

# Astaldi S.p.A.

## Consolidated financial statements

Consolidated accounting statements and  
explanatory notes at 31 December 2012



2012

Astaldi Società per Azioni  
Corporate and Head Offices: Rome (Italy), Via Giulio Vincenzo Bona n. 65  
Registered with the Companies Register of Rome  
Ta Code and VAT Number: 00398970582  
R.E.A. n. 152353  
VAT n. 0080281001  
Share Capital: Euro 196,849,800.00 fully paid-in

*(The present document has been published on April 8 2013 and replaces the document published on 29 March 2013, that presented a mere clerical error on page 242).*

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

## CONSOLIDATED ACCOUNTING STATEMENTS

### CONSOLIDATED SEPARATE INCOME STATEMENT

(Thousands of Euro)	Notes	31/12/12	31/12/11
<b>OPERATING PERFORMANCE</b>			
Revenues	1	2,325,299	2,265,284
<i>of which with related parties</i>		238,111	210,863
Other operating revenues	2	131,598	94,975
<i>of which with related parties</i>		5,453	3,326
<b>Total revenues</b>		<b>2,456,897</b>	<b>2,360,259</b>
Purchase costs	3	(487,584)	(458,640)
Service costs	4	(1,340,552)	(1,349,308)
<i>of which with related parties</i>		(161,114)	(149,612)
Personnel costs	5	(305,439)	(262,492)
Amortisation and depreciation	6	(52,616)	(51,568)
Other operating costs	7	(60,456)	(38,409)
<i>of which with related parties</i>		(290)	(1,432)
<b>Total Costs</b>		<b>(2,246,648)</b>	<b>(2,160,418)</b>
(Capitalisation of internal construction costs)	8	1,565	850
<b>Operating result</b>		<b>211,813</b>	<b>200,691</b>
Financial income	9	78,550	44,772
<i>of which with related parties</i>		2,195	1,301
Financial charges	10	(163,681)	(120,444)
<i>of which with related parties</i>		(627)	(5)
Effect of valuation of equity with net equity method	11	3,146	401
<b>TOTAL FINANCIAL AREA AND EQUITY INVESTMENTS</b>		<b>(81,985)</b>	<b>(75,271)</b>
<b>PROFIT (LOSS) BEFORE TAX OF CONTINUED OPERATIONS</b>		<b>129,829</b>	<b>125,420</b>
Taxes	12	(55,879)	(53,496)
<b>PROFIT (LOSS) FOR THE YEAR</b>		<b>73,949</b>	<b>71,924</b>
Group profit		74,126	71,195
Minority profit		(177)	729
Basic profit per share	13	Euro 0,76	Euro 0,73
Diluted profit per share		Euro 0,75	Euro 0,73

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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Thousands of Euro)	Notes	31/12/12	31/12/11
<b>Profit (loss) for the year</b>		<b>73,949</b>	<b>71,924</b>
Change in Cash Flow Hedge Reserve Subsidiaries		(8,656)	(696)
Change in Cash Flow Hedge Reserve Associated		(5,220)	(10,210)
Change in Translation Reserve Subsidiaries		(2,382)	1,601
Change in Translation Reserve Associated		1,322	(2,236)
<b>Result of other Group items</b>	25	<b>(14,937)</b>	<b>(11,540)</b>
Change in Minority Cash Flow Hedge Reserve		(449)	1,021
Change in Translation Reserve Minority		103	(590)
<b>Result of other minority items</b>		<b>(345)</b>	<b>431</b>
<b>Total result</b>		<b>58,667</b>	<b>60,815</b>
of which pertaining to the Group		59,189	59,655
of which pertaining to the Minority		(522)	1,160

## CONSOLIDATED NET EQUITY

(Thousands of Euro)	Notes	31/12/12	31/12/11
<b>Non-current assets</b>			
Property, plant and machinery	14	221,094	192,278
Investment property	15	1,105	1,141
Intangible assets	16	107,523	44,132
Equity investments	17	257,441	195,964
of which:			
Equity investments evaluated with the equity method		104,414	94,188
Non-current financial assets	18	193,448	159,671
<i>of which with related parties</i>		49,926	20,606
Other non-current assets	19	39,874	28,413
Deferred tax receivables	12	8,589	3,361
<b>Total Non-current assets</b>		<b>829,074</b>	<b>624,961</b>
<b>Current assets</b>			
Inventories	20	84,343	93,369
Amounts receivable from customers	21	1,058,039	1,010,416
<i>of which with related parties</i>		41,954	62,753
Trade receivables	22	835,077	820,963
<i>of which with related parties</i>		30,435	32,325
Current financial assets	18	17,653	6,248
Tax receivables	23	143,067	116,981
Other current assets	19	381,022	308,420

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<i>of which with related parties</i>		27,948	24,791
Cash and cash equivalents	24	400,215	456,210
<b>Total current assets</b>		<b>2,919,417</b>	<b>2,812,608</b>
<b>Total assets</b>		<b>3,748,491</b>	<b>3,437,569</b>
<b>NET EQUITY AND LIABILITIES</b>			
Net equity			
Share capital	25	196,850	196,850
Treasury shares		(1,216)	(1,222)
Provisions:			
Legal reserve		23,930	20,797
Extraordinary reserve		218,262	175,968
Profit (loss) carried forward		48,682	40,493
Other reserves		(921)	(1,709)
Other items of comprehensive income		(52,088)	(37,151)
<b>Total capital and reserves</b>		<b>433,499</b>	<b>394,027</b>
Profit (loss) for the year		74,126	71,195
<b>Total Group Net Equity</b>		<b>507,625</b>	<b>465,222</b>
Minority Profit (loss)		(177)	729
Other minority comprehensive income items		(63)	282
Minority Consolidation Reserve		47,170	4,046
<b>Minority Net Equity</b>		<b>46,930</b>	<b>5,057</b>
<b>Total net equity</b>		<b>554,555</b>	<b>470,278</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	26	734,920	672,612
<i>of which with related parties</i>		1,749	1,645
Other non-current liabilities	27	13,721	13,716
Employee benefits	28	8,760	7,926
Liabilities for deferred tax	12	4,188	1,273
<b>Total non-current liabilities</b>		<b>761,588</b>	<b>695,528</b>
<b>Current liabilities</b>			
Amounts payable to customers	21	479,397	472,120
<i>of which with related parties</i>		103,130	56,480
Trade payables	29	1,128,798	1,118,769
<i>of which with related parties</i>		142,218	116,637
Current tax liabilities	26	537,661	453,026
Tax payables	30	93,387	73,142
Provisions for current risks and charges	31	28,578	29,159
Other current liabilities	27	164,527	125,547
<i>of which with related parties</i>		1,120	327
<b>Total current liabilities</b>		<b>2,432,348</b>	<b>2,271,763</b>
<b>Total liabilities</b>		<b>3,193,936</b>	<b>2,967,291</b>
<b>Total net equity and liabilities</b>		<b>3,748,491</b>	<b>3,437,569</b>

