,572	32,796,965
<i>of which with related parties</i>	13,669,717	12,134,467
Payments of severance pay fund and defined benefits plans	(627,661)	(409,164)
<i>Sub-total</i>	(186,317,858)	(27,066,517)
<b>Cash flows from operating activities</b>	<b>(33,167,231)</b>	<b>125,147,235</b>
<b>B - CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Net investment in intangible assets	(7,404,565)	(8,087,341)
Net investment in tangible fixed assets	(45,612,523)	(24,468,038)
Sale (Purchase) of other shareholding net of assets acquired, coverage of losses of unconsolidated companies and other changes of the consolidation area	(160,678,403)	(72,715,256)
Net receipts from the sale of tangible and intangible assets and investment property	(38,761)	(1,055,390)
Change in subsidiary financing activity	68,318,024	(117,281,785)

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<i>of which with related parties</i>	47,382,328	(116,074,855)
<b>Cash flows from investment activities</b>	<b>(145,416,229)</b>	<b>(223,607,810)</b>
<b>C - CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Dividends paid and other changes	(22,598,850)	(11,482,327)
Non-current borrowing (repayment) net of commissions	86,170,297	42,997,689
<i>of which with related parties</i>	30,536,239	9,005,411
Net change in current financial indebtedness (including leasing)	92,899,375	66,522,623
<i>of which with related parties</i>	3,312,795	3,687,205
Net financial assets		
Sale (purchase) securities/bonds and treasury shares	1,535,638	2,003,163
<b>Cash flows from financing activities</b>	<b>158,006,460</b>	<b>100,041,148</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(20,577,000)</b>	<b>1,580,573</b>
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	241,247,279	239,666,706
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	220,670,279	241,247,279

<b>Additional information al cash flow statement</b>	<b>31/12/12</b>	<b>31/12/11</b>
Income tax paid	48,884,039	52,116,448
Net financial charges paid in the year	13,670,322	28,237,846

# EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS OF ASTALDI S.p.A.

## GENERAL INFORMATION

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

The Company has been operating for over 90 years in Italy and abroad in the 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 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 its shareholders, since the Board of Directors of the Company, in complete autonomy and independence, takes all the suitable decisions for the management of the Company’s business.

These draft financial statements were approved by the Board of Directors of the Company at the meeting of 13 March 2013. The Company, which holds significant controlling stakes in other enterprises, also drafts the Group consolidated financial statements, published at the same time as these annual financial statements.

## **FORM, CONTENTS AND SEGMENT INFORMATION**

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The annual financial statements of the Company Astaldi S.p.A. at 31 December 2012 have been drawn up with the 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 n° 38/2005.

The 2011 financial statements therefore include the following statements:

1. Separate income statement;
2. Statement of comprehensive income;
3. Statement of financial position;
4. Cash flow statement;
5. Statement of changes in equity;
6. Explanatory notes.

It should be pointed out that the Group decided to present the Statement of comprehensive income in two separate statements as allowed by IAS 1.81. Therefore, the income statement includes both a statement showing the profit (loss) items for the period (separate income statement) and a statement which starts from the profit (loss) and algebraically adds “other components of comprehensive income” (statement of comprehensive income). In this regard it should be pointed out that for Astaldi S.p.A. the

other items of the statement of comprehensive income include only the cash flow hedge reserve and the translation reserve. It should likewise be highlighted that including these provisions in the statement of comprehensive income does not alter their nature as suspended economic items, and therefore not for items referring to the year, pursuant to the provisions in IAS 39. It should likewise be highlighted 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 Company and is therefore considered more representative compared to presentation of items according to their destination, providing more relevant indications with respect to their specific sector.

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

The cash flow statement shows cash flow for the year, broken down into operations, investments and financial assets; cash flows from operations are entered using the indirect method.

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 in particular to the various geographical areas

where the Company works, and were determined on the basis of the same accounting standards used for drawing up the annual financial statements. Refer to note 32 for the presentation of the models of the segment information.

It should be pointed out that in order to have a better and more correct comparative illustration, some comparative balances for the financial statements at 31 December 2011 were reclassified, without, however, changing the equity values at 31 December 2011 and the results for the year at 31 December 2011.

Specifically, the following was undertaken:

- Reclassification of the payables for derivatives of 2011 totalling Euro/0000 17,032 originally included under current tax liabilities. This amount, in the comparison with 2011, is distributed with Euro/000 9,653 under non-current financial liabilities and 7,379 under current tax liabilities;
- Reclassification of the receivables for derivatives of 2011 totalling Euro/000 3,615 originally included under current financial assets. This amount, in the comparison with 2011, is distributed with Euro/000 2,047 under non-current financial assets and 1,568 under current financial assets;
- A different aggregation of the equity items referring to treasury shares handed over to employees as part of the stock grant plan.

## **DRAFTING CRITERIA**

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The single financial statements were prepared on the basis of the historical cost principle, except for derivative, which are valued at fair value. In this

regard, it should be pointed out that since no fair value hedging transactions were performed, there are no financial instruments having their cost adjustment in relation to changes in the fair value attributable to the hedged risk.

The balance sheet statements are shown in Euro units while the relative explanatory notes and additional notes are, on the other hand, shown in thousands of Euro unless otherwise stated. Therefore, in some statements, the total amounts could slightly deviate from the sum of the single addenda that compose the amount due to round-offs.

The separate financial statements were drawn up on the assumption of the continuation of business.

## **ACCOUNTING PRINCIPLES ADOPTED**

The most important accounting standards and valuation adopted for the drawing up of the annual financial statements at 31 December 2012 are shown below.

### **Conversion of foreign currency items**

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

The balances entered in each foreign activity have been entered in the currency of the entity's main economic environment (operating currency).

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

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 way as changes in the value of these items.

#### **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 or

part of an asset. Borrowing costs incurred are capitalized when the conditions set forth in IAS 23 are met.

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 for the various categories of assets is as follows:

	Years
Buildings	20-33
Plant and machinery	5-10
Equipment	3-5
Other goods	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 performed separately for each of the components forming the asset, applying the component approach policy.

Profits and losses deriving from the sale of assets or groups of assets are calculated by comparing the fair value, net of sales costs, with the relevant book value.

#### **Leased property, plant and equipment**

Tangible assets owned through financial leasing agreements, which basically transfer all the risks and benefits of ownership, are entered in the financial statements at the effective date of the agreement as Astaldi S.p.A. assets at their current value or, if lower, at the current value of the

minimum payments due for the leasing agreement, including the sum to be paid in the financial year for exercising the purchase option. The corresponding liabilities vis-à-vis the lessor are included under financial payables.

If there is no reasonable certainty that ownership of the asset shall be acquired upon expiry of the leasing agreement, the financially leased assets are depreciated over a period equal to the duration of the leasing agreement or the useful life of such asset, whichever is shorter.

Leases in which the lessor largely maintains all the risks and benefits of ownership of the assets are classified as operating leases. The charges referring to operating leases are entered in the income statement in the financial years of the duration of the leasing agreement.

### **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) and any impairment. Amortisation is performed when the asset is available for use, and is divided systematically in relation to the residual possibility of its use, which is based on its useful life.

Industrial patents and intellectual property rights are entered at purchase 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.

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.

### **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 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. This 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 depreciation effected previously no longer apply, the accounting value of the asset is restored within the limits of the net book value; the recovery of value is entered in the income statement. The value of goodwill or an intangible asset with an undefined useful life depreciated previously is never restored.

When it is not possible to estimate the recoverable value of a single asset, the Company estimates the recoverable value of the cash generating unit of the cash flows to which the asset belongs.

It is pointed out that during the year 2012 the internal and external impairment indicators, as contained in IAS 36, did not produce any need to conduct an impairment test on tangible and intangible assets.

### **Equity investments**

Investments in subsidiaries, associated companies and joint ventures are classified under "equity investments" and valued at cost in compliance with IAS 27. These shareholdings are subject to a periodical impairment test in relation to the provisions of IAS 36.

Investments in enterprises other than subsidiaries, associated company 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" and valued at cost in case calculation of fair value is not reliable; in this case the cost is adjusted for impairments according to the provisions of IAS 39. In particular, cost valuation is applied in case of unlisted shareholding or shareholdings for which the fair

value cannot be reliably calculated; in this case the cost is adjusted for impairment of value in accordance with IAS 39.

### **Inventories**

Inventories are entered at cost or the net realizable value, whichever is less. 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.

### **Long term contracts**

Work in progress is 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”.

These 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).

Finally, it is noted that contract costs include borrowing costs, as allowed by the amendment to IAS 11 in connection with the new 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 Company to perform structured financing transactions on the contract's invested capital, the relative charges for contract fee calculation.

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

When the outcome of a long-term contract cannot be reasonably estimated, the 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 the result of a long term contract cannot be reliably estimated, the value of works in progress is calculated on the basis of the costs incurred, when these can reasonably be recovered, without recognition of the margin.

When favourable or unfavourable events attributable to present situations at date of the financial statements occur after balance-sheet date, 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 carried out 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”.

### **Financial assets and receivables**

Astaldi S.p.A. classifies financial assets in the following categories:

- Assets at fair value through income statement;
- Receivables and loans;
- Financial assets held to maturity;
- Financial assets available for the sale.

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

All financial assets are initially valued at fair value, increase by additional charges in case of assets other than those classified at fair value through income statement.

The Company 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. In this regard, it is noted that during 2012, as in the previous year, the categories adopted were receivables and loans and assets at fair value through income statement; the latter includes derivatives and some securities of a minor amount.

#### **Financial assets at fair value through income statement**

This category includes the financial assets acquired for short-term trading or financial assets originally designated for this purpose by management. Assets held for trading include all assets purchased in order to be sold in the short term. Derivatives, including 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.

#### **Receivables and loans**

This category includes assets which are not derivatives and that are not quoted in an active market, from which fixed or calculable payments are expected. Such assets are 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**

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

Such assets are valued at the amortised cost based on the effective interest rate method. Those whose contractual term is established within 12 months are classified under current assets. Any impairment 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 (“provision for assets available for sale”). This provision 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.

#### **Impairment of financial assets**

At the end of each financial year the Company verifies whether any

financial asset or group of financial assets were impaired according to the following criteria.

#### **Assets valued at amortized 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.

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 Company undertakings, except when they are classed as assets held for the purpose of trading and valued at fair value through the income statement.

The Company 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 loss 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 Astaldi S.p.A. does not stipulate derivative contracts for speculative purposes.

#### **Calculation of fair value**

The fair value of instruments listed on public markets is calculated with reference to the bid prices at the reference date of the period in question. The fair value of non-listed instruments is measured with reference to financial valuation techniques. Specifically, the fair value of interest rate swaps is measured by discounting the expected cash flows, while the fair value of foreign exchange forwards is calculated on the basis of market exchange rates at the reference date, and the rate differentials between the currencies in question.

#### **Hierarchical levels for valuation of fair value of financial instruments**

With regard to the instruments valued at fair value entered in equity, under

IFRS 7 “Financial instruments: additional information” such instruments must be classified on a hierarchy of levels reflecting the significance of the inputs used in calculating fair value.

The principle distinguishes the following levels for financial instruments valued at fair value:

- a) Level 1 – when the prices are recorded on an active market;
- b) Level 2 – when the values, different from the listed prices in the previous point, can be observed directly (prices) or indirectly (price derivatives) on the market;
- c) Level 3 – when the values are not based on observable market data.

No transfers between different levels of the hierarchy of fair value have ever occurred.

### **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 Company transferred the right to receive cash flows from the asset and the Company: (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 Company 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 financial statements to the extent of the residual involvement in the asset itself. The residual involvement which, by way of example, is represented by a guarantee on the transferred asset, is valued at the initial book value of the asset or the maximum value of the consideration the Company may be required to pay, whichever is lower.

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

### **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.

### **Equity**

#### **Share capital**

The share capital is the subscribed and paid up capital. Costs strictly

related to share issues are classified as reducing the share capital when such costs are directly attributable to the capital transaction.

### **Treasury shares**

Treasury shares are 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**

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

### **Other reserves**

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

### **Other items of the comprehensive income statement**

The item includes the reserve for cash flow hedge related to the fair value of hedging derivatives related to the effective component.

### **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 effective interest rate method.

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

It is noted that the Astaldi S.p.A. has not designated any financial liability at fair value through 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 tax**

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 Astaldi 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 assets and liabilities are measured on the basis of tax rates

expected to be applied for the period in which such assets will be realised or such liabilities will be discharged, considering the rates in force and those already substantially issued at the 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 tax (deferred and current) directly related to equity items is entered under equity and not in the income statement.

### **Employee benefits**

#### **Provision for Employee Severance Pay**

The provision for Employee Severance Indemnity is a “defined contribution plan” as defined in IAS 19. The accounting is undertaken in accordance with this principle.

#### **Cash-settled, share-based payments**

Astaldi S.p.A has set up an incentives scheme for top management (CEO and general managers), linked to their achievement of specific economic-financial targets and falling within the scope of IFRS 2. Specifically, the scheme offers the CEO the free disbursement of Astaldi shares marked by a lock up period lasting three years, while the others are assigned, free of charge, Astaldi shares, meaning the disbursement - again free - of a packet consisting of shares and cash. The scheme assignment cycle for all beneficiaries refers to the 2010-2012 three-year period. The beneficiaries will be entitled to what is specified above on every date of approval of the financial statements of the years indicated, and they must reach targets.

### **Provisions for risks and charges**

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

The provisions are entered at the value representing the best estimate to settle the obligation or to transfer it to third parties at the closing date of the period. If the effect of discounting the cash outflow is significant, the amounts allocated are calculated by discounting the future expected financial flows at a pre-tax discount rate that reflects the current market valuation. When discounting is performed, the increase in the provision is entered as a financial charge in the income statement.