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(Thousands of Euro)	Changes in net equity at 31 December 2012									
	Pertaining to the Group shareholders								Minority	
	Share capital	Legal reserve	Extraordinary reserve	Other items of comprehensive income statement	Other reserves	Retained earnings	Profit for the period	Total Group Net Equity	Minority interests	Total Net Equity
Balance at 01 January 2012 IAS/IFRS	195,628	20,797	175,968	(37,151)	(1,709)	40,493	71,195	465,222	5,057	470,278
Profit of continued operations 2012	0	0	0	0	0	0	74,126	74,126	(177)	73,949
Cash flow hedge for the period	0	0	0	(13,877)	0	0	0	(13,877)	(449)	(14,326)
Conversion of foreign operations for the period	0	0	0	(1,060)	0	0	0	(1,060)	103	(957)
COMPREHENSIVE ECONOMIC RESULT	0	0	0	(14,937)	0	0	74,126	59,189	(523)	58,666
Treasury shares	5	0	(20)	0	74	0	0	59	0	59
Dividends	0	0	0	0	0	0	(16,630)	(16,630)	(766)	(17,396)
Provision as per Art. 27	0	0	0	0	0	0	(940)	(940)	0	(940)
Operations with Minority interests	0	0	0	0	0	11	0	11	0	11
Changes in Consolidation Area	0	0	0	0	0	0	0	0	43,162	43,162
Allocation of profit of continued operations 2011	0	3,133	42,314	0	0	8,178	(53,625)	0	0	0
Other changes	0	0	0	0	(279)	0	0	(279)	0	(279)
Stock grant allocation reserve	0	0	0	0	993	0	0	993	0	993

\*The effect of other items of the comprehensive income statement produced a cash flow hedge reserve at 31/12/2012 totalling Euro (45,676) and a translation reserve totalling Euro (6,412)

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

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Changes in net equity at 31 December 2011										
Thousands of Euro)	Pertaining to the Group shareholders								Minority	
	Share capital	Legal reserve	Extraordinary reserve	Other items of comprehensive income statement	Other reserves	Retained earnings	Profit for the period	Total Group Net Equity	Minority Interests	Total Net Equity
Balance at 01 January 2011 IAS/IFRS										
Profit of continued operations 2011										
Cash flow hedge for the period										
Conversion of foreign operations for the period										
COMPREHENSIVE ECONOMIC RESULT										
Treasury shares										
Dividends										
Provision as per Art. 27										
Operations with Minority interests										
Changes in Consolidation Area										
Allocation of profit of continued operations 2010										
Other changes										
Stock grant allocation reserve										
Balance at 31/12/2011 IAS/IFRS										

\*The effect of other items of the comprehensive income statement produced a cash flow hedge reserve at 31/12/2011 totalling Euro (31,799) and a translation reserve totalling Euro (5,352)

\*\* The amount stated in the items is shown net of total investment in treasury shares totalling Euro/000 3,005 of which Euro/000 1,222 corresponding to the nominal value of the shares, entered as a reduction of share capital, and Euro/000 1,783 entered as a reduction of the Extraordinary Reserve.

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## Consolidated cash flow statement

Euro/000

	31/12/12	31/12/11
<b>A - CASH FLOW FROM CONTINUED OPERATIONS:</b>		
Group and Minority result for the period	73,949	71,924
<i>Adjustments to reconcile net profit (loss) with the cash flow generated (utilised) by the operations:</i>		
Deferred tax	4,799	4,868
Amortisation and depreciation	52,616	51,568
Provision for risks and charges fund	1,427	7,960
Costs for severance pay and defined benefits plans	1,568	757
Costs for employee incentives plans	993	1,034
Losses on disposals of non-current assets	7,916	4,229
Effects of valuation of equity with net equity method	(3,146)	(401)
Surpluses on disposals of non-current assets	(6,438)	(2,527)
<i>Sub-total</i>	59,735	67,488
<i>Changes in operating activities and liabilities (working capital):</i>		
Trade receivables	(14,113)	(169,507)
<i>of which with related parties</i>	1,890	(5,325)
Inventories and Amounts receivable from customers	(80,830)	(164,284)
<i>of which with related parties</i>	20,800	(16,018)
Trade payables	10,029	196,423
<i>of which with related parties</i>	25,581	(130)
Risks and liabilities provisions	(2,606)	(578)
Amounts payable to customers	56,755	133,631
<i>of which with related parties</i>	46,650	46,916
Other operating activities	(115,378)	(17,193)
<i>of which with related parties</i>	(3,157)	3,540
Other operating liabilities	56,352	17,791
<i>of which with related parties</i>	793	(138)
Payments of severance pay fund and defined benefits plans	(735)	(1,291)
<i>Sub-total</i>	(90,526)	(5,008)
<b>Cash flows from operating activities</b>	<b>43,158</b>	<b>134,404</b>
<b>B - CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
<i>- Construction</i>		
Purchases in investment property		
Investment in intangible assets	(22,575)	(8,249)
Investment in tangible fixed assets	(70,286)	(39,293)
Sale (Purchase) of other shareholding net of assets acquired, coverage of losses of unconsolidated companies and other changes of the consolidation area	(191)	18
Receipts from the sale of tangible and intangible assets and investment property	(1,478)	(1,702)
Change in subsidiary financing activity	(8,058)	434
<i>of which with related parties</i>	(8,058)	434

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<i>Sub-total cash flow from construction investment activities</i>	(102,588)	(48,792)
- <i>Concessions</i>		
Net investment in tangible fixed assets in progress	(7,245)	
Investment in intangible assets	(51,327)	(39,402)
Sale (Purchase) of other shareholding net of assets acquired, coverage of losses of unconsolidated companies and other changes of the consolidation area	(63,737)	(122,292)
Change in subsidiary financing activity	(28,384)	(452)
<i>of which with related parties</i>	(28,384)	(452)
Change in receivables entitlement from concessions	(10,774)	(41,080)
<i>Sub-total cash flow from investment activities Concessions</i>	(161,467)	(203,225)
<b>Cash flows from investment activities</b>	<b>(264,055)</b>	<b>(252,018)</b>
<b>C - CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Dividends paid	16,630	(14,645)
Non-current borrowing (repayment) net of commissions	62,307	61,990
<i>of which with related parties</i>	104	0
Net change in current financial indebtedness (including leasing)	84,636	115,716
Sale (purchase) securities/ bonds and treasury shares	2,034	2,601
Change in consolidation area and other changes	32,555	7,096
<b>Cash flows from financing activities</b>	<b>164,902</b>	<b>158,566</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(55,995)</b>	<b>40,951</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	456,210	415,259
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	400,215	456,210