### **Revenues other than contracts in progress**

Revenues are valued at the fair value of the payment received, taking into account any discounts and reductions linked to quantities.

Revenues related to the sale of goods are posted when the company has transferred the significant risks and benefits connected with ownership of the assets to the buyer, which in many cases coincides with transfer ring ownership or possession to the buyer, and the value of the revenue may be reliably calculated.

Revenues from services rendered are entered, when they can be reliably estimated, on the basis of the percentage-of-completion method.

### **Government grants**

Government grants are entered when there is reasonable certainty that such grants will be received and all the conditions relating thereto are satisfied.

When the grant relates to cost items, it is deferred and systematically released over the years to income statement in such proportion that it offsets the corresponding costs. If In case the grant is linked to an asset, the grant's fair value is entered as a reduction of the asset. The grant is accrued among liabilities should the underlying asset not be in operation or should it be under construction and the relative amount is not included in the 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 right arises from shareholders 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 continuation of the Company's business.

### **Profit per share**

The basic profit per share is calculated by dividing the share of the 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**

Preparing 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 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 accounting standards and interpretations**

#### **Accounting standards and interpretations effective at 1 January 2012**

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There follows a summary of the new EU Regulations effective at 1 January 2012, and introducing changes to the existing principles and new interpretations.

#### **EU REGULATIONS**

Regulation (EU) 1205/2011 of the Commission of 22 November 2011, published in Official Gazette L 305 of 23 November 2011

#### **CONTENTS**

Financial instruments:  
additional information-  
transfers of financial assets

The innovations have not involved significant changes in terms of measurement, identification and presentation of the economic and assets components.

### **Principles and interpretations approved during 2012 and not adopted by the Group on an anticipated basis**

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#### **EU REGULATION**

Regulation (EU) 475/2012 of the Commission of 5 June 2012, published in Official Gazette L 146 of 6 June 2012

#### **CONTENTS**

Amendments to IAS 1 Entry in financial statements of items of the other components 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 components of the comprehensive income statement. This is to enable users of the financial statements to identify among the items of the other components 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, applied to financial years starting after 1 July 2012, will not produce any effects with regard to the valuation of the financial statements items.

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, 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.

On the date of these financial statements the Group is assessing the impact that will ensue from the adoption of the amendments to the principle, to be applied starting from the financial statements for the years starting from 1 January 2013.

## EU REGULATION

Regulation (EU) 1254/2012 of the Commission of 11 December 2012, published in Official Gazette L 360 of 29 December 2012

## CONTENTS

Adoption of international accounting principles IFRS 10 - consolidated financial statements, IFRS 11 - joint control agreements, IFRS 12 - information on shareholdings in other entities, amendments to IAS 27 - separate financial statements and IAS 28 - shareholdings in associated companies and joint ventures.

The aim of IFRS 10 is to provide a single reference principle to follow for drawing up the consolidated financial statements, and involves checking as the basis for the consolidation of all types of entities. IFRS 10 replaces IAS 27 - *Consolidated and separate financial statements* and SPV Interpretation SPV- *Companies with specific destination (special purpose vehicle)*.

IFRS 11 lays down the principles of accounting entries for entities forming part of joint control agreements and replaces IAS 31 *Shareholdings in joint ventures* and SIC-13 *Entities under joint control – Conferrals in kind by the parties exercising control*.

IFRS 12 combines, reinforces and replaces the information requirements for subsidiaries, the agreements for joint control, associated companies and non-consolidated structured entities.

Following these new IFRSs, the IASB has also issued the amended IAS 27, regarding only the separate financial statements, and the amended IAS 28 in order to apply the provisions introduced by IFRS 11 on Joint Venture Entities

The new principles will be applicable at the latest from the starting date of the first financial year beginning after 1 January 2014.

Also in relation to the decisions expected from the authorities and bodies having jurisdiction, the valuations have yet to be made on the economic and assets impact on the consolidated accounts that could derive from the application of the new principles, above all with particular reference to IFRS11.

## EU REGULATION

Regulation (EU) 1255/2012 of the Commission of 11 December 2012, published in Official Gazette Ufficiale L 360 of 29 December 2012

## CONTENTS

Amendments to IFRS 1 First adoption of International Financial Reporting Standards - Serious hyper-inflation and elimination of dates set for new users - to IAS 12 Income Tax – Deferred taxation: recovery of the underlying assets, to IFRS 13 Valuation of fair value, and IFRIC 20 Excavation costs in the production phase of an open air mine.

he 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 hyperinflation.

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 must be applied starting from the financial statements for years beginning from 1 January 2013.

The Company is assessing the possible impact deriving from the adoption of the new principles in terms of measurement, identification and presentation of the economic and assets components.

## EU REGULATION

## CONTENTS

Regulation (EU) 1256/2012 of the  
Commission of 13 December 2012,  
published in Official Gazette L 360 of 29  
December 2012

Amendments to IFRS 7  
Financial instruments

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

In this regard, the Group is analysing the effects deriving from Amendments to IFRS 7 and IAS 32, but initial analysis shows that the impact will only be on the information level.

## **NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

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**1 Revenues: Euro/000 1,767,397 (Euro/000 1,948,735)**

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Revenues from works amounted to Euro/000 1,767,397 and decreased compared to 31 December 2011. This decrease in production has been affected by the fall in new domestic investments in public and infrastructure works due to the economic situation. Details are shown in the following table:

	31/12/12	31/12/11	Change
- Revenues from sales and services	626,997	214,401	412,596
- Changes in contracts in progress	1,140,400	1,734,335	(593,934)
<b>Total</b>	<b>1,767,397</b>	<b>1,948,735</b>	<b>(181,338)</b>

The item “Revenues from sales and services” includes amounts of works completed and accepted by customers. The increase compared to the previous year is due to the final commissioning of works for the New Exhibition Centre in Milan, which took place in 2012. The item “Changes in contracts in progress” shows the value of works undertaken in the year, but not yet completed. The decrease of this item, compared to the year 2011, reflects the amount shown in the item “Revenues from sales and services”, therefore referring to the definitive commissioning of the works for the New Exhibition Centre in Milan.

Revenues broken down by geographical composition are shown below:

	31/12/12	%	31/12/11	%	Change
Italy	798,843	45.20%	957,257	49.12%	(158,415)
Europe	568,291	32.15%	619,172	31.77%	(50,881)
America	212,516	12.02%	210,162	10.78%	2,354

Africa	187,748	10.62%	162,144	8.32%	25,604
<b>Total</b>	<b>1,767,397</b>	<b>100.00%</b>	<b>1,948,735</b>	<b>100.00%</b>	<b>(181,338)</b>

In connection with the geographical breakdown of revenues, we should observe the positive advancement of works for railway contracts in the domestic area (High Speed Station Bologna Centrale, Line 5 of the Milan Metro), the Pedemontana Lombarda Motorway and the four Hospitals in Tuscany (Lucca, Massa, Pistoia and Prato). This has mitigated the effects of the forecast reduction in production for projects that still have a significant weight in the Company accounts but are now nearing completion (Lots DG-21 and DG-22 of the Jonica National Road, Line C of the Rome Metro and the Turin Railway Bypass).

Furthermore, despite the positive results of activities Poland, there has also been a decrease in the European area, especially due to Romania and Turkey, with the conclusion of motorway and railway projects in 2012; during the last three years, they provided a significant contribution in terms di revenues.

On the other hand, there has been an increase in production from the African area (Euro/000 25,604) due in particular to works for the construction of the Saida - Moulay – Slissen Railway in Algeria.

For further details see note 32 on Segment information pursuant to IFRS 8.

## **2 Other Revenues: Euro/000 130,353 (Euro/000 89,328)**

Other revenues, totalling Euro/000 130,353 comprise items not directly connected with the Company's activity of production for works, while however being accessories to the core business and continuing over time. Details are shown in the following table:

	31/12/12	31/12/11	Change
- Revenues from sale of goods	14,308	26,084	(11,775)
- Services to third parties	41,984	32,673	9,311
- Services and activities to manage joint projects	9,043	10,101	(1,057)
- Rentals and leases receivable	6,576	7,202	(627)
- Net surpluses from disposal of tangible assets	2,805	2,195	611
- Other	55,636	11,073	44,563
<b>Total</b>	<b>130,353</b>	<b>89,328</b>	<b>41,025</b>

This item shows an overall increase of Euro/000 41,025 compared to the 2011 figures. This change, with reference to the specific item “Other”, is mainly due to insurance indemnities totalling approximately Euro 10 million (domestic area and Turkey), and to surpluses accruing from the closure of complex contract and shareholding situations for an amount of approximately Euro/000 21.000, leading to the definition of the economic and assets relationships with companies undergoing bankruptcy proceedings. In this context the Group has likewise incurred a corresponding charge, also in terms of value, recorded in the item “other operating costs” (see table of changes in note 7 below).

On the other hand there was a decrease in the item “Revenues from the sale goods” above all due to the lower volume recorded in Turkey, compared to the year 2011, on some operations under agreements with subcontractors regarding single contracts.

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### **3 Purchase costs: Euro/000 327,020 (Euro/000 340,980)**

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Purchase costs of raw materials, subsidiary materials and consumables amounted to Euro/000 327,020 and decreased compared to the previous period by approximately 4%. Details are shown in the following table:

31/12/12	31/12/11	Change
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- Purchase costs	307,617	359,455	(51,838)
- Change in inventories of raw materials, subsidiary materials, consumables and goods	19,403	(18,475)	37,878
<b>Total</b>	<b>327,020</b>	<b>340,980</b>	<b>(13,959)</b>

The significant change in the item for inventories of raw materials, subsidiary materials, consumables and goods is mainly due the completion of Bodrum Airport in Turkey and consequent use of inventories at 31 December 2011.

The geographical breakdown of purchase costs is the following:

	<b>31/12/12</b>	<b>%</b>	<b>31/12/11</b>	<b>%</b>	<b>Change</b>
Italy	71,363	21.82%	71,889	21.08%	(526)
Europe	182,780	55.89%	202,620	59.42%	(19,840)
America	35,326	10.80%	29,752	8.73%	5,574
Africa	37,550	11.48%	36,692	10.76%	859
Asia	1	0.00%	28	0.01%	(27)
<b>Total</b>	<b>327,020</b>	<b>100.00%</b>	<b>340,980</b>	<b>100.00%</b>	<b>(13,959)</b>

With regard to the geographical breakdown of this item, we can point out a decrease in the European area, especially Romania and Turkey, related to lower production volumes recorded in the year.

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#### **4 Service costs: Euro/000 1,122,295 (Euro/000 1,248,287)**

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Service costs amounted to Euro/000 1,122,295 and show a general decrease of approximately 10% compared to the previous period. Details are shown in the following table:

	<b>31/12/12</b>	<b>31/12/11</b>	<b>Change</b>
- Consortium costs	402,047	461,902	(59,855)

- Subcontracts and other services	545,440	604,936	(59,496)
- Technical, administrative and legal consulting	53,335	63,855	(10,520)
- Remuneration of directors and auditors	2,946	2,470	475
- Utilities	9,942	7,860	2,082
- Travel and travel indemnities	3,483	3,369	114
- Insurance	26,325	19,720	6,605
- Rentals and other costs	59,611	68,714	(9,103)
- Rent and running expenses	5,164	5,354	(191)
- Maintenance costs for leased assets	405	405	0
- Other	13,597	9,701	3,896
<b>Total</b>	<b>1,122,295</b>	<b>1,248,287</b>	<b>(125,992)</b>

In the analysis of this item we can point out, in particular, the significant change in the item “Subcontracts and other services” down compared to the same period in the previous year by Euro/000 59,496.

The geographical breakdown of costs for subcontracts is shown below:

	<b>31/12/12</b>	<b>%</b>	<b>31/12/11</b>	<b>%</b>	<b>Change</b>
Italy	200,010	36.67%	221,460	36.61%	(21,450)
Europe	271,405	49.76%	295,818	48.90%	(24,413)
America	58,445	10.72%	69,310	11.46%	(10,866)
Africa	15,264	2.80%	18,104	2.99%	(2,839)
Asia	316	0.06%	244	0.04%	72
<b>Total</b>	<b>545,440</b>	<b>100.00%</b>	<b>604,936</b>	<b>100.00%</b>	<b>(59,496)</b>

The changes included the above data substantially reflect performance by geographical area of production for the period; as stated in note 1, this showed a decrease, due to the current situation, of initiatives under way in Romania, Turkey, and Italy.

We can furthermore point out the decrease in consortium costs related to the execution of works, in association with other enterprises in the sector, due to lower production values in the relative contracts, for Lot DG-22 of

the Jonica National Road, Line C of the Rome Metro and the Turin Railway Bypass.

The increase in the remaining item “Other” totalling Euro/000 3,896 is substantially related to Algeria and Romania, and mostly reflected the effect of higher charges incurred in the year in relation to expropriation activities, maintenance and contract charges.

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#### **5 Personnel costs: Euro/000 195,885 (Euro/000 170,588)**

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Personnel costs totalling Euro/000 195,885 increased compared to the previous period by Euro/000 25,297, substantially due to work performed directly, thus without the usual subcontracting, in geographical areas where it is hard to find companies that can guarantee the quality standards of the Group.