<i>Additional information for the cash flow statement</i>	<b>31/12/12</b>	<b>31/12/11</b>
Income tax paid	49,949	62,762
Net financial charges paid in the year	39,422	43,536

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# **EXPLANATORY NOTES TO THE CONSOLIDATED ACCOUNTING STATEMENTS**

## **GENERAL INFORMATION**

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

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

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

On the date of the drawing up of the financial statements, Astaldi S.p.A. was not subject to the management and coordination of any of its shareholders since the Company Board of Directors makes, in full and complete independence and autonomy, any and the most appropriate decisions with regard to managing the Company's activity. These consolidated financial statements were approved by the Board of Directors of the Company at the meeting of 13 March 2013.

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

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The consolidated financial statements of the Astaldi Group S.p.A. at 31 December 2012 have been drawn up in compliance 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.

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Reference has likewise been made to CONSOB regulations implementing para. 3, Art. 9 of Legislative Decree n° 38/2005.

The 2011 consolidated financial statements include the following statements:

1. Separate consolidated income statement;
2. Statement of consolidated comprehensive income;
3. Statement of consolidated financial position;
4. Consolidated cash flow statement;
5. Statement of changes in consolidated 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 consolidated income statement) and a statement which starts from the profit (loss) and algebraically adds “other components of comprehensive income” (statement of consolidated comprehensive income). In this respect, it should be pointed out that for the Astaldi Group 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 and IAS 21.

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 Group and is therefore considered more representative compared to presentation of items according to their destination, providing more relevant indications with respect to their specific sector.

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

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

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

Finally, with regard to sector disclosure, the so-called management approach was applied, meaning that the elements that top management uses for taking its strategic and operational decisions are considered. The operating sectors subject to disclosure referred in particular to the various geographical areas where the Group works, and were determined on the basis of the same accounting standards used for drawing up the consolidated financial statements. Refer to note 34 for the presentation of the models of the segment information.

It is observed that some comparative items in the financial statements at 31 December 2011 have, for a better and more correct comparative indication, been reclassified, without however modifying the overall net equity values at 31 December 2011 and the economic result at 31 December 2011

Specifically, this involved:

- Separate indication of the current and non-current quota of derivatives, reclassifying the debt for derivatives at 2011 rates totalling Euro/000 26,263, originally entered under current tax liabilities. This amount in the comparative for 2011 is shown at Euro/000 16,698 under non-current financial liabilities and with Euro/000 9,566 as the debt under current tax

liabilities;

- Classification of the equity items referring to treasury shares handed over to employees as part of the stock grant plan in such a way as to include: in the Stock Grant Reserve, the value of the treasury shares assigned to employees, but not handed over, calculated on the basis of actuarial valuations, and (ii) in the Treasury Share Negotiation Reserve the progressive effects (surplus/deficit) accruing from the buy-back plan. Up to the year 2011, the single item “Stock Grant and Buy-back Reserve” included the effects of the plan as accrued progressively, consisting of the value of the costs recorded on the basis of actuarial valuations and the result of buy-back activity.

#### **DRAFTING CRITERIA**

The consolidated 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.

All the values are 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 consolidated financial statements, moreover, were drawn up on the assumption of the continuation of business.

#### **ACCOUNTING PRINCIPLES ADOPTED**

The most significant accounting principles and valuation criteria adopted for drafting the consolidated financial statements at 31 December 2012 are shown below.

#### **Consolidation area and consolidation standards**

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The consolidated financial statements of the Group include the financial statements of the Parent Company Astaldi S.p.A. and of the Italian and foreign companies under direct or indirect control of Astaldi, including joint control, and have been prepared for consolidation purposes according to the IFRS accounting principles of the Astaldi Group. At the end of this note there is a list of the companies included in the consolidation area with the corresponding direct or indirect stakes of the Group together with other significant information. There follows a list of companies in the consolidation area at 31 December 2012, reporting the changes with respect to 2011.

## Astaldi S.p.a.

Construction - Italy			
Name	Method	Area	%
Euroast S.r.l. in liquid.	Complete	Italy	100.00%
Garbi Linea 5 S.c.a.r.l.	Complete	Italy	100.00%
Italstrade IS S.r.l.	Complete	Italy	100.00%
Messina Stadio S.c.r.l. in liquid.	Complete	Italy	100.00%
Ospedale del Mare S.C.r.l.	Complete	Italy	100.00%
P.F.P. S.c.p.A.	Complete	Italy	99.99%
AR.GI S.c.p.A.	Complete	Italy	99.99%
CO.MERI S.p.A.	Complete	Italy	99.99%
Portovesme S.c.r.l. in liquid.	Complete	Italy	99.98%
Toledo S.c.r.l.	Complete	Italy	90.39%
Susa Dora Quattro S.c.r.l. in liquid.	Complete	Italy	90.00%
S. Filippo S.c.r.l. in liquid.	Complete	Italy	80.00%
Forum S.c.r.l. in liquid.	Complete	Italy	79.99%
Bussentina S.c.r.l. in liquid.	Complete	Italy	78.80%
AS. M. S.c.r.l.	Complete	Italy	75.91%
Mormanno S.c.r.l. in liquid.	Complete	Italy	74.99%
S.P.T. S.C.r.l.	Complete	Italy	74.00%
CO.ME.NA. S.c.r.l. in liquid.	Complete	Italy	70.43%
Scuola Carabinieri S.C.r.l.	Complete	Italy	61.40%

Construction - Foreign			
Name	Method	Area	%
Astaldi Bulgaria LTD	Complete	Europe	100.00%
Astaldi International Ltd.	Complete	Europe	100.00%
Astur Construction and Trade A.S.	Complete	Europe	99.98%
ASTALROM S.A.	Complete	Europe	99.61%
Romairport S.r.l.	Complete	Europe	99.26%
Astaldi-Max Bogl-CCCF JV S.r.l.	Complete	Europe	66.00%
Italstrade CCCF JV Romis S.r.l.	Complete	Europe	51.00%
Romstrade S.r.l.	Complete	Europe	51.00%
Ic İctas - Astaldi Insaat A.S.	Proportional	Europe	50.00%
Ica Astaldi -Ic İctas WHSD Insaat AS	Proportional	Europe	50.00%
Astaldi Canada Inc.	Complete	America	100.00%
Astaldi Construction Corporation	Complete	America	100.00%
Astaldi de Venezuela C.A.	Complete	America	99,80%
Consorcio Rio Pallca	Complete	America	60.00%
Constructora Astaldi Cachapoal Limitada	Complete	America	99,90%
T.E.Q. Construction Enterprise Inc.	Complete	America	100.00%
Consorcio Rio Mantaro	Proportional	America	50.00%
Consorcio Rio Urubamba	Proportional	America	40.00%
Astaldi Algerie E.u.r.l.	Complete	Africa	100.00%