Details are shown in the following table:

	<b>31/12/12</b>	<b>31/12/11</b>	<b>Change</b>
- Wages and salaries	132,643	114,059	18,583
- Social security charges	32,139	29,352	2,787
- Other costs	29,916	25,923	3,993
- Other benefits after employment	195	220	(25)
- Cost of share-based payments	993	1,034	(41)
<b>Total</b>	<b>195,885</b>	<b>170,588</b>	<b>25,297</b>

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:

	31/12/12	%	31/12/11	%	Change
Italy	77,837	39.74%	70,786	41.50%	7,051
Europe	54,305	27.72%	47,315	27.74%	6,990
America	41,462	21.17%	29,989	17.58%	11,473
Africa	20,523	10.48%	21,535	12.62%	(1,012)
Asia	1,759	0.90%	963	0.56%	796
<b>Total</b>	<b>195,885</b>	<b>100.00%</b>	<b>170,588</b>	<b>100.00%</b>	<b>25,297</b>

With regard to the geographical breakdown of personnel costs, we should point out the significant increase in the foreign sector in relation to the higher production volume of contracts in progress in Poland, Russia, Oman and Peru.

With regard to the domestic area, higher personnel costs compared to the year 2011 are mainly due to the building site for the construction of Line 5 of the Milan Metro.

### Average number of employees

The average number of employees by category is the following:

Composition of personnel	31/12/2012	31/12/2011	Change
- Top management	154	143	11
- Middle management	137	125	12
- White collars	2,211	1,931	280
- Workers	3,593	3,474	119
<b>Total</b>	<b>6,095</b>	<b>5,673</b>	<b>422</b>

### Incentives schemes for top management

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

defined hereunder.

The scheme consists of assigning the Beneficiaries (CEO or General Manager) Astaldi shares free of charge, meaning disbursing – again free of charge – the corresponding value of the shares to the Beneficiaries in the manners and under the conditions specified in the regulations. The share assignment cycle refers to the 2010-2012 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 34,000 or 38,000 shares, depending on the Beneficiary's choice with regard to the methods of delivery of the right to receive the benefit, for each year of validity of the plan.

The maximum number of shares that can be assigned as a whole to the Beneficiaries during each year will equal 252,000, and they cannot exceed the number of 756,000 during the three-year period of validity of the scheme.

As an alternative, each General Manager will be entitled to receive, at his discretion, the following for each year of validity of the scheme when the conditions set out in the regulations take place:

a. A gross amount equal to the counter-value of 17,000 shares, valued at average closing price of Astaldi's ordinary shares traded on the market during the last quarterly period prior to the date of assignment, and the physical delivery of a number of shares totalling 17,000; in any case, assignment of the "liquidity" cannot exceed 50% of the fixed and ordinary remuneration annually paid to the General Manager;

b. The physical delivery of shares equal to 34,000 multiplied by an

inducement factor equal to 1.12 and therefore for a total amount of 38,000 shares

Assignment of the shares or delivery of their counter-value every year is subordinate to the Company's achievement of the economic-financial performance targets defined each year by the Board of Directors; in accordance with the regulations, the assignment date of the shares is the date of resolution with which the Board of Directors ascertains achievement of said targets and the occurrence of the required conditions consequently provides for assigning the shares to the Beneficiaries. The achievement of the aforesaid targets is ascertained by the Board of Directors upon approval of the draft financial statements.

In connection with what has been described up to this point, the plan has taken into account the hypothesis of the physical delivery of shares resulting in a cost of EUR/000 993 with a net equity provision.

For further information in this regard please refer to the Corporate Governance and Ownership report; actuarial assumptions with regard to the calculation for 2012 are, however, as follows:

- Dividend rate: 3.50%
- Volatility: 40%
- Probability of target achievement: 95%
- Risk free rate: 0.33%

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## **6 Amortisation, depreciation and write-downs: Euro/000 29,869**

**(Euro/000 37,288)**

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Costs for amortisation, depreciation and write-downs totalling Euro/000

29,869 show a decrease compared to the previous period totalling Euro/000 7,419. Details are shown in the following table:

	31/12/12	31/12/11	Change
Amortisation of intangible assets	3,172	7,129	(3,957)
Depreciation of tangible assets	26,256	30,159	(3,903)
Bad debts	441	0	441
<b>Total</b>	<b>29,869</b>	<b>37,288</b>	<b>(7,419)</b>

This item includes, for a residual value, the amortisation of investment property; see note 14 for detailed information.

With regard to impairment of receivables, the amount calculated during the year takes into account their realizable value considering the nature of the counterpart.

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## 7 Other operating costs: Euro/000 45,105 (Euro/000 30,550)

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Other operating costs totalling Euro/000 45,105 show an increase of Euro/000 14,555 compared to the previous year.

Details are shown in the following table:

	31/12/12	31/12/11	Change
Provisions for risks and charges	1,200	7,665	(6,465)
Contingent and non-existent liabilities for value adjustments	1,812	966	846
Tax charges	4,653	8,841	(4,188)
Other administrative and sundry costs	37,439	13,077	24,362
<b>Total</b>	<b>45,105</b>	<b>30,550</b>	<b>14,555</b>

Taking into account the effects connected with closure of complex contract and positions recorded during the year, as previously mentioned in note 2, the item has not shown overall significant changes compared to the

previous period.

The “Other administrative and sundry costs”, as well as the aforesaid aspect, regards cost for transactions with third parties, in particular for Algeria, and administrative expenses.

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#### **8 Capitalised costs for internal construction: Euro/000 1,026 (Euro/000 0)**

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The item includes capitalised costs incurred for the internal construction of assets, especially regarding the contract for Line 5 of the Milan Metro.

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#### **9 Financial income: Euro/000 86,525 (Euro/000 45,184)**

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Financial income increased compared to the previous year by Euro/000 41,341 and consists of the following:

	31/12/12	31/12/11	Change
- Income from subsidiaries	18,585	5,632	12,953
- Income from associated companies	3,470	855	2,614
- Income from financial transactions with Banks	4,290	2,126	2,165
- Commissions on guarantees	4,601	3,098	1,503
- Profits on exchange rates	16,792	11,699	5,093
- Income from derivatives	2,910	1,632	1,278
- Other financial income	35,879	20,143	15,736
<b>Total</b>	<b>86,525</b>	<b>45,184</b>	<b>41,341</b>

The increase in this item is mainly due to the following factors:

- Changes in financial income from related parties basically due to the distribution of dividends approved by the investee companies in the Central and Eastern European area (Romania, Russia)
- Change of the component “Other financial income” substantially due to the recording of arrears interest approved by the customer, mainly in

Venezuela.

With regard to currency management, we can point out a substantial balance in the components. On a separate basis there are profits for the period totalling approximately Euro/000 17,000, compensated in terms of the amount of exchange rate losses, shown below under financial charges.

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**10 Financial charges: Euro/000 179,329 (Euro/000 150,383)**

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Financial charges increased compared to the previous year by Euro/000 28,946 and consist of the following:

	31/12/12	31/12/11	Change
Commissions on guarantees	19,777	20,449	(672)
Charges from financial relations with Banks	37,088	31,401	5,688
Exchange rate losses	15,667	16,982	(1,315)
Charges from derivatives	11,211	12,288	(1,077)
Financial charges on leasing contracts	499	280	219
Other financial charges	19,298	16,224	3,074
<b>Total</b>	<b>103,539</b>	<b>97,623</b>	<b>5,916</b>
Depreciation of shareholdings	54,521	40,831	13,690
Depreciation of securities and accounts receivable	21,269	11,929	9,340
<b>Total</b>	<b>75,790</b>	<b>52,760</b>	<b>23,030</b>
<b>Total financial charges</b>	<b>179,329</b>	<b>150,383</b>	<b>28,946</b>

The increase of this item is largely due to the valuation at fair value of arrears interest receivables on late payments especially in Venezuela.

Other changes derive from:

- Depreciation of shareholdings with the increase mainly in the African and South American areas;
- Higher interest payable (Euro/000 5,688) recorded due to major

investments made in the period;

- Increases of Euro/000 1,916 due to forecast charges deriving from the conclusion of financial transactions on specific borrowing positions in relation to the definitive transfer, pursuant to the law and the contract, of the related risks and benefits to the respective counterparts;

### 11 Income tax: Euro/000 40,383 (Euro/000 42,518)

Overall taxes pertaining to the period with reference to the head office and permanent organisations abroad totalled Euro/000 40,383. The tax rate, including the impact of the IRAP regional tax, was 47%. Details are shown in the following table:

	31/12/2012	31/12/2011	Change
Current income tax (*)	32,120	33,395	(1,275)
Deferred income tax (*)	(534)	1,758	(2,292)
Current tax IRAP	5,333	6,042	(709)
Deferred tax IRAP	185	(2)	187
Substitute tax and other	3,279	1,324	1,955
<b>Total</b>	<b>40,383</b>	<b>42,518</b>	<b>(2,134)</b>

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

There follows a breakdown for assets for deferred taxation totalling Euro/000 16,403.

Equity	31/12/2012		31/12/2011	
	IRES	IRAP	IRES	IRAP
<b>a) Deferred tax receivables deriving from:</b>	<b>23,220</b>	<b>380</b>	<b>16,535</b>	<b>562</b>
- Taxed provisions for risks	8,393	380	10,819	562

(The present document is a translation from the Italian original, which remains the definitive version)

- Taxed provisions for arrears interest risk	5896		197	
- Exchange rate differences	8,463		5,169	
- Other	468		350	
<b>b) Deferred tax payable deriving from:</b>	<b>-6,665</b>	<b>-532</b>	<b>-3,173</b>	<b>-532</b>
- Buildings entered at fair value in substitution of cost	-3,752	-532	-3,752	-532
- Provisions for deducted contract risks	-211		-32	
- Arrears interest to be collected	-7,989		-2,371	
- Cash flow hedge reserve	5,287		2,982	
<b>c) Net deferred tax receivables (payables) a) - b)</b>	<b>16,555</b>	<b>-152</b>	<b>13,362</b>	<b>30</b>
<b>d) Deferred tax for the period entered on income statement</b>	<b>-534</b>	<b>185</b>	<b>1,758</b>	<b>-2</b>

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:

	2012	%	2011	%
<b>Profit before tax</b>	<b>85,798</b>		<b>105,172</b>	
Theoretical income tax	23,594	27.50%	28,922	27.50%
Net effect of permanent increases (decreases)	6,358	7,41%	5,850	5,60%
Net effect of deferred and current taxation of foreign entities and other adjustments	1,634	1,90%	381	0,40%
Substitute tax and other	3,279	3,82%	1,324	1,30%
IRAP (current and deferred)	5,518	6,43%	6,041	5,70%
<b>Income tax recorded in the financial statements (current and deferred)</b>	<b>40,383</b>	<b>47,07%</b>	<b>42,518</b>	<b>40,40%</b>

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## 12 Profit per share: Euro 0.46 (Euro 0.64)

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Basic profit per share is calculated as follows:

	31/12/12	31/12/11
<b>Numerator</b>		
Profit for the year	45,414	62,654
<b>Denominator (in units)</b>		
Weighted average of shares (all ordinary)	98,424,900	98,424,900
Weighted average of treasury shares	(611,640)	(668,467)
Weighted average of shares to be used to calculate basic profit per share	<b>97,813,260</b>	<b>97,756,433</b>
<b>Basic profit (loss) per share</b>	<b>0,464</b>	<b>0,641</b>

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 that could be assigned to beneficiaries, the result obtained is Euro 0.4623.

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## 13 Property, plant and machinery: Euro/000 151,172 (Euro/000 131,809)

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In 2012 tangible assets increased by Euro/000 19,363 mainly due to the combined effect of new investments totalling Euro/000 51,807 partly compensated by depreciation totalling Euro/000 26,250

The following table shows changes in the amount of tangible assets:



	Land and Buildings	General and specific plant	Excavators, Loaders and Vehicles	Various equipment and machinery	Works in progress and advances	Total
<i>Value at 31/12/2011, net of amortisation (1)</i>	37,999	42,731	18,311	18,746	14,023	131,809
<i>Increases</i>						
- deriving from acquisitions	161	27,719	13,478	7,218	3,232	51,807
	<b>38,160</b>	<b>70,450</b>	<b>31,789</b>	<b>25,964</b>	<b>17,254</b>	<b>183,617</b>
- Amortisation	(1,006)	(10,800)	(8,164)	(6,280)	0	(26,250)
- Other disposals	0	(2,079)	(1,176)	(2,653)	(401)	(6,310)
- Reclassification and transfers	3	5,537	1,300	(85)	(6,755)	0
- Other changes	37	(101)	(106)	117	168	115
<i>Value at 31/12/2012, net of amortisation (2)</i>	<b>37,193</b>	<b>63,007</b>	<b>23,642</b>	<b>17,062</b>	<b>10,267</b>	<b>151,172</b>
(1) of which						
- Cost	45,079	101,405	85,651	58,106	14,023	304,264
- Accumulated amortisation	(7,081)	(58,674)	(67,340)	(39,360)	0	(172,455)
<b>Net value</b>	<b>37,999</b>	<b>42,731</b>	<b>18,311</b>	<b>18,746</b>	<b>14,023</b>	<b>131,809</b>
(2) of which						
- Cost	45,281	126,975	93,386	58,254	10,267	334,164
- Accumulated amortisation	(8,088)	(63,968)	(69,744)	(41,192)	0	(182,992)
<b>Net value</b>	<b>37,193</b>	<b>63,007</b>	<b>23,642</b>	<b>17,062</b>	<b>10,267</b>	<b>151,172</b>

The following most significant changes are pointed out:

- The increases of Euro/000 51,807 mainly refer to investments made for projects in progress in Chile, Poland and Romania;
- Amortisation for the period totalling Euro/000 26,250;
- Disposals made in the period total Euro/000 6,310 and mainly regard the disposal of assets for contracts completed in Turkey.

The value of property, plant and machinery includes a component of leased goods with a net accounting value of Euro/000 18,736 as shown in the following table:

	Specific plant	Excavators, Loaders and Vehicles	Various equipment and machinery	Total
<b>Value at 31.12.2012, net of amortisation</b>				
of which				
- Cost	16.941	4.832	2.544	24.317
- Accumulated amortisation	(3.291)	(1.459)	(831)	(5.581)
<b>Net value</b>	<b>13.650</b>	<b>3.373</b>	<b>1.714</b>	<b>18.736</b>

#### 14 Investment property: Euro/000 161 (Euro/000 167)

Investment property decreased compared to the previous year in relation to the normal amortisation cycle as shown in the table below:

	Investment property
<b>Value at 31.12.2011, net of amortisation (1)</b>	<b>167</b>
Amortisation	(6)
<b>Value at 31.12.2012, net of amortisation (2)</b>	<b>161</b>
(1) of which	
- Cost	204
- Accumulated amortisation	(37)
<b>Net value</b>	<b>167</b>
(2) of which	
- Cost	204
- Accumulated amortisation	(43)
<b>Net value</b>	<b>161</b>

In relation to measurement of fair value, it is noted that since the indicators were not remarkably reliable and due to the scarce significance of the investment in question, it was not deemed necessary to list a precise

measurement nor a range of fair values.

### 15 Intangible assets: Euro/000 8.215 (Euro/000 3.983)

In 2012 intangible assets increased by Euro/000 4,232. The table below shows the changes of this item, indicating that there are no leased items.

	Intellectual property rights	Other Intangible assets	Works in progress	Total
<i>Value at 31/12/2011, net of amortisation(1)</i>	559	3,424	0	3,983
<i>Increases</i>				
- deriving from acquisitions	937	3,437	3,031	7,405
	<b>1,495</b>	<b>6,861</b>	<b>3,031</b>	<b>11,388</b>
<i>Amortisation</i>	<b>(692)</b>	<b>(2,480)</b>	<b>0</b>	<b>(3,172)</b>
<i>Value at 31,12.2012, net of amortisation (2)</i>	<b>803</b>	<b>4,381</b>	<b>3,031</b>	<b>8,215</b>
<i>(1) of which</i>				
- Cost	1,767	11,683		13,449
- Accumulated amortisation	(1,208)	(8,258)		(9,466)
<b>Net value</b>	<b>559</b>	<b>3,424</b>	<b>0</b>	<b>3,983</b>
<i>(2) of which</i>				
- Cost	2,326	11,627	3,031	16,984
- Accumulated amortisation	(1,523)	(7,246)	0	(8,769)
<b>Net value</b>	<b>803</b>	<b>4,381</b>	<b>3,031</b>	<b>8,215</b>

The item assets in progress and advances contains the capitalised costs for design and initial construction for the start-up of the concession for Line 4 of the Milan Metro, temporarily assigned by the Municipality of Milan to the private shareholders of ATI, while awaiting the setting up and consequent substitution by the concessionaire Company to which these capitalised costs will be transferred.

### 16 Equity investments: Euro/000 356,041 (Euro/000 226,556)

The value of the shareholdings in associated and other companies net of depreciation provisions amounted to Euro/000 356,041 with an increase compared to 31 December 2011 of Euro/000 129,485.

The composition of this item is the following:

	31/12/12	31/12/11	Change
- Subsidiaries	272,744	165,253	107,491
- Enterprises under joint control	7,052	6,876	177
- Associated companies	76,026	53,813	22,213
- Other investee companies	218	615	(396)
<b>Total</b>	<b>356,041</b>	<b>226,556</b>	<b>129,485</b>

The increase of the year is caused by the following main factors:

- Conversion totalling Euro/000 108,881 of interest-bearing lending receivable into advance contributions for the capital increase in favour of the subsidiary Astaldi Concessioni S.p.A.;
- Capital account contributions totalling Euro/000 4,500 for the subsidiary Sirjio S.c.p.A set up for the construction of DG 41/08 – Jonica National Road 106;
- The acquisition, for Euro/000 7,000, of a further stake in the concessionaire company for Line 5 of the Milan Metro, Metro 5 S.p.A, as well as the payment of Euro/000 1,277 to that company for a future capital increase;
- Capital account payments, totalling Euro/000 4,649, made in relation to the SPV Otoyol Yatirim Ve Isletme A.S., an entity registered under Turkish law which will develop the concession for the new Gebze-Orhangazi-Izmir motorway in Turkey, as well as the acquisition of a further stake in the same company for Euro/000 2,737;
- The payment, totalling Euro/000 5,819, for more stakes in the capital of the SPV “S.A.T. S.p.A.” which is developing the

concession of the new hospital facilities in Prato, Pistoia, Massa and Lucca;

- The depreciation of the book value of the shareholding in Italstrade totalling Euro/000 5,283 in order to reflect the losses accrued in the year by the subsidiary.

With regard to the company Metro 5 S.p.A., it should be observed that during the year, after the purchase of a further stake in the company, the impairment test was performed on the book value of the stake through the comparison with the relative recoverable value.

In particular, the recoverable value of Metro 5 S.p.A. was considered to be equal to its use value calculated through 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 plans of the investee company were used.

The result of the impairment test has not required any impairment on the book value of the shareholding.

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## 17 Financial assets

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### **Non-current financial assets: Euro/000 119,482 (Euro/000 187,800)**

	31/12/12	31/12/11	Change
- Non-current financial receivables	41,777	3,783	37,994
- Other financial assets from investee companies	76,365	181,308	(104,943)
- Other financial assets from minority interests	0	661	(661)
- Derivatives receivable	1,340	2,047	(708)
<b>Total</b>	<b>119,482</b>	<b>187,800</b>	<b>(68,318)</b>

The item “Non-current financial receivables” substantially refers to financial items paid to associated companies, expressing the Group

investment strategy, especially in the concessions business.

The change in the item compared to the previous year is mainly due to the effect of the financing granted to the associated company Otoyol Yatirim Ve Isletme A.S. for a total value, inclusive of anticipated interest at 31/12/2012, of Euro/000 35,277 aimed at supporting the concession works. The Item "Other financial assets from investee companies" substantially refers to receivables from subsidiaries, associated and a joint control companies.

The decrease of this item compared to the year 2011 is especially due to the conversion of interest-bearing lending to the subsidiary Astaldi Concessioni into contributions to the capital increase as previously mentioned in note 15.

See note 31 for detailed information on operations with related parties.

**Current financial assets: Euro/000 1,707 (Euro/000 3,243)**

The item substantially comprises securities in the portfolio related to liquidity management for Euro/000 1,129 (2011: 1,675) and derivatives related to hedging activity for Euro/000 578 (2011: 1,568).

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**18 Other assets**

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**Other Non-current assets: Euro/000 29,066 (Euro/000 24,950)**

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

	31/12/12	31/12/11	Change
- Indirect tax rebates	1,746	2,100	(354)
- Direct tax rebates	3,817	1,079	2,739
<b>Tax receivables</b>	<b>5,563</b>	<b>3,179</b>	<b>2,385</b>
- Advances to suppliers and subcontractors	2,433	925	1,508
- Caution deposits	4,750	2,864	1,886
- Deferred charges on insurance premiums	11,368	9,475	1,893

- Deferred charges for commissions on guarantees	439	2,012	(1,573)
- Other deferred charges	3,796	6,493	(2,697)
- Sundry other receivables	717	3	714
<b>Other assets</b>	<b>23,502</b>	<b>21,768</b>	<b>1,734</b>
<b>Total</b>	<b>29,066</b>	<b>24,950</b>	<b>4,116</b>

The change in this item is substantially due to:

- The increase in tax receivables for direct taxation requested as rebates after the confirmation of the deductibility, for income tax purposes, of that part of IRAP tax proportionally corresponding to the cost of employees and similar;
- The increase of the item advances to subcontractors basically recorded in Romania;
- The increase in the caution deposits item substantially for the Central America area.

**Other Current assets: Euro/000 289,475 (Euro/000 263,537)**

Details are shown in the following table:

	31/12/12	31/12/11	Change
- Receivables from subsidiaries	30,553	22,502	8,051
- Receivables from associated companies and joint control	26,887	25,581	1,306
- Receivables from other enterprises	2	630	(628)
- Advances to suppliers and subcontractors	82,834	67,876	14,958
- Receivables from third parties for supply of goods and services	101,206	93,972	7,234
- Receivables from employees	1,948	1,224	724
- Receivables from social security bodies	1,354	923	431
- Deferred charges on insurance premiums	1,590	2,054	(464)
- Deferred charges on commissions on guarantees	2,784	1,683	1,100
- Other deferred charges	807	440	367
- Sundry other receivables	39,510	46,652	(7,142)
<b>Total</b>	<b>289,475</b>	<b>263,537</b>	<b>25,938</b>

Other current assets increased compared to the previous year by Euro/000 25,938 above all in relation to the change, mainly due to the Central and Eastern Europe area, of the item “advances to suppliers and subcontractors”.

In particular, in the recently acquired contracts in Russia and Turkey, the higher production volumes achieved in the year have made it necessary to utilise subcontractors with an adequate quality standing. Also in relation to the practices followed in these areas, this has involved the outlay of higher contract advances for the works to be undertaken.

The item sundry other receivables, substantially unchanged compared to the previous year, basically refers to the difference between the nominal value of the receivables factored before 31 December 2003, and the amounts collected.

For more details on receivables from subsidiaries, joint control and associated companies see the annexe one related parties.

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

	31/12/11	Advances	Income statement	Use Assets and Liabilities	Other	31/12/12
Provision for bad debts	(3,500)	(441)	0	0	(7)	(3,948)
<b>Total</b>	<b>(3,500)</b>	<b>(441)</b>	<b>0</b>	<b>0</b>	<b>(7)</b>	<b>(3,948)</b>

## 19 Inventories: Euro/000 58,653 (Euro/000 79,308 )

This item has the following composition:

	31/12/12	31/12/11	Change
- Raw materials, subsidiary materials and consumables	55,447	77,338	(21,891)
- Goods and materials in transit	3,205	1,970	1,236

Total	58,653	79,308	(20,655)
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The following table shows the geographical breakdown of this item:

	31/12/12	%	31/12/11	%	Change
Italy	11,524	19.65%	4,474	5.64%	7,049
Europe	13,001	22.17%	41,556	52.40%	(28,555)
America	23,140	39.45%	24,246	30.57%	(1,106)
Africa	10,965	18.70%	9,033	11.39%	1,932
Asia	24	0.04%	0	0.00%	24
<b>Total</b>	<b>58,653</b>	<b>100.00%</b>	<b>79,308</b>	<b>100.00%</b>	<b>(20,655)</b>

With reference to the change for the period, see the previous remarks on the change of inventories for the income statement.

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## 20 Amounts due from customers: Euro/000 964,765 (Euro/000 963,486)

### Amounts due to customers: Euro/000 309,969 (Euro/000 377,023)

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These items are shown in the following table:

	31/12/12	31/12/11	Change
<b>CURRENT ASSETS</b>			
- Contracts in progress	6,487,268	5,993,787	493,481
- Provision for write-down of final losses	(7,640)	(7,743)	103
- <b>Total contracts in progress</b>	<b>6,479,628</b>	<b>5,986,044</b>	<b>493,584</b>
- Advances from customers	(5,514,863)	(5,022,559)	(492,304)
<b>Total Amount due from Customers</b>	<b>964,765</b>	<b>963,486</b>	<b>1,279</b>
<b>CURRENT LIABILITIES</b>			
- Contracts in progress	1,204,847	689,241	515,606
- Provision for write-down of final losses	(7,590)	(9,635)	2,044
- <b>Total contracts in progress</b>	<b>1,197,256</b>	<b>679,606</b>	<b>517,650</b>
- Advances from customers	(1,312,062)	(830,086)	(481,976)
- <b>Sub-total</b>	<b>(114,806)</b>	<b>(150,480)</b>	<b>35,674</b>

- Contract advances	(195,164)	(226,544)	31,380
<b>Total Amount due to Customers</b>	<b>(309,969)</b>	<b>(377,023)</b>	<b>67,054</b>

Works in progress, considered separately in the values entered under amounts receivable from customers and those under amounts payable to customers, have shown, for the foreign sector, an increase with particular reference to the higher production volumes recorded in the year in relation to works for the construction of the Saida - Moulay - Slissen Railway in Algeria and a motorway stretch in Oman.

Works in progress also increased on the domestic level, mainly in the sector of transport infrastructures (Lots DG-21 of the Jonica National Road, High Speed Station Bologna Centrale).

In the activities conducted abroad, we can likewise point out the decrease of works in progress in the American area, basically due to the completion of some contracts for waterworks in Chile, and El Salvador, as well as in Venezuela.

Finally, we can point out the significant decrease in contract advances, above all in relation to railway works in progress in Algeria and for the previously mentioned works in El Salvador, partly mitigated by the contact advance received in the year for the construction works of the Gebze-Orhangazi-Izmir Motorway in Turkey.