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Quattro Venti S.c.r.l. in liquid.	Complete	Italy	60,00%	Astaldi International Inc.	Complete	Africa	100,00%
Sirjo Scpa	Complete	Italy	60,00%	Astaldi-Astaldi International J.V.	Complete	Africa	100,00%

C.O.MES. in liquid. S.C.r.l.	Complete	Italy	55,00%	G.R.S.H.	Complete	Africa	100,00%
Infraclegrea Progetto S.p.A.	Complete	Italy	51,00%	Redo-Association Momentanée	Complete	Africa	100,00%
M.O.MES S.c.r.l.	Proportional	Italy	55,00%	Seac S.p.a.r.l. in liquid.	Complete	Africa	100,00%
CO.SAT S.c.r.l.	Proportional	Italy	50,00%	Astaldi Arabia Ltd.	Complete	Asia	100,00%
Metro Blu S.c.r.l.	Proportional	Italy	50,00%	Astaldi-Ozcar JV	Proportional	Asia	51,00%
Avrasya Metro Grubu Srl	Proportional	Italy	42,00%				

**Total Construction Italy** 27

**Total Construction Foreign** 26

Concessions				Maintenance and plant			
Name	Method	Area	%	Name	Method	Area	%
Astaldi Concessioni S.r.l.	Complete	Italy	100,00%	nBI Srl	Complete	Italy	100,00%
A.I.2 S.r.l.	Complete	Italy	71,75%	3E System S.r.l	Complete	Italy	100,00%
V.S.F.P. S.p.A.	Proportional	Italy	34,50%	Consorzio Stabile Busi	Complete	Italy	95,00%
Mondial Milas - Bodrum A.S.	Complete	Europe	92,85%	Tione 2008 Srl	Complete	Italy	76,00%
Ankara etlik Hastante A.S.	Proportional	Europe	51,00%	Bielle Impianti S.c.r.l.	Complete	Italy	75,00%
Inversiones Assimco Limitada	Complete	America	100,00%	CO.VA S.c.r.l.	Complete	Italy	60,00%
Cachapoal Inversiones Limitada	Complete	America	100,00%	Sartori Tecnologie Industriali S.r.l.	Complete	Italy	100,00%
Valle Aconcagua S.A.	Complete	America	55,00%	CONA Impianti S.c.rl.	Proportional	Italy	50,00%
				Metro Brescia S.r.l.	Proportional	Italy	50,00%
				nBI Elektrik Elektromekanik Ve	Complete	Europe	100,00%
<b>Total Concessions</b>				8	<b>Total Maintenance and plant</b>		
					10		

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

<b>Consolidation area at 31/12/2011 Consolidated companies nr.</b>	<b>58</b>
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**New companies /Acquisitions 2012**

nr.	Name	method
1	3E System S.r.l.*	Full
2	Consorzio Stabile Busi*	Full
3	Tione 2008 Srl*	Full
4	Bielle Plant S.c.r.l.*	Full
5	CO.VA S.c.r.l.	Full
6	Sirjo Scpa	Full
7	A.I.2 S.r.l.	Full
8	Valle Aconcagua S.A.	Full
9	Astaldi Canada Inc.	Full
10	nBI Elektrik Elektromekanik Tesisat Insaat Sanayi Ve	Full
11	T.E.Q. Construction Enterprise Inc.**	Full
12	CONA Plant S.c.r.l.*	Proportional
13	Metro Blu S.c.r.l.	Proportional
14	Ankara etlik Hastante A.S.	Proportional

**Liquidations 2012**

nr.	Name	method
1	Italstrade Somet JV Rometro S.r.l.	Full

<b>Consolidation area at 31/12/2012 Consolidated companies nr.</b>	<b>71</b>
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\*Acquired at the end of July 2012 in the context of the purchase of the corporate branch BUSI IMPIANTI

\*\* Acquired on 31 October 2012

For more details on acquisitions made in the year, see the section below on business combinations, mentioned in the premises to the Explanatory Notes.

It is also pointed out that for the Company Astaldi-Ozcar JV, after the agreements made by the shareholders at the end of September 2012, the rules for company governance were revised. In particular the shareholders agreed on the need to regulate JV activities by contract, with reference to strategic management and financial issues, basing their decisions on the necessary unanimous consent. On the basis of this act and starting from 30

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September 2012 the Company is classified among the enterprises under joint control, pursuant to the provisions of IAS 31, and consequently the relative economic, assets and financial effects on the Group are recorded by proportional consolidation.

Furthermore, applying standard IAS 27, this case is considered as a loss of control over the company, though without any actual change in the percentage stake held in that company, but only due to the effect of the application of the new joint venture agreements. For purposes of verifying, pursuant to the aforesaid principle, the fair value of the assets and liabilities corresponding to the residual shareholding after the loss of control, it is pointed out that the accounting values shown in the company financial statement are considered as corresponding to the relative fair value, without indicating some differences. This is because the company: (i) has been formed recently; (ii) has a purpose limited to undertaking works for doubling the BidBid – Sur motorway stretch in the Sultanate of Oman and (iii) in this regard has recently acquired machinery necessary for undertaking these works.

For consolidation, the financial statements approved by the general meetings were used, or in their absence, the draft statements prepared by the Boards of Directors. The reference dates of the financial statements of the consolidated enterprises coincide with that of the Parent Company except for the subsidiary Astaldi de Venezuela C.A. which closes its financial year at 30 November 2012. In this regard, the consolidation of this company was applied taking into account of provisions of IAS 27 for these cases. The financial statements included in the consolidation have been drafted according to the accounting standards of the Parent Company, while making, when necessary, any suitable adjustments in order to adjust the valuation of specific items already determined according to different principles. Specifically, the companies in which Astaldi has a controlling

interest have been fully consolidated. Such controlling interest consists in the direct or indirect holding of shares with voting rights, or the powers to determine the Company's financial and management choices, obtaining the relevant benefits regardless of shareholder composition.