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## **21 Trade receivables: Euro/000 799,792 (Euro/000 749,856)**

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Trade receivables increased compared to the previous year by approximately Euro/000 49,936 and consist of the following:

	<b>31/12/12</b>	<b>31/12/11</b>	<b>Change</b>
- Receivables from customers	662,549	607,115	55,434
- Receivables from subsidiaries	112,098	116,241	(4,143)

- Receivables from associated and joint control companies	51,203	34,006	17,198
- Receivables from parent companies	74	5	69
- Receivables from other investee companies	312	734	(423)
- Provision for bad debts	(26,444)	(8,245)	(18,198)
<b>Total</b>	<b>799,792</b>	<b>749,856</b>	<b>49,936</b>

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

	<b>31/12/12</b>	<b>%</b>	<b>31/12/11</b>	<b>%</b>	<b>Change</b>
Italy	371,140	46.40%	315,293	42.05%	55,846
Europe	122,817	15.36%	115,760	15.44%	7,057
America	269,062	33.64%	236,606	31.55%	32,456
Africa	35,107	4.39%	82,182	10.96%	(47,075)
Asia	1,667	0.21%	15	0.00%	1,652
<b>Total</b>	<b>799,792</b>	<b>100.00%</b>	<b>749,856</b>	<b>100.00%</b>	<b>49,936</b>

In relation to the geographical breakdown of trade receivables, we can point out an increase in the American area, mainly due to the completion of certification by the customer of the works undertaken in Venezuela. With reference to this area, it should be observed that during the year there was a considerable reduction of the stock of works in progress while awaiting for customer approval.

On the other hand, there was a decrease due to the African area, with particular reference to the collection of receivables for the works undertaken in the Algerian railway contract.

The increase recorded in the domestic area is substantially due to the works on Line 5 of the Milan Metro.

The provision for bad debts increased compared to the previous year and the changes are shown below.

The provision for bad debts increased compared to the previous year and the changes are shown below:

31/12/11	Advances	Uses	Other	31/12/12
		Income statement	Assets and liabilities	

- Provision for bad debts	(5,754)	0	2,521	0	5	(3,228)
- Provision for write-down of arrears interest	(2,492)	(20,723)	0	0	0	(23,215)
<b>Total</b>	<b>(8,246)</b>	<b>(20,723)</b>	<b>2,521</b>	<b>0</b>	<b>5</b>	<b>(26,443)</b>

The considerable increase in the arrears interest provision is, as already remarked in note 10, attributable to the Venezuela area.

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## 22 Tax receivables: Euro/000 108,304 (Euro/000 83,126)

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This item has the following composition:

	31/12/12	31/12/11	Change
- Receivables for indirect taxation	63,581	57,900	5,681
- Receivables for direct taxation	44,921	25,424	19,497
- Depreciation provisions	(198)	(198)	0
<b>Total</b>	<b>108,304</b>	<b>83,126</b>	<b>25,178</b>

The change of this item is substantially due to the increase in receivables for direct taxation, basically due to the higher taxes paid in Italy and abroad by the permanent organisations and the investee companies, as well as by advances paid in accordance with the law.

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## 23 Cash and cash equivalents: Euro/000 220,670 (Euro/000 241,247)

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Cash and cash equivalents fell compared to the year 2011 by Euro/000 20,577 and consist of the following:

	31/12/12	31/12/11	Change
- Bank and post office deposits	220,345	240,897	(20,553)
- Cash and cash equivalents	326	350	(24)
<b>Total</b>	<b>220,670</b>	<b>241,247</b>	<b>(20,577)</b>

In terms of geographical breakdown this item is as follows:

	31/12/12	31/12/11	Change
- Italy	84,284	137,554	(53,270)
- Europe	79,838	77,772	2,066
- Asia	277	446	(169)
- America	36,984	3,158	33,826
- Africa	19,287	22,318	(3,031)
<b>Total</b>	<b>220,670</b>	<b>241,247</b>	<b>(20,577)</b>

The balance is basically lower due to the effect of the investments made in the period in the concessions area, the purchase of machinery and for the payment of dividends. For a more detailed analysis of the flows of cash and cash equivalents see the cash flow statements in these Explanatory Notes.

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#### **24 Net equity: Euro/000 468,379 (Euro/000 445,564)**

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#### **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, obligatory by law (pursuant to Art. 120 of Legislative Decree 58/98) the shareholders of Astaldi S.p.A. holding a share in excess of 2% are shown below:

DIRECT SHAREHOLDER	Number of shares	% stake
Fin.Ast S.r.l.	39,505,495	40.138%
Finetupar International S.A.	12,327,967	12.525%
<b>Total Fin.Ast. S.r.l.</b>	<b>51,833,462</b>	<b>52.663%</b>
Odin Forvaltning AS	4,828,885	4.906%
Pictet Asset Management Ltd	2,065,633	2.099%
<b>Total holders of major shareholdings</b>	<b>58,727,980</b>	<b>59.668%</b>

Treasury shares	608,187	0.618%
Market	39,088,733	39.714%
<b>Grand total</b>	<b>98,424,900</b>	<b>100.000%</b>

On 31 December 2012 the shares in circulation thus totalled 97,816,713 (97,813,992 shares in 2011) and recorded an increase, compared to the previous year, of n. 2,721 shares calculated as follows:

<b>Shares in circulation in the year</b>	
<b>01/01/2012</b>	<b>97,813,992</b>
Withdrawals with buy back	(363,257)
Entries with buy back and for the stock grant scheme	365,978
<b>31/12/2012</b>	<b>97,816,713</b>

On the date of the present Financial Statements there were no shares subject to encumbrances or capital increases under way subject to pre-emption rights.

The shares of the Parent Company gradually delivered to employees under the stock grant scheme totalled 1,038,300 shares at the end of the year (1,038,300 at the end of 2011).

**Treasury shares: Euro/000 -1,216 (Euro/000 -1,222)**

The treasury shares owned by the Parent Company at the end of the year are totalled 608,187 equivalent to 0.618% of share capital (610,908 shares in 2011), with the nominal value totalling Euro/000 1,216 being entered accordance with the international accounting principles as decrement of share capital.

**Net equity reserves: Euro/000 227,331 (Euro/000 189,358)**

Equity reserves are shown in the following table:

	<b>31/12/12</b>	<b>31/12/11</b>	<b>Change</b>
- Legal reserve	23,930	20,797	3,133
- Extraordinary reserve	215,195	173,263	41,932
- Retained earnings and accrued losses	(1,195)	(1,195)	0
- Other reserves	3,340	2,273	1,067

- Other items of comprehensive income statement	(13,938)	(7,857)	(6,081)
<b>Total</b>	<b>227,331</b>	<b>187,281</b>	<b>40,050</b>

**- Legal reserve**

The legal reserve increased by Euro/000 3,133 in relation to the provision of Art. 2430 of the Italian Civil Code.

**- Extraordinary reserve**

The extraordinary reserve increased compared to the previous year by Euro/000 41,932. This results from: Euro/000 41,952 as the remaining amount of the allocation of profit of the 2011 separate financial statements of the Parent Company; Euro/000 (20) as a result of buy back operations.

With regard to buy back operations, it should be pointed out that the total of the provision for treasury shares held in the portfolio reducing the extraordinary reserve pursuant to Art. 2357 ter of the Italian Civil Code totalled Euro/000 3,019 and, pursuant to the relevant accounting principles, applying Euro/000 1,803 to reduce the Extraordinary reserve and Euro/000 1,216 to reduce the share capital.

**- Dividends paid**

In 2012 dividends totalling Euro 16,630,295.22 were paid (Euro 14,644,967.10 in 2011). The dividend approved by the General Meeting of 24 April 2012 of Euro 0.17 per share (Euro 0.15 in 2011), was paid on 10 May 2012, the coupon being detached on 7 May 2012. The number of shares benefiting from the dividend is 97,825,266 (97,633,114 in 2011) on a total number of shares of 98,424,900 and net of the treasury share quota totalling 599,634; likewise, part of the profit for the year 2011, Euro/000 940, was allocated the provision pursuant to Art. 27 of the

Company's by-laws..

**- Other reserves**

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

	31/12/12	31/12/11	Change
- Stock grant reserve	2,026	1,034	992
- IFRS transition reserve	(21,631)	(21,631)	0
- Reserve for first application of IFRIC 12	9,739	9,739	0
- Treasury share negotiation reserve	2,205	2,131	74
- Merger difference	11,000	11,000	0
<b>Total</b>	<b>3,340</b>	<b>2,273</b>	<b>1,067</b>

Other reserves changed mainly due to stock grant reserve difference of Euro/000 992.

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.

**- Other items of comprehensive income statement**

Other items of the statement of comprehensive income summarize the effects of cash flow hedge reserve Changes are shown hereunder

	Cash flow hedge reserve
Initial balance 01/01/2011	(10,648)
Changes in previous period	2,791
<b>Balance 01/01/2012</b>	<b>(7,857)</b>
Changes for the period	(6,081)
<b>Balance 31/12/2012</b>	<b>(13,938)</b>

The cash flow hedge reserve generates deferred tax receivables of Euro/000 5,287 producing a gross fiscal value of Euro/000 (19,225). See the information on derivatives for a detailed analysis on the changes in the

cash flow hedge reserve.

### **Capital management**

There follows the information required by accounting principle IAS 1 – para. 134.

#### **A) Quality information.**

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

The objectives 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 an adequate level of capitalisation, in order to achieve both a satisfactory economic return for the shareholders and to guarantee economical access to external sources of funding. The Group constantly monitors the evolution of the level of indebtedness in relation to net equity and in particular the level of net indebtedness and the generation of cash flow from the industrial activities. In order to achieve the above goals, the Group pursues the constant improvement of the profitability of the business sectors where it operates.

To complete the quality information, it is pointed out that the Group has respected the financial covenant levels required with reference to “related

parties” corporate borrowing with banks financing the Group. For further information see the subsequent paragraph of these notes entitled “Covenants and Negative Pledges”.

#### **B) Quantitative information.**

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

	31/12/12	31/12/11
<b>A - Overall financial indebtedness</b>	<b>(709,800)</b>	<b>(587,508)</b>
Total net equity	468,379	445,564
Minus amounts accrued in assets for coverage of financial flows	(13,938)	(7,857)
<b>B- Adjusted capital</b>	<b>482,317</b>	<b>453,421</b>
<b>C - Payables/Capital ratio (A/B)</b>	<b>1.47</b>	<b>1.30</b>

#### **Availability of equity reserves pursuant to Art 2427 n° 7-bis of the Italian Civil Code**

With reference to the availability of the equity reserves pursuant to Art. 2427 n° 7-bis of the Italian Civil Code, see the following table:

	Amount	Possibility of use	Available amount
Share capital	193,557		
Provisions:			
- Legal reserve	23,930	B	
- Extraordinary reserve	215,195	A,B,C	215,195
- Merger negative balance (surplus) reserve	11,000	A,B,C	11,000
- Reserve for special risks	798	A,B,C	798
- Cash flow hedge reserve	(13,938)		

- Reserves (negative balances) from change in standards	(10,664)		
- Profit realized and allocated directly to equity *	2,205	A,B,C	2,205
- Profit (loss) carried forward	(1,195)		
<b>Total</b>	<b>422,965</b>		<b>229,198</b>

Legend:

A: For capital increase

B: For coverage of losses

C: For distribution to shareholders

\* Net profit realised by negotiation of treasury shares

## 25 Financial liabilities

Financial liabilities show an increase both in long and short term borrowing compared to 2011 and are described in detail below.

### **Non-current financial liabilities: Euro/000 610,232 (Euro/000 524,062)\***

Non-current financial liabilities consist of the following:

	31/12/12	31/12/11	Change
- Payables to banks	539,989	488,146	51,843
- Non-current share of loans	3,797	4,008	(211)
- Financial leasing payables	8,133	4,257	3,876
- Financial payables to subsidiaries	7,531	5,764	1,767
- Financial payables to associated and joint control companies	50,782	21,716	29,067
- Financial payables to other investee companies	0	171	(171)
<b>Total</b>	<b>610,232</b>	<b>524,062</b>	<b>86,170</b>

(\*) Included in the NFP for a value of Euro/000 585,400 (2011: 506,758)

The overall increase recorded in this item, compared to 2012, is related to investments made in Italy for the concessions sector, and in Turkey.

We should likewise point out the increase of payables to related parties, mainly comprising specific cash flow items for operating activities conducted abroad and in particular in Russia.

It is likewise pointed out that the item also includes Euro/000 15,184 (2011: 9,653) for hedging derivatives; in this regard see note 31.

**Current tax liabilities: Euro/000 451,421 (Euro/000 358,521)\***

Current tax liabilities increased by Euro/000 92,900 and consist of the following:

	31/12/12	31/12/11	Change
- Payables to banks	398,191	260,932	137,259
- Current quota of mortgage loans	31,272	90,262	(58,990)
- Payables to other lenders	4,786	39	4,748
- Financial payables to subsidiaries	7,000	3,687	3,313
- Financial payables leasing	10,172	3,601	6,571
<b>Total</b>	<b>451,421</b>	<b>358,521</b>	<b>92,900</b>

We can point out the increase in short term payables above all for the domestic area. It is likewise pointed out that the item also includes Euro/000 7,376 (2011: 7,379) for hedging derivatives; in this regard see note 31.

(\*) Included in the NFP for a value of 437,046 (2011: 347,456)

**Financial leasing payables: Euro/000 18,305 (Euro/000 7,858)**

In the current year the Group has signed financial leasing contracts totalling Euro/000 21,872 and having an average duration of 12/60 months. The contracts involve durable goods in the categories of specific and generic plant, excavators, mechanical loaders, metallic formwork and sheet piles, buildings for industrial use, heavy lorries and cars; these contracts contain a redemption clause. The following table shows the amount of future instalments deriving from financial leasing and the current value of the instalments:

31/12/2012	31/12/2012	31/12/2011	31/12/2011
Instalments	Current value	Instalments	Current value

- Up to 1 year	11,673	10,172	3,874	3,601
- Over 1 year and within five years	7,830	8,133	4,460	4,257
<b>Total leasing instalments</b>	<b>19503</b>		<b>8334</b>	
- Financial charges	1199		476	
<b>Current value</b>	<b>18,304</b>	<b>18,305</b>	<b>7,858</b>	<b>7,858</b>

Payables for financial leasing increased compared to the previous year by Euro/000 10,447, in particular in Chile, Romania and Poland, in relation to the industrial production activities in these areas.

There follow the covenants and negative pledges related to the borrowing by the Group and the net financial position pursuant to CONSOB Communication No. 6064293 of 28 July 2006.

### **Covenants and Negative pledge**

The levels of financial covenants operating on all the committed loans the Group has taken out with banks are listed below:

- Ratio between net financial position and Group equity: less than or equal to 1.60x at year-end and 1.75x at half year end;
- Ratio between net financial position and EBITDA: less than or equal to 3.50x at year-end and 3.75x at half-year end;

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

It is pointed out that there has been full compliance with these covenants, as already stated previously in the paragraph on “Capital Management”, in the period of this annual financial report.

The aforesaid covenants are applied to the following loan agreements:

- Multi-Tranche Facility, for the sum of Euro 325 million, entered into on 18 July 2006, with a duration of 7 years, arranged by Mediocredito Centrale (Unicredito Group) and the Royal Bank of Scotland and subscribed by a pool of leading Italian banks; expiry April 2013. In this regard it is pointed out, as already stated in the notes to the 2011 financial statements, that a “Forward Start Facility” of Euro 352 mln was agreed on 2 December 2011. This loan will be usable from April 2013, upon the expiry of the “Multi-Tranche Facility”;
- Loan amounting to EUR 110 million, entered on 16 July 2009 with Banca Popolare di Milano, acting as Lead arranger of a pool of banks, with a payback plan with final expiry in September 2017;
- Bilateral committed loan for the sum of USD 60 million, taken out in order to cover the misalignment between costs and revenues of the branches in Venezuela and Salvador, with a duration of 18 months minus one day, entered into with BNP Paribas in August 2011 (and guaranteed by SACE for 70% of the amount); expiry February 2013.
- Bilateral committed loan for the sum of EUR 35 million, taken out in order to cover the misalignment between costs and revenues connected with Group operations abroad through its branches or joint ventures, with a duration of 18 months minus one day, entered into with Cariparma in January 2013 (and guaranteed by SACE for 70% of the amount); expiry July 2013.
- Related parties loan of Euro 35 mln to support investment in the sector of motorway concessions, issued by Centrobanca and ING Bank in June 2012, with a total duration of 5 years and two renewal options of one year each: current expiry June 2016;

- Related parties loan of Euro 10 mln to support investment in the sector of motorway concessions, issued by Centrobanca and ING Bank in February 2012: final expiry June 2016;
- Related parties loan of Euro 60 mln, for the preparation of contracts and for the support of investments made in the foreign concessions sector, especially Turkey. Signed in July 2012 with BBVA and Credit Agricole (guaranteed by SACE for 67% of the amount): expiry July 2017.
- Related parties loan of Euro 10 mln, agreed in June 2012 with BBVA: expiry December 2015.
- Related parties revolving loan of Euro 50 mln, issued by Efibanca on 14 July 2008: final expiry July 2016.

The same covenant levels also apply to the following loan agreements, entered into in connection with specific operational projects:

- The loan for US\$ 36 mln, entered on 5 August 2009 with Unicredit and MPS Capital Services as lending banks, to sustain investment in equity of “Chacayes Hydroelectric Project” in Chile. The beneficiary of the loan, with a duration of 7 years and final expiry on 8 August 2016, is Inversiones Assimco Limida; loan repayment is 100% guaranteed by Astaldi S.p.A. through a corporate guarantee and pledge issued on the shares (Astaldi stake) of the beneficiary company.

The same covenant levels are also applied to a committed loan facility for the issue negative pledges (guarantees) of the original amount of Euro 175 mln, agreed on 30 November 2006, duration 7 years, organised by Unicredito (formerly Mediocredito Centrale) and Royal Bank of Scotland and issued by a pool of banks: expiry November 2013.

In 2012, the following loans expired and were fully repaid:

- Bilateral related parties revolving loan of Euro 10 mln, issued by Cariparma on 13 December 2010.
- Bilateral related parties revolving loan of Euro 30 mln, issued by BayernLB Italia on 5 October 2007.

Among the main operations undertaken in 2012 we can report:

- Related parties borrowing to support investment in the motorways concessions sector, for Euro 10 mln agreed with Centrobanca and ING Bank in February 2012: final expiry June 2016;
- Bilateral related parties loan of Euro 10 mln, agreed in June 2012 with BBVA: expiry December 2015.
- Related parties loan of Euro 60 mln, to prepare contracts and for the support of investments made in the foreign concessions sector, especially in Turkey. Agreed in July 2012 with BBVA and Credit Agricole (guaranteed by SACE for 67% of the amount): expiry July 2017.

Furthermore, the Company has negotiated with the banks on the revision of the repayment plan for the following loans:

- Standby credit line organised in favour of the subsidiary Co.meri S.p.A., a Special Purpose Vehicle set up for the construction of Lot DG21 of SS106 Jonica; this line, granted by a pool of banks consisting of BNL-Gruppo BNP Paribas and guaranteed by Astaldi S.p.A., currently amounts to Euro 16 mln with expiry February 2013.
- Part of the Euro 110 mln loan agreed on 16 July 2009 with Banca Popolare di Milano, as leader of a pool of lending banks, has undergone restatement, setting the repayment plan ahead to September 2017.

It should be stressed that starting from 2013, new financial covenant levels will come into force, aligned with those of the Forward Start Facility agreed in December 2011.

The details are as follows.

- Ratio between net financial position and Group equity: less than or equal to 1.30x at year end and less than or equal to 1.45x at half-year end;
- Ratio between net financial position and EBITDA: less than or equal to 3.00x a year end and less than or equal to 3.30x at half-year end;

In relation to the negative pledge clauses, it is pointed out that the Group, during the negotiation of the borrowing contracts, tends to align these commitments to those defined in the Forward Start Facility agreed in December 2011.

Under this borrowing contract the Group cannot provide its assets as collateral (mortgaging, pledges etc.) except in some specific cases.

In particular this agreement is not applied:

- To guarantees already existing at the time of stipulation of a new borrowing contract;
- To guarantees issued for borrowing dedicated to single operational contracts in the form of traditional contracting, general contracting or project financing..

Among the events after 31 December 2012, it is pointed out that on 24 January 2013, Astaldi S.p.A. made an equity-linked bond issue reserved to qualified Italian and foreign investors.

The bond issue totalling Euro 130,000,000 has a duration of 6 years (expiry 31 January 2019) and with a half-year coupon with a fixed annual rate of 4.50%, payable on 31 January and 31 July of each year.

The bonds may be converted into ordinary shares of the Company, existing or newly issued, after one year has elapsed from the issue and subordinate

to approval by the Company general meeting, to be held by 30 June 2013, of an increase in capital with without pre-emption rights.

The conversion price of the bonds has been set at 7.3996 euro, incorporating a conversion premium of 35% with respect to average weighted price for the volume of Astaldi shares traded in the Italian stock exchange in the time from the launching of the operation and the pricing of 5.4812 euro.

The Company will be able to settle any conversion by the delivery of ordinary shares, by cash payment or by a combination of ordinary shares and cash (cash settlement option).

Banca IMI S.p.A., BNP Paribas and The Royal Bank of Scotland plc have acted as Joint Bookrunner and Joint Lead Manager for the placement of the Bonds.

### **Net financial position**

The following table shows the amount of net financial position details on the main items as requested by CONSOB DEM/6064293 communication of 28 July 2006.

Euro/000		31/12/12 <b>31/12/12</b>	31/12/11 <b>31/12/11</b>
A	Cash and cash equivalents	220,670	241,247
B	Securities held for trading	1,129	1,675
<b>C</b>	<b>Available funds (A+B)</b>	<b>221,799</b>	<b>242,922</b>
<b>D</b>	<b>Current financial receivables</b>	<b>0</b>	<b>0</b>
E	Current bank payables	(390,816)	(253,554)
F	Current part of non-current indebtedness	(31,272)	(90,262)
G	Other current financial payables	(14,958)	(3,640)
<b>H</b>	<b>Current financial indebtedness (E+F+G)</b>	<b>(437,046)</b>	<b>(347,456)</b>
<b>I</b>	<b>Net current financial indebtedness (H+D+C)</b>	<b>(215,246)</b>	<b>(104,534)</b>
J	Non-current bank payables	(528,602)	(482,501)
K	Other non-current payables	(56,798)	(24,257)
<b>L</b>	<b>Non-current financial indebtedness (K+J)</b>	<b>(585,400)</b>	<b>(506,758)</b>

<b>M</b>	<b>Net financial indebtedness</b>	<b>(L+I)</b>	<b>(800,647)</b>	<b>(611,292)</b>
	- Non-current financial receivables		42,181	3,783
<b>N</b>	<b>Non-current financial receivables</b>		<b>42,181</b>	<b>3,783</b>
<b>O</b>	<b>Part of indebtedness pertaining to related parties</b>		<b>48,666</b>	<b>20,000</b>
<b>P</b>	<b>Total financial indebtedness</b>	<b>(M+N+O)</b>	<b>(709,800)</b>	<b>(587,508)</b>

Total financial indebtedness takes into account not only the net financial indebtedness (letter M in the table) calculated in accordance with the CESR Recommendation of 10/02/2005, but also non-current financial receivables from associated companies set up for project financing activities, and the non-repeatable financial flow from specific forecast cash flows from operating activities abroad.

It should likewise be pointed out that the Parent Company has treasury shares in its portfolio totalling Euro/000 3,019 which determine a net financial position, illustrated in the annual report, for an amount totalling Euro/000 (706,781). It is likewise pointed out that the net financial position, also in comparative terms, does not contain the value of the derivatives used in hedging activities since by their very nature they do not represent financial values.

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## 26 Other Liabilities

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### Other Current liabilities: Euro/000 122,989 (Euro/000 107,619)

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

31/12/12	31/12/11	Change
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- Payables to subsidiaries	7,704	18,434	(10,730)
- Payables to associated and joint control companies	13,716	380	13,337
- Payables to other enterprises	84	33	51
- Payables to personnel	12,761	13,716	(955)
- Payables to social security bodies	7,697	6,406	1,291
- Accrued costs and deferred charges	2,108	1,928	180
- Other	78,918	66,721	12,196
<b>Total</b>	<b>122,989</b>	<b>107,619</b>	<b>15,370</b>

This item increased compared to the previous year, basically in relation to the "Other"; the increase is substantially due to the Romania area.

With reference to the composition of the item "Other", this mainly refers to relationships with Group Companies, both in the domestic and the foreign sector.

In any case, more details on the relations with the Group companies are shown in the annexe on related parties.

It should likewise be pointed out that payables to subsidiaries, associated and joint control companies, for capital to be paid and not yet reported by the single boards of directors, have been reclassified, as in the previous year, as a direct reduction of the respective book values of the shareholdings.

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## 27 Employee benefits: Euro/000 5,198 (Euro/000 5,631)

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This item concerns employee severance pay and the changes were as follows:

	Value at 31/12/2011	Increases in the year	Decreases in the year	Value at 31/12/2012
Employee severance pay provision	5,631	195	(628)	5,198

The liabilities entered in the financial statements are as follows:

	31/12/12	31/12/11	Change
- Current value of the obligation	5,155	5,135	20
- Non-recognized actuarial Loss/ (Profit)	43	496	(453)
<b>Liabilities recorded in the financial statements</b>	<b>5,198</b>	<b>5,631</b>	<b>(433)</b>

	Actuarial value
- Initial balance	5,631
- Interest	195
- Benefits paid	(628)
<b>Final balance</b>	<b>5,198</b>

The cost for liabilities is as follows:

	31/12/12	31/12/11	Change
- Net interest payable (receivable)	195	220	(25)
<b>Total</b>	<b>195</b>	<b>220</b>	<b>(25)</b>

For further clarification of such values, the main actuarial assumptions are as follows:

- Annual discounting rate: 2.40%
- Annual inflation rate: 2%
- Annual rate of wage increase:
  - Top management 2.50%;
  - Middle management/ White collars/ Workers: 1%

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**28 Trade payables: Euro/000 1,002,665 (Euro/000 979,022)**

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

	31/12/12	31/12/11	Change
- Payables to suppliers	587,826	634,282	(46,456)
- Payables to subsidiaries	254,608	215,248	39,360
- Payables to associated and joint control companies	158,420	128,344	30,076
- Payables to other investee companies	1,812	1,148	663
<b>Total</b>	<b>1,002,665</b>	<b>979,022</b>	<b>23,643</b>

The slight increase of this item of Euro/000 23,643, (2,5% compared to the previous year), reflects the significant improvement of the trade payables situation, in particular towards suppliers, compared to previous years.

In particular payables to suppliers have fallen by Euro/000 46,456. On the other hand, this same item included an opposite trend, with an increase (approximately Euro/000 40,000) due to the South American area (Venezuela and Chile), while the slowdown in the growth of the item was recorded in the European area (Romania, Turkey), for an amount totalling approximately Euro/000 68,000.

We can likewise point out the increase in trade payables to subsidiaries, due to commercial relationships involving the transfer of costs for works performed to a temporary association of enterprises; see the annexe on related parties for a detailed analysis, also with reference to relationships with the other Group companies.