Equity investments in companies where control is exercised jointly with third parties are consolidated on a proportional basis in accordance with the provisions of IAS 31.

Subsidiaries are consolidated fully and companies under joint control are consolidated proportionally starting from the date of acquisition of controlling interest, and cease to be consolidated as from the date on which the controlling interest is transferred outside the Group.

All inter-group balances and operations, including possible unrealised profit and loss deriving from relations between Group Companies, are completely eliminated.

Shareholdings in companies where considerable influence is exercised, generally involving a stake percentage between 20% and 50%, are valued with the equity method. In the event of application of the equity method, the value of the holding is aligned with equity, adjusted where necessary to reflect the application of IFRSs, and includes goodwill (net of impairment) as identified at the moment of purchase, as well as the effects of adjustments required by standards regarding the drafting of consolidated financial statements. Specifically, any profit and loss deriving transactions between the Group and the associated company is eliminated in proportion to the stake in the associated company.

With regard to investments in associated companies, any losses of value exceeding the book value are entered in the provision for risks on investments solely to the extent to which the associated company has undertaken legal or implicit obligations, or made payments on behalf of the Company.

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## **Conversion of items and translation of financial statements into foreign currency**

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The consolidated financial statements of the Astaldi Group are drafted in Euro, which is the Parent Company's presentation and operating currency. The balances included in each of the Group Company's financial statements have been entered in the currency of the Group's main economic environment (operating currency). 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.

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

- The assets and liabilities entered in financial statements are converted at the exchange rate on the closing date of the financial year;
- Costs and revenues, income and charges entered in the financial statements are converted at the average exchange rate for the period, or

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at the exchange rate on the transaction date should this differ significantly from the average rate;

- Equity items, excluding profit for the period, are converted at historic exchange rates;
- The “translation reserve” includes both the exchange rate differences generated by conversion of economic items at a different exchange rate from the year-end rate, and those generated by conversion of opening equity balances at a different exchange rate from the year-end rate.

There follow the main exchange rates used for the conversion into Euro of the economic and assets of companies with working currencies other than the Euro:

<i>Currency</i>	2012		2011	
	<i>Exact</i>	<i>Average</i>	<i>Exact</i>	<i>Average</i>
Dinaro - Algeria	103,384	99,815	97,466	101,503
New Lev - Bulgaria	1,956	1,956	1,956	1,956
Dollar - Canada	1,314	1,285	1,322	1,376
Peso - Chile	631,729	625,073	671,997	672,468
Kroner - Denmark	7,461	7,444	7,434	7,451
Dirham - Arab Emirates	4,846	4,722	4,752	5,112
Dirham - Morocco	11,142	11,099	11,113	11,261
Ryal - Oman	0,508	0,495	0,498	0,536
Nuevo Sol - Peru	3,368	3,392	3,487	3,834
Pound - UK	0,816	0,811	0,835	0,868
New Leu - Romania	4,445	4,458	4,323	4,239
Dollar - US	1,319	1,286	1,294	1,392
Lira - Turkey	2,355	2,315	2,443	2,335
Bolivar - Venezuela	5,666	5,521	5,557	5,977

These exchange rates show the amount of foreign currency required to purchase 1 Euro.

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

### **Property, plant and machinery**

Tangible assets are valued at purchase or production cost, net of accrued depreciation and any impairment. The cost includes all expenses directly incurred in order to prepare the assets for use, as well as any charges for dismantling and removal needed to restore the site to its original

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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 by the Group for the various categories of assets is as follows:

	Years
Buildings	20-33
Plant and machinery	5-10
Equipment	3-5
Other assets	5-8

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

Should the asset subject to depreciation be composed of distinctly identifiable elements, whose useful life differs significantly from that of the other components forming the tangible assets, 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 machinery**

Tangible assets owned through financial leasing agreements, which basically transfer all the risks and benefits of ownership to the Group, are entered in the financial statements at the effective date of the agreement as

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Group 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. A rate is applied which takes into account its actual use during the financial year the intangible asset is entered for the first time.

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

Amortisation is performed starting from the financial year in which the

rights for which ownership has been acquired make the asset available for use, and takes into account the useful life (2-5 years).

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

Rights on infrastructures under concession, on the other hand, are amortised over the duration of the concession, with criteria reflecting the estimate of how the economic benefits will accrue to the Company. To this end, amortisation is calculated taking into account, among other things, the dynamics, when significant, of the fees receivable on the basis of estimated traffic over the duration of the concession (revenue -based method). Amortisation starts from the time when concession rights start to produce economic benefits.

Goodwill, if related to business combination transactions, is allocated to each cash-generating unit identified and entered under intangible assets. It represents the positive difference between the cost incurred for the acquisition of a business or a line of business and the acquired share in relation to the current value of the assets and liabilities forming the capital of that business or line of business. Potential purchased assets and liabilities (including respective minority interests) identified are entered at their current value (fair value) at purchase date. The negative difference, if any, is entered in the income statement at the time of purchase. After its initial identification, goodwill is not amortized but is tested for impairment. Annually, or more often if specific events or changed circumstances indicate that goodwill may have been impaired, it is subjected to checking to indicate any impairment in accordance with IAS 36 (Impairment of assets).

### **Business combinations**

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The business combinations previous to 1 January 2010 and completed within that financial year are entered according to the provisions of IFRS 3 (2004). In particular, these combinations are entered using the acquisition method, where the acquisition cost equals fair value on the transfer date of the assets, of the liabilities incurred or undertaken, plus the costs directly attributable to the acquisition. This cost is allocated by entering the assets, liabilities and potential liabilities identifiable for the acquisition relative to fair value. Any surplus of acquisition costs compared to fair value of the share in net assets brought into the Group is recorded as goodwill; if the difference is negative, it is entered in the income statement. When the fair value of the assets, liabilities and potential liabilities can only be calculated on a provisional basis, the business combination is entered by using these provisional values. The value of minority equity is determined proportionally to the minority stake held in net assets. In business combinations undertaken in several phases, at the time of acquisition of the controlling stake, the adjustments at fair values for the net assets previous owned by the purchaser are shown under net equity. Any adjustments deriving from the completion of the valuation process are detected within twelve months from the acquisition date.

Business combinations after 1 January 2010 are entered according to the provisions of IFRS 3 (2008). In particular, these combinations are entered using the acquisition method, where the acquisition cost equals fair value on the transfer date of the assets, of the liabilities incurred or undertaken, plus the costs directly attributable to the acquisition, plus any capital instruments issued by the purchaser. The costs directly attributable to the acquisition are recorded in the income statement. The acquisition cost is allocated by entering the assets, liabilities and potential liabilities identifiable of the purchase at fair value on the acquisition date. Any surplus between the amount of the assets transferred, and the amount of

any minority holding, compared to the net value of the amounts of assets and liabilities identifiable in the acquisition, valued at fair value, is entered as goodwill; or, if the balance is negative, in the income statement. The value of minority equity is determined proportionally to the minority stake held in net assets identifiable in the acquisition, or their fair value on the acquisition date.