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## **29 Tax payables: Euro/000 66,744 (Euro/000 63,020)**

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Tax payables increased by Euro/000 3,724 and consist of the following:

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	31/12/12	31/12/11	Change
- Payables for indirect taxation	23,467	29,393	(5,926)
- Payables for direct taxation	39,766	30,217	9,549
- Tax payables for tax withholding applied	3,511	3,409	101
<b>Total</b>	<b>66,744</b>	<b>63,020</b>	<b>3,724</b>

The increase of this item is due in particular to the item “Payables for direct taxation” (Euro/000 9,549) and is “ and is related to the higher production volumes for works in progress in Poland and Turkey.

On the other hand, we can point out a smaller decrease in payables for indirect taxation (Euro/000 5,826) especially due to the Algerian railway contract.

### 30 Provisions for risks and charges: Euro/000 85,472 (Euro/000 111,237)

Provisions for risks and charges consist of the following:

	Provisions for contract obligation	Provisions for equity investment risks	Provision for legal commitments	Provision as per Art. 27 of Company by-laws	Total
- <b>Balance at 31/12/2011</b>	<b>22,134</b>	<b>86,612</b>	<b>1,100</b>	<b>1,391</b>	<b>111,237</b>
- Allocations	0	44,597	1,200	0	45,797
- Use	(7,665)	(63,708)	(600)	(528)	(72,501)
- Allocation of 2011 profit	0	0	0	939	939
- <b>Balance at 31/12/2012</b>	<b>14,469</b>	<b>67,501</b>	<b>1,700</b>	<b>1,802</b>	<b>85,472</b>

- Provisions for contract obligations mainly include the prudent provision for charges relating to works that have already been performed, but for which the final phase of the respective contracts has not yet been defined, as well as activities related to work in progress;

- Provisions for equity investment risks reflect the equity deficit, attributable to the Group, compared to the book value of equity investments;
- The provision for legal commitments includes the allocation of charges measured through a punctual analysis of each single case, carried out with the help of external consultants and based on both objective and evaluation elements.
- The provision as per Art. 27 of the Company's bylaws was used for donation purposes and increased through the allocation of profits in accordance with specific resolutions.

The Company is a party to civil and administration legal proceedings and lawsuits connected with the regular corporate activities. Based on information currently available, and taking account of existing provisions for bad debt, it is deemed that these proceedings and legal actions will not have any negative impact on the separate financial statements.

On 17 October 2011, Major Taxpayers' Office of the Lazio Regional Directorate sent a Tax Assessment Notification for items pertaining to the financial year 2006 in the Assessment Notification served on 3 June 2010, following the general VAT, Income Tax and IRAP audit, started with access on 23 December 2009, concerning the financial year 2007, with the extension to the financial year 2006 as regards certain cases.

On the whole, the office found and challenged Astaldi S.p.A. with a few relevant observations, including: application of Art. 165 of the Consolidated Tax Act on the subject of tax credit for taxes paid abroad (years from 2004 to 2007); the claimed tax relevance of the higher value of

the amounts liquidated through the interim work reports on long-term contracts compared to the assessment of the works in progress carried out according to the cost to cost methodology, as required by IAS11 (year 2007); in addition to other observations of lower relevance.

The total amount of the higher taxes (IRES and IRAP) notified is approximately EUR 20 million, in addition to penalties and interest.

For the year 2006, the Office, confirming the Company's correct behaviour for the calculation of credit for tax paid abroad, previously certified for the years 2004 and 2005, only reported minor violations in the afore-mentioned Notification. In this respect, it should be pointed out that the assessment was concluded in February 2012 with the agreement to pay EUR/000 683 including higher tax, penalties and interest.

With regard to the claims for tax liability for the year 2007, it is pointed out that in October 2012 the Tax Authorities notified an assessment by which, besides again confirming the work by the Company in the calculation of tax credits for taxes paid abroad, consolidating what had already been formulated for the years 2004, 2005 and 2006, they have decided not to demand the tax liability for the higher value of the amounts paid with respect to the valuation of works in progress on long term contracts with the cost to cost method (in line with the recent Circular 7/E of 28 February 2011), making demands only for some minor aspect. The Company responded to the assessment for the year 2007 by paying the requested amount of Euro 56,000.00 (inclusive of penalties and interest). After the definition of the year 2007, due to the effect of the recalculation of the domestic tax and foreign tax surplus to be shown in the subsequent years,

calculated in accordance with Art. 165 of the Single Tax Law, the Tax Authorities, after targeted access effected in November 2012, notified an objection procedure by which they only recalculated the tax credit for taxes paid abroad for the year 2008.

The Company availed itself of the option of full acquiescence to the objection procedure, pursuant to Art. 5-bis of Legislative Decree 218/1997, making a payment of Euro/000 3,344 inclusive of penalties and interest.

After the conclusion of the aforesaid procedures and to complete the information, it should be pointed out that as of now Parent Company has defined all the issues arising in the above-mention acts for the years from 2004 to 2008.

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

Item of adjusted assets		31/12/12	31/12/11	note
<b><u>Provisions to directly decrease assets</u></b>		<b>90,457</b>	<b>66,028</b>	
- Provision for write-down of equity investments	Shareholdings	52,228	46,341	16
- Provision for write-down of final losses	Amount receivable from customers	7,640	7,743	20
- Provision for bad debts	Trade receivables	3,228	5,754	21
- Provision for arrears interest	Trade receivables	23,215	2,492	21
- Provision for arrears interest to Tax Authorities	Tax receivables	198	198	22
- Provision for depreciation of other assets	Other current assets	3,948	3,500	18
<b><u>Provisions entered under liabilities</u></b>				
<b>- Provisions for risks and charges</b>		<b>93,062</b>	<b>120,871</b>	<b>30</b>
of which:				
For equity investment risks	Provisions for risks and charges	67,501	86,612	30
For final contract losses	Provisions for risks and charges	14,468	22,134	30
For final contract losses	Advances	7,590	9,634	
Other funds for risks and charges	Provisions for risks and charges	3,503	2,491	30

Total provisions

183,519

186,899

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## 31 Information on management of risks, financial instruments and guarantees

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### **Financial Risk Management**

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

The Company is therefore exposed to the following financial risks:

- Market risk: exposure of the Company to fluctuations in interest rates and exchange rates between the Euro and the other currencies in which it operates;
- Liquidity risk: the possibility that the Company might not be able to meet its financial commitments deriving from contracts and, more generally, from its financial liabilities;
- Credit risk: exposure of the Company to potential loss deriving from the failure to fulfil commitments undertaken by counterparts.

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

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

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

There follow the hedging derivatives operations at 31 December 2012, with a distinction between hedge accounting, representing most of the Astaldi operations, and non-hedge accounting operations shown for each type of financial instruments with fair value, notional value and the changes in the respective provisions and the income statement. For operations in currencies other than the Euro, the corresponding values are calculated at the exchange rate at the end of the period. The valuation of these instruments is conducted on the basis of specific pricing models and market data recorded at the end of the financial year.

All the derivatives transactions at 31 December 2012 are in compliance with the so-called level 2 of fair value <sup>1</sup>. In this respect, it should be pointed out that compared to the previous year, there have not been any changes in the valuation model.

### **Interest rate risk**

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<sup>1</sup> Pursuant to IFRS 7, Astaldi Group must classify fair value measurements with the classification of fair value reflecting the significance of the data used in measurement, with the following levels:

- Level 1: listed prices (non-adjusted in an active market for identical financial instruments)
- Level 2: input data other than listed prices observable for the assets or the liabilities, either directly (as prices) or indirectly (as prices derivatives)
- Level 3: data for assets or liabilities not based on observable market data.

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

Astaldi, also taking into account contract obligations, duly assesses exposure to the risk of changes interest rates and manages these risks by the use of non-speculative derivatives, in order to pursue a Cash Flow Hedge strategy. The Company's hedging policy, governed by a specific interest rate risk management policy, involved the definition of an ideal mix between fixed rate and variable rate borrowing (mainly Euribor) in the borrowing structure in order to reduce borrowing costs and their volatility; the Group therefore undertakes hedging operations through simple derivatives ("plain vanilla"), on a cash flow hedge basis, in order to convert the variable rate into a fixed rate (Interest Rate Swap<sup>2</sup>), or to allow a limited interest rate fluctuation within a predefined range (Collar <sup>3</sup>), and in any event guaranteeing a maximum risk exposure level (Cap). These instruments are generally at zero cost.

At 31 December 2012, the notional value of derivatives hedging on the interest rate risk totalled Euro 732 million of which 206 million on a forward basis, mainly to hedge the Forward Start Facility, totalling Euro 325 million, agreed in December 2011, and due to come into force in April 2013, upon the expiry and to replace the current credit line for the same

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<sup>2</sup> An Interest Rate Swap contract is an agreement by which the two parties periodically Exchange payment flows based on a given notional capital, for a given period of time. The contract does not involve the Exchange of capital, and the interest is paid subsequently. The reference capital for calculating the interest may remain constant for the duration of the contract, or vary (amortizing swap).

<sup>3</sup> An Interest Rate Collar contract consists of the purchase/sale of a Cap option and the simultaneous sale/purchase of a Floor option, with different strikes of the two options. The contract allows for the limitation of fluctuation risk of the market reference rate on a specific band (or corridor), between a maximum rate level (cap) and a minimum level (floor). This insurance has a purchase cost equal to the difference between the premium collected from the sale of the Floor and the one paid for the purchase of the Cap.

amount. The percentage of fixed rate hedging of gross indebtedness, net of the aforesaid FSF hedging, is approximately 45%.

The following tables show the aforementioned transactions, all designed to hedge financial flows, split into cash flow hedges and transactions for which Astaldi decided not to apply hedge accounting as a result of the charges and problems linked to the application of hedge accounting to the characteristics of the hedged items.

Table 1: Cash Flow Hedge

Type of derivative	Hedged item	Notional Remainder 31.12.2012	Fair Value 2012	Fair Value 2011
IRS	Medium/long term indebtedness	517,119	(18,891)	(11,678)
OPTIONS	Medium/long term indebtedness	52,500	(727)	(1,007)
<b>Total</b>		<b>569,619</b>	<b>(19,618)</b>	<b>(12,685)</b>

euro/000

With reference to the aforesaid Hedge Accounting, the change in value has had an impact above all on the Company's net equity, leading to a final value of the cash flow hedge reserve of Euro 19.2 million, together with the related effect for deferred tax of Euro 5.3 million.

Details on changes in the cash flow hedge reserve in 2012 are shown below:

Changes in the cash flow hedge reserve

Cash flow hedge reserve - interest rate k	31/12/12	31/12/11
Initial reserve	(11,937)	(14,687)
Impact on CFH reserve net of transfer to income statement	(7,310)	2,749
Final reserve	(19,247)	(11,937)
Ineffectiveness	(43)	(246)

euro/000

It is 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 has not been applied, the changes in value of these financial instruments were entered directly in the income statement.

Table 3: Non-hedge Accounting

Type of derivative	Hedged item	Notional Remainder 31.12.2012	Fair Value 2012	Fair Value 2011
IRS	Medium/long term indebtedness	5,400	(484)	(557)
OPTIONS	Medium/long term indebtedness			(6)
<b>Total</b>		<b>5,400</b>	<b>(484)</b>	<b>(563)</b>

euro/000

### Sensitivity analysis

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

The analysis was carried out based on market curves at 31/12/2012 and considers a parallel rate shock by 1% upwards (shock up) and 0.30% downwards (shock down) on interest rates

Table 5: Sensitivity analysis

INTEREST RATE RISK				

Financial liabilities

- cash flow	(8,438)	2,531		
Derivative hedging instrument				
- cash flow	3,121	(557)		
<b>Total</b>	<b>(5,316)</b>	<b>1,975</b>	<b>0</b>	<b>0</b>
- fair value	139	(43)	10,906	(2,454)

euro/000

With reference to 31/12/2012 the analysis shows how, considering a hypothetical 1% increase in interest rates, as a consequence of hedging through derivatives (approximately 3.1 million), borrowing costs would increase by Euro 5.3 million, in this hypothetical scenario the fair value of hedging entered in the income statement, compared to the effective amount recorded at 31/12/2012, would show an increase of Euro 0.14 million, while the equity reserve would show a negative effect of approximately 11 million euro.

Similarly, as shown in the table, a shock down of 0.30% in interest rates would lead to a decrease in financial charges of approximately 2.2 million euro.

### **Exchange rate risk**

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

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

Hedging is performed by the use of forward plain vanilla derivatives<sup>4</sup>, cost

<sup>4</sup> Forward rate agreements are term contracts in which two parties agree on the Exchange rate to apply to a certain amount for a certain period of future time. The value of the rate is established so that when the contract

zero cylinders <sup>5</sup> and cross currency interest rate swap<sup>6</sup>.

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

At 31 December 2012 the nominal value of existing exchange rate risk hedges amounted to a total of Euro 54 million.

Description	Notional	Fair Value	Income statement	CFH Reserve
Purchase EUR/PLN	16,200	(219)	(241)	22
Purchase EUR/USD	37,896	(10)	(10)	
<b>Total</b>	<b>54,096</b>	<b>(228)</b>	<b>(250)</b>	<b>22</b>

euro/000

A breakdown of the changes in the cash flow hedge reserve during 2012 due to hedges on exchange rates is shown below:

Cash flow hedge reserve - exchange rate risk	31/12/12	31/12/11
Initial reserve	1,100	-
Impact on CFH reserve net of transfer to income statement	(1,078)	1,100
Final reserve	22	1,100

is stipulated neither of the parties show a gain or loss. This initial value is equal to the Forward market rate for the corresponding period.

<sup>5</sup> This is a transaction for two derivatives contract, and there are no initial costs for the investor.