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

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

**Temporary allocation of purchase price of the assets acquired and the liabilities undertaken by the Busi Impianti corporate branch**

At the end of July 2012, the definitive deed of purchase was signed for the corporate branch BUSI IMPIANTI, already managed on a leasing basis by NBI, a 100% subsidiary company of ASTALDI S.p.A. The deed of purchase consolidates the effects of a transaction started in September last year with the purpose of: (i) strengthening the ASTALDI GROUP in a sector (plant, facility management) complementary to its current activities, but also (ii) to guarantee major industrial and commercial synergies for the group, and bring top level professional skills. The specific skills of BUSI IMPIANTI in the plant and maintenance sector, together with the volumes of business and the business management capacities of ASTALDI have already

completed the range and the know-how available in the Group, thus reinforcing its capacity to offer integrated solutions.

The current value of assets and liabilities acquired has been identified on the basis of an estimate undertaken by an independent expert. The final result of these valuations involved a reduction of Euro/000 3,173 in net book assets acquired.

The following table, for the purposes of the process of Purchase Price Allocation (PPA), summarises the fair values of the assets acquired and the liabilities undertaken at the time of purchase of the branch:

<b>Assets</b>	<b>Euro/000</b>
Property, plant and machinery	102
Intangible assets	73
Equity investment	383
Amounts receivable from customers	10,991
Trade receivables	18,233
Other assets	3,935
Cash and cash equivalents	982
<b>Total assets</b>	<b>34,699</b>
<b>Liabilities</b>	
Employee benefits	197
Trade payables	15,524
Current tax liabilities	864
Provisions for risks and liabilities	797
Other liabilities	15,555
<b>Total Liabilities</b>	<b>32,937</b>
<b>Net Assets acquired</b>	<b>1,762</b>
Minority interests	66
Cost of business combination	13,330
<b>Goodwill</b>	<b>(11,634)</b>

Considering the possible developments in the reference market and the current and expected orders, the difference between the cost of combination and the fair value of the assets and liabilities acquired has

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been provisionally entered under “goodwill” under the assumption, which has been confirmed, that the amount can be recovered pursuant to IFRS 3 (application of IAS 36).

The Group intends to avail itself of the 12-month period provided by IFRS 3 for the final definition of PPA, and in any case, although this option has been used, no significant differences are expected from the final allocation of the fair values to the assets and liabilities acquired.

It should also be pointed out, pursuant to the information provided under IFRS 3 App.B64 (k) that in this case, goodwill paid on a monetary basis with the purchase of the corporate branch and directly entered in the financial statements of NBI, is fiscally relevant under the current system in Italy.

The Italian tax system provides for the deduction at the time of income tax returns of the goodwill over a minimum of 18 financial years, and consequently, as provided for under IAS.12 par. 21 b, the deferred taxation due to the difference between the book value of goodwill (subject to impairment) and the relative fiscal value (amortised off the books) was entered in 2012.

With reference to the identification of minority interests in the investee companies acquired with the Branch, it is pointed out that these have been determined with the same criteria used for the determination of the fair value of the net assets pertaining to the Group.

There follows a table showing the amount of liquid assets used for the purchase:

	Euro/000
<b>Cost of business combination</b>	13,330
Deduction of liquid assets acquired	(982)
Deduction of payables to the seller	(13,330)
<b>Liquid assets net of the assets acquired and utilised (received) for the purchase</b>	(982)

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It is furthermore pointed out that pursuant to IFRS 3 the impact on the consolidated income statement from the acquisition of the company branch is substantially in line with what would have occurred if conducted under the leasing arrangement started in September 2011.

**Provisional allocation of the purchase price for the assets acquired and the liabilities undertaken with regard to the company T.E.Q.**

**Construction Enterprise Inc.**

On 31 October 2012, to consolidate its recent entry in the Canadian market, the Astaldi Group, through Astaldi Canada Inc., purchased from Groupe Stel Inc. a 100% of the share capital of the company T.E.Q. Construction Enterprise Inc.

T.E.Q. is a company registered under Canadian law, and since the 1970s has operated in the construction and project management sector; its annual sales are approximately 50 million Canadian dollars

The operation, in line with the commercial development policies usually adopted, by which entry in new markets also takes place through partnerships and/or acquisitions of local partners, will enable the Astaldi Group to have an operational presence equipped to take immediate advantage of the major opportunities available on the market.

The following table, for the purposes of the Purchase Price Allocation (PPA) process, summarises the fair values of the assets acquired and the liabilities undertaken at the time of purchase of the Company converted at the Euro/Canadian Dollar exchange rate of 31/10/2012 equalling 1.3005.

Assets	Euro/000
Property, plant and machinery	151
Trade receivables	14,705

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Other assets	1,582
Cash and cash equivalents	1,741
<b>Total assets</b>	<b>18,180</b>
<b>Liabilities</b>	
Trade payables	15,936
Other liabilities	2,243
<b>Total Liabilities</b>	<b>18,180</b>
<b>Net Assets acquired</b>	<b>0</b>
Minority interests	0
Cost of business combination	3,111
<b>Goodwill</b>	<b>(3,111)</b>

It is pointed out that the purchase price of 2 million CAD is subject to adjustments if certain income targets are achieved in the coming years.

The potential amounts (contingent consideration) totalling an overall maximum of another 2 million CAD, to be calculated with reference to the targets defined on EBITDA figures resulting from the financial statements of the subsidiary for each of the years between the date of efficacy of the agreement and the 31 July 2015 “Final Period”, have been calculated at the fair value on the purchase date and included in the cost of business combination in accordance with IFRS 3.

Considering the possible developments in the reference market and the current and expected orders, the difference between the cost of combination and the fair value of the assets and liabilities acquired has been provisionally entered under “goodwill” under the assumption, which has been confirmed, that the amount can be recovered pursuant to IFRS 3 (application of IAS 36).

The Group intends to avail itself of the 12-month period provided by IFRS 3 for the final definition of PPA, and in any case, although this option has been used, no significant differences are expected from the final allocation of the fair values to the assets and liabilities acquired.

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It should also be pointed out, pursuant to the information provided under IFRS 3 App.B64 (k) that in this case, goodwill is only entered in the Group financial statements and is not fiscally relevant in Italy.

There follows a table showing the amount of liquid assets used for the purchase:

<b>Cost of business combination</b>	3,111
Deduction of liquid assets acquired	(1,741)
Deduction of payables to the seller	(1,903)
<b>Liquid assets net of the assets acquired and utilised (received) for the purchase</b>	(533)

The following table shows the main economic data of the Company recorded starting from the purchase date up to the end of the year:

	<b>Euro/000</b>
Revenues	19,359
Operating costs	(18,865)
Operating result	494
Financial performance	3
Result before tax	497
Taxes	(125)
<b>Net result</b>	372

It is furthermore pointed out that pursuant to IFRS 3, the revenue from the company in question that would have been recorded if the purchase date had occurred at the beginning of the relevant financial year, would have been Euro/000 43,153 and the net profit Euro/000 1,294.

### **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.

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The useful life of the property is between 20 and 33 years.

Investment property is eliminated from the financial statements when transferred or when the investment is unusable in the long-term and no future economic benefits are expected from its transfer.

#### **Impairment of tangible and intangible assets**

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

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

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

Should the prerequisites for the previously performer impairment cease to exist, the book value of the asset is restored within the limits of the net book value. Any value restoration is recorded in the income statement. Conversely, the value of previously amortised goodwill or an intangible asset with an undefined useful life is never restored.

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

It is pointed out that in the year 2012 the impairment procedures, conducted according to IAS 36, did not lead to any need to apply impairment to tangible and intangible assets and shareholdings.

#### **Agreements for concession activities**

Agreements for concession activities, in which the authority granting the concession is an entity of the public sector and the concessionaire is an

entity of the private sector, falls within the application of IFRIC 12 if the following conditions occur:

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

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

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

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

applied.

Concessions deriving from controlled entities			
Type of concession: Car Parks			
Investee company holding the concession	Authority granting the concession	Purpose of concession	Expiry of concession
Astaldi Concessioni S.r.l.	Municipality of Turin (Porta Palazzo Car Park)	Design, construction and management of a multi-storey Car Park	Year: 2076
	Municipality of Turin (Corso Stati Uniti Car Park)	Design, construction and management of a multi-storey Car Park	Year: 2079
	Municipality of Bologna (Piazza VIII Agosto Car Park)	Design, construction and management of a multi-storey Car Park	Year: 2058
	Municipality of Bologna (ex – Manifattura Tabacchi Car Park)	Design, construction and management of a multi-storey Car Park	Year: 2040
	Municipality of Verona (Cittadella Car Park)	Design, construction and management of a multi-storey Car Park	Year: 2048
Type of Concession: Airports			
Mondial Milas-Bodrum A.S.	DHMI	Design, construction and management of the new International terminal at the Bodrum Airport (Turkey)	Year: 2015

Concessions from entities under joint control			
Type of Concession: Health care			
Investee company holding the concession	Authority granting concession	Purpose of concession	Expiry of concession
Veneta Finanziaria Finanza di Progetto S.P.A.	ULSS 12 Veneziana	Design, construction and management of non-core services of the new hospital in Mestre	Year: 2032
Ankara Etlik Hastane Saglik Hizmetleri Isletme Yatirim A.S.	Turkish Ministry of Health	Design, construction and management of non-health care and commercial services at the new Etlik hospital complex. The facility will include six separate Hospitals, providing a total of over 3,500 beds.	Year: 2041

Concessions deriving from associated entity			
Type of Concession: Health care			

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Investee company holding the concession	Authority granting concession	Purpose of concession	Expiry of concession
S.A.T. S.p.A.	ASL 1,2,3,4 Tuscany	Design, construction and management of the non-core services of the 4 new Hospitals of Apuane, Lucca, Pistoia and Prato (*)	Year: 2033
<b>Type of Concession: Underground</b>			
M 4 S.p.A.	Municipality of Milan	Design, performance of civil and technological works and management of the new line 4 of the Milan Underground, in the stretch San Cristoforo - Linate. The new line will be 15,2 km long, with 15 stations	Year: 2042
M 5 S.P.A.	Municipality of Milan	Design, performance of civil and technological works and management of the new line 5 of the Milan Underground, in the stretch Bignami - Garibaldi. The new line will be 4.9 km long, with 9 stations.	Year: 2040
M 5 Lilla S.P.A.	Municipality of Milan	Design, performance of civil and technological works and management of the Milan underground line in the stretch Garibaldi - San Siro which will be 7 km long with 10 stations.	Year: 2040
<b>Type of Concession: Motorways</b>			
Otoyol Yatirim Ve Isletme Anonim Sirketi	KGM	Design, construction and management of the Motorway between Gebze and Izmir (Turkey). The work is the most important project in the Motorway sector ever conducted in the country, and involved the construction of 431 km of new Motorway and a suspension bridge about 3 km long over the Marmara Sea.	Year: 2034

### **Equity investments**

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

After initial accounting entry, these holdings are valued at fair value, if this can be determined, with recording of the effects in the comprehensive income statement and therefore in a specific net equity reserve. At the time

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of disposal or the recording of impairment, the profits and losses accrued in this reserve are reclassified in the income statement.

Eventual impairment is restored in the other items of the comprehensive income statement if the reasons for reduction in value have been eliminated.

If the fair value cannot be reliably determined, equity item classifiable in the category of financial instruments available for sale are valued at cost, adjusted for impairment.

### **Inventories**

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

### **Construction contracts**

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

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

### **Contract revenues include:**

The contract amounts agreed, changes in works, price reviews and incentives, to the extent to which these are likely to be reliable, with application of the conditions set forth in IAS 11 “construction contracts”. In this regard they refer to:

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

**Contract costs include:**

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

Such costs moreover include:

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

It is likewise pointed out that contract costs include borrowing costs, as allowed by the amendment to IAS 11 in connection with the 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 Group to perform structured financing transactions on the contract's invested capital, the

relative charges for contract fee calculation.

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

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

When favourable or unfavourable events attributable to present situations at 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”.

### **Accounts receivable and financial assets**

The Group classifies financial assets in the following categories:

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

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

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 Group determines the classification of its own financial assets after initial entry and, if appropriate and allowed, reviews such classification at the end of each financial year. In this regard, it is noted that during 2012, as in the previous year, the categories adopted were accounts receivable 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 financial assets acquired for short-term trading or financial assets originally designated for this purpose by management. Assets held for trading include all assets purchased in order to be sold in the short term. Derivatives, including stripped derivatives, are classified as held-for-trade financial instruments unless designated as effective hedging instruments. Profits or losses on assets held for trading are recorded in the income statement. Upon initial entry, financial assets may be classified as

financial assets at fair value through income statement, if the following conditions are met: (i) the designation eliminates or significantly reduces the inconsistency of entry which would arise by valuing the assets or entering profits and losses generated by such assets in accordance with a different criterion; or (ii) the assets are part of a group of managed financial assets and their return is valued on the basis of their fair value, in accordance with a documented risk management strategy.