<sup>6</sup> The cross currency swap (CCS) is a contract by which two parties agree to mutually exchange an initial capital, periodical interest flows and a final capital, expressed in two different currencies.

Ineffectiveness	(10)	(95)
euro/000		

### **Liquidity risk**

The main factors determining the Company's liquidity risk are, on one hand, the financial resources generated or absorbed by Group operating and investment activities, and on the other, the characteristics of debt maturity and use of cash, as well as contingent cash terms of financial markets.

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

Cash flows, the need for financing and the liquidity held by Group's companies are monitored and managed by the Group with the aim of guaranteeing effective and efficient management of financial resources.

The following table shows the timeframe of the Company's financial liabilities that are exposed to interest rate risk:

LIQUIDITY RISK								
Analysis of maturities	Use	On sight	2013	2014	2015	2016	2017	Beyond
Short term loans	(339,413)	339,413	-	-	-	-	-	-
Medium/long term loans	(504,358)	-	32,738	45,975	57,006	334,965	30,469	3,204
<b>Total</b>	<b>(843,771)</b>	<b>339,413</b>	<b>32,738</b>	<b>45,975</b>	<b>57,006</b>	<b>334,965</b>	<b>30,469</b>	<b>3,204</b>
Derivatives								
- interest rate derivatives			7,181	5,788	4,212	2,523	1,028	760
- exchange rate derivatives			228					

*(The present document is a translation from the Italian original, which remains the definitive version)*

<b>Total</b>			7,409	5,788	4,212	2,523	1,028	760
<b>EXPOSURE</b>	<b>AL</b>							
		339,413	40,148	51,764	61,218	337,489	31,497	3,964
<b>31.12.2012</b>								
euro/000								

Note: The figures for variable rate financial liabilities shown in the table coincide with the nominal value of these liabilities, net of reclassification for valuation of borrowing at amortized cost and of the fair value of interest rate derivatives.

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

- Orientation toward 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 Company operates, and in keeping with the rules for managing the financial flows of individual contracts;
- Maintenance of a suitable level of available liquidity funds;
- Existence of an investment portfolio with a corresponding liquid market and whose securities are available for trading in order to cope with liquidity needs;
- Diversification of instruments for obtaining financial resources and ongoing focus on financial markets;
- Obtainment of appropriate bank credit facilities (committed and uncommitted);
- Monitoring of future liquidity conditions in relation to corporate planning..

### **Credit risk**

*(The present document is a translation from the Italian original, which remains the definitive version)*

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

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

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

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

We should likewise point out that for some countries, collection times may go beyond the usual terms. At 31 December 2012 the percentage of expired trade receivables was 27% of which 18% for those 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 the other items of working capital and in particular the payables to subcontractors and suppliers typical in the sector, in which maturity, in the management of operational leverage, tend to be aligned to the collection time by customers (back to back).

## **GUARANTEES AND SECURITIES**

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### **Personal guarantees**

The total value of the guarantees furnished and stated in thousands of Euro is Euro/000 3,379,239 and refers to the following cases:

- Guarantees for opening credit facilities, to be used to ensure regular cash flow in relation to individual contracts, issued in favour of subsidiaries, associated and joint control companies and other investee companies, set up for this purpose pursuant to current tax

laws for the amount of Euro/000 660,765;

- Guarantees for works, issued in the Company's interest by banks and insurance companies in favour of customers for various purposes, on its own account and in the interest of subsidiaries, joint control and associated companies and other investee companies for the amount Euro/000 2,449,397;
- Other guarantees issued for various purposes for a total of Euro/000 269,077

### **Third party guarantees in favour of the Company**

They refer to guarantees of Euro/000 214,486 issued by Banks and Insurance Companies in the interests of Italian and foreign suppliers and subcontractors, in relation to contract obligations vis-à-vis the Company.

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## **32 – Information on transactions with related parties and fees payable to Directors, Auditors, General Managers and other top management with strategic responsibilities**

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In accordance with IAS 24 as well as CONSOB communication no. 6064293 of 28 July 2006, Attachment 1 to these Notes shows the totals of existing transactions and balances resulting from financial and commercial relations with related companies. In this regard, it is noted that the relevant transactions were carried out at market conditions. It should be pointed out that relations with consortia and consortium companies (special purpose vehicles), taking into account the specific sector the Group operates in, are to be related to receivables due from third parties – entered among Trade

Receivables (note 20) – not summarised in the attachment regarding transactions with related parties.

Information regarding fees due to Directors, Auditors and General Managers of the Parent Company with strategic responsibilities is shown below in accordance with the provisions of the remuneration report as per Art. 123-ter of the Single Budget Law.

Category	Fixed fees	Fees for committee meetings	Variable non-equity fees (bonuses and other incentives)	Non-monetary benefits	Other Fees	Total	Fair Value of equity benefits
Directors	4,155	26	143	46	17	4,388	464
Auditors	120	0	0	0	0	120	0
General managers	1,205	0	313	30	17	1,566	529
Top management with strategic responsibility n°9	1,747	0	585	32	18	2,382	0

### 33 Segment information

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 in which the Group operates, and it is determined by using the same accounting standards used to draw up the single financial statements.

The following tables show the segment information regarding provisions set out in information as per IFRS 8.

Segment information 2012								
(thousands of euro)	Italy	Europe	America	Africa	Asia	Other assets	Adjustments and eliminations	Total consolidated
<b>revenues</b>								
Revenues	798,538	568,811	212,516	177,901	-	10,151	(520)	<b>1,767,397</b>
Operating result	74,736	7,368	38,102	60,996	(966)	(1,950)	315	<b>178,602</b>
Net financial charges								<b>(92,804)</b>
Shares of operating in the year of entities valued at equity								-
Profit/(loss) before tax and minority interest								<b>85,798</b>
Income tax								<b>(40,383)</b>
Net profit for the year								<b>45,414</b>
Assets or liabilities								
Assets of the sector	1,024,419	826,341	786,194	268,108	6,288	1,382,735	(1,170,178)	<b>3,123,906</b>
of which shareholdings						482,180	(126,139)	<b>356,041</b>
Liabilities of the sector	(947,729)	(858,964)	(761,490)	(224,174)	(7,040)	(1,014,677)	1,158,546	<b>(2,655,527)</b>
Other segment information								
Tangible fixed assets	21,123	35,561	42,277	12,387	2,506	37,485	(167)	<b>151,172</b>
Intangible assets	7,457	169	(1)	-	2	589	-	<b>8,215</b>
Depreciation of tangible assets	7,170	5,769	8,020	3,867	471	1,018	(65)	<b>26,250</b>
Allocations	1,200	-	-	-	-		-	<b>1,200</b>

Segment information 2011								
(thousands of euro)	Italy	Europe	America	Africa	Asia	Other assets	Adjustments and eliminations	Total consolidated
<b>Revenues</b>								
Revenues	957,296	618,493	206,898	161,125	-	(38)	4,963	<b>1,948,735</b>
Operating result	128,042	(6,769)	49,959	37,259	(1,406)	(10,451)	13,735	<b>210,371</b>
Net financial charges								<b>(105,199)</b>
Shares of operating in the year of entities valued at equity								-
Profit/(loss) before tax and minority interest								<b>105,172</b>
Income tax								<b>(42,518)</b>
Net profit for the year								<b>62,654</b>
Assets or liabilities								

(The present document is a translation from the Italian original, which remains the definitive version)

Assets of the sector	1,019,293	708,000	817,921	329,389	4,305	1,229,180	(1,135,628)	<b>2,972,460</b>
of which shareholdings						346,873	(120,317)	<b>226,556</b>
Liabilities of the sector	(874,132)	(744,780)	(789,827)	(312,656)	(5,851)	(923,751)	1,124,102	<b>(2,526,896)</b>
Other segment information								
Tangible fixed assets	23,641	31,809	26,435	9,535	2,456	37,999	(65)	<b>131,809</b>
Intangible assets	3,420	152	8	-	6	397	-	<b>3,983</b>
Depreciation of tangible assets	8,541	6,902	7,988	5,552	218	995	(44)	<b>30,153</b>
Allocations	7,665	-	-	-	-	-	-	<b>7,665</b>

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### 33 Other information

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#### **Non-recurring significant events and operations**

The economic, equity and financial situation of Astaldi S.p.A. was not affected in the year 2012 by non-recurring significant events and operations as defined in CONSOB Communication n. DEM/6064293.

#### **Positions or transactions deriving from atypical or unusual operations**

In 2012 Astaldi S.p.A. did not undertake any atypical or unusual operations as defined in CONSOB Communication n. DEM/6064293

#### **Events after the closing of the Financial Statements**

The publication of the Financial Statements was authorised by the Board of Directors of the Parent Company on 13 March 2013. There follows information on the events after the date of the Financial Statements.

In January, the Company the Company concluded a borrowing operation with an equity-linked bond issue ("Euro 130,000,000 4.50% Equity-Linked Bonds due 2019"), places with qualified Italian and foreign investors. This operation, highly successful on the market, involved the issue of the securities and payment of the subscription price. The bonds, with a unit value totalling 100,000 euro, were issued for a total amount of 130,000,000 euro, have a duration of 6 years (expiry 31 January 2019) with half-year

coupon with a fixed annual rate of 4.50%, payable on 31 January and 31 July of each year. The bonds may be converted into ordinary shares of the Company, existing or newly issued, after one year has elapsed from the issue and subordinate to approval by the Company general meeting, to be held by 30 June 2013, of an increase in capital with without pre-emption rights. The conversion price of the bonds has been set at 7.3996 euro, incorporating a conversion premium of 35% with respect to average weighted price for the volume of Astaldi shares traded in the Italian stock exchange in the time from the launching of the operation and the pricing of 5.4812 euro. The Company will be able to settle any conversion by cash payment or by a combination of ordinary shares and cash (cash settlement option). The bonds will be traded on the Luxembourg stock Exchange and on the Euro MTF non-regulated market.

In February, Astaldi Group was awarded the contract for the modernisation and extension of the John Paul II International Airport of Cracow-Balice in Poland, with a value of 72 million Euro. The project involves the extension and the rebuilding of the international passenger terminal, the construction of external plant and links with the multi-storey car park and the railway station, as well as the construction and modernisation of the internal transport system. The new facility will cover an area of 26,000 m<sup>2</sup>, with a volume of 424,000 m<sup>3</sup> and, at the end of the works, the airport will serve 8,000,000 passengers per year, guaranteeing a “CE class service level by IATA standards. The works will be undertaken in functional phases, in order to allow the regular operation of the existing terminal current, that will be incorporated from the architectural and plant

aspects in the new building. The planned duration of the works is 2 years, with start-up from next spring. The entity commissioning the works is the John Paul II International Airport Cracow-Balice S.r.l. (Międzynarodowy Port Lotniczy im. Jana Pawła II Kraków-Balice Sp. z o.o.), the Company with a public stake for the development and the management of the entire facility.

From the operational point of view, in the first part of 2013, two important milestones have been achieved in Italy. In February, the functional stretch Zara-Bignami of the Milan Metro Line 5 was inaugurated, with the start of the management phase by the concessionaire company Metro 5 S.p.A., an investee company of the Astaldi Group. In March, the Brescia Metro was also opened to the public.

Abroad, in February the Venezuelan government decided to devalue the strong bolivar. For some time, the country has serious economic and socio-political difficulties, further exacerbated by the illness of President Hugo Chávez, who died in March 2013. The February 2013 devaluation, an event widely forecast by the Astaldi Group and the main analysts on the Venezuelan market, is a “competitive” devaluation aimed at relaunching the local economy. This devaluation has led to a fall in the VEF/US\$ exchange rate from 4.3 to the current 6.3.

All of this will have a negative impact on the country with regard to inflation, which was already serious due to the parallel (unofficial) Exchange rate.

With regard to Astaldi Group, the devaluation is not an unexpected event, taking into account that in approximately 40 years of operations in the area,

the Group has already witnessed a dozen similar operations (“competitive devaluations”). The resulting experience and the in-depth knowledge of the situation have thus enabled us to develop a local business model that has also taken into account these phenomena in accounting of margins, and has led us to focus the resources in the area solely on infrastructure projects that are priorities for the country (construction of railways within strategic projects, also developed under bilateral government agreements between Italy and Venezuela). Therefore, the Group plans to further limit activities in Venezuela from the early months of 2013, partly compensated by the opening up of new countries (Chile and Peru) with the consequent rationalisation of the overall risk profile in the Latin America area.

With regard to the economic and assets effects deriving from the recent devaluation, it should be pointed out that while the projects in Venezuela have been acquired by an Italian consortium in which Astaldi holds 33.3%, the operating performance and assets and financial effects have been spread by the attribution to each shareholder of separate stretches of railway.

The economic valuation of projects pertaining to the Astaldi Group, which as mentioned uses the cost to cost method (normalisation of contract margins), has always taken into account the risk coefficients and the operating and financial procedures likely to mitigate as far as possible any effects of devaluation. This aspect is further supported by the hedging of assets in local currency with similar debit positions, as well as the fact that a significant part of the contract amounts is denominated and paid in euro (approximately 50%) and that the overall margin is in euro.

**Fees payable to the auditing firm KPMG and their network pursuant to Art. 149-duodecies of the Issuers Regulations**

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There follow the fees payable in the year 2012 to KPMG on the basis of their auditing appointment for the financial years 2011-2019, assigned by a resolution of the general meeting on 18 April 2011:

Euro/000

Type

Amount

**Auditing services (\*):**

512

**Other services (\*\*)**

63

**Total fees**

**575**

(\*)Including expenses

**ANNEXES TO THE FINANCIAL STATEMENTS OF ASTALDI S.p.A.**

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