#### **Accounts receivable and loans**

This category includes assets which are not derivatives and that are not quoted in an active market, from which fixed or calculable payments are expected. Such assets are valued at the amortised cost based on the effective interest rate method. Any impairment calculated through the impairment test is entered in the income statement. These assets are classified as current assets, except for portions whose terms expire after more than 12 months, which are included within non-current assets.

#### **Financial assets held to maturity**

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

#### **Financial assets available for sale**

This category includes financial assets which are not derivatives, have been designated as such or are not classified in any of the three previous categories. They are valued at fair value, with changes in value shown against a specific equity reserve ("reserve for assets available for sale"). This reserve is entered in the income statement only when the financial asset is effectively transferred, or if there is real evidence that it has undergone a significant reduction of value. Its classification as a current or

non-current asset depends on the intentions of management and the real negotiability of the asset; items expected to be realized in the subsequent 12 months are recorded under current assets.

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

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

#### **Assets valued at 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.

In particular, With reference to trade receivables, amortisation for impairment is made when there is evidence, largely based on the nature of the counterpart, that there is no possibility of collecting such receivables according to the original conditions. If, subsequently, the amount of impairment decreases, the decreased value may be restored. Any subsequent restorations of value are entered in the income statement, to the extent in which the asset's book value does not exceed the amortised cost at the date of restoration.

#### **Financial assets available for sale**

In case of impairment of a financial asset available for sale, an amount corresponding to the difference between its cost (net of repayment of capital and amortisation) and its current fair value is deducted from equity

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

Reversal of value relating to equity investments classified as available for sale is not entered in the income statement. Reversal of values relating to debt instruments is entered in the income statement if the increase in instrument's fair value may be objectively attributed to an event which occurred after impairment was entered in the income statement.

### **Derivatives**

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

The Group uses derivatives within the context of hedging strategies aimed at neutralising the risk of fluctuations of cash flows expected with regard to contractually defined or highly probable transactions (cash flow hedge). In particular, fair value fluctuations of derivatives designated as cash flow hedges and qualified as such are entered in a specific reserve charged to the statement of comprehensive income ("cash flow hedge reserve"), which is then entered in the separate income statement when the economic effects of the hedged item arise. The difference in fair value referable to the ineffective share is immediately entered in the separate income statement for the year. If the derivative instrument is transferred or no longer qualified as an effective hedge against the risk for which the operation had been made, or the occurrence of the underlying operation is no longer considered highly probable, the relative share of the "cash flow hedge reserve" is immediately reversed to the separate income statement.

These derivatives are initially entered at fair value at the stipulation date; subsequently, such value is periodically adjusted. Derivative instruments are entered as assets when the fair value is positive, and as liabilities when

the fair value is negative. Possible profit or losses deriving from changes in the fair value of derivatives not suitable for hedge accounting are entered directly in the income statement during the year. The effectiveness of hedging operations is documented both at the start of the transaction and periodically (at least at every date of publication of financial statements or interim reports), and is measured by comparing the changes in the fair value of the hedging instrument with those of the hedged item, or, in the case of more complex instruments, through statistical analyses based on risk fluctuation.

It is pointed out that the Group does not stipulate derivative contracts for speculative purposes. However, not all derivative transactions carried out for risk hedging purposes are entered according to the rules of hedge accounting.

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

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.

#### **Derecognition**

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

- The rights to receive cash flow from the asset have expired;
- The right to receive cash flow from the asset is retained, but according to contractual obligations such cash flow has to be paid immediately

and entirely to a third party;

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

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

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

#### **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.

### **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 Parent Company's subscribed and paid up capital. Costs strictly related to share issues are classified as reducing the share capital when such costs are directly attributable to the capital transaction.

#### **Treasury shares**

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

#### **Retained earnings**

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).

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### **Other reserves**

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

### **Other items of 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 and the translation reserve.

### **Financial liabilities**

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

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

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

It is noted that the Group 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 taxes**

Current taxes for the year and those of previous years are entered at the value expected to be paid to the tax authorities. Tax rates and tax laws used to calculate the amount are those substantially issued at the closing date of the financial statements in the individual countries where the Group

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operates.

### **Deferred taxes**

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

### **Employee benefits**

#### **Provision for Employee Severance Indemnity**

At 31 December 2006, the provision for Employee Severance Indemnity (TFR) of Italian companies was considered to be a defined benefits scheme. The rules in this regard were changed by Law 27 December 2006, n. 296 (2007 Budget Law) and subsequent decrees and regulations issued in the early months of 2007. Following these changes, and with particular reference to companies with more than 50 employees, this system is now considered to be a defined benefits scheme exclusively for the amounts accrued up to 1 January 2007 (and not yet paid out at the date of the financial statements), while after that date it is considered to be a defined contributions-based scheme.

The item employee severance indemnity, recorded in the Group statement of assets and liabilities, net of eventual advances paid out, therefore reflects: (i) for companies with over 50 employees, the residual obligation of the Group regarding benefits accrued to employees up to 31 December

2006 to be settled upon termination of employment; (ii) for the other companies, the progressive amount of benefits payable to employees and allocated over their period of employment, recorded on a time basis according to the employment services required to obtain such benefits.

In defined benefits schemes, the valuation of amounts payable is based on actuarial calculations made by independent actuaries. Furthermore, for calculating actuarial profits and losses, the Group, in accordance with para. 95 of IAS 19, has chosen the corridor method.

Liabilities from benefits guaranteed to employees through defined benefits schemes are recorded for the amount accrued at the end of the year, measured in accordance with IAS 19, and not yet paid out.

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

The Parent Company 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 liabilities**

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.

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**

#### **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

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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 going concern of the activity of the Group companies.

### **Profit per share**

The basic profit per share is calculated by dividing the share of the Group's economic result attributable to ordinary shares by the weighted average of outstanding ordinary shares, excluding treasury shares.

The diluted profit is calculated by adjusting the denominator of the ratio with the effect of the potential ordinary shares coming from the Stock Grant schemes.

### **Use of estimates**

Preparing the financial statements and notes in compliance with IFRS rules 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, among other things, to record provisions for credit risks, contract revenues,

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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 interpretation with EU approval**

### **Principles 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 the Italian 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 Italian 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.

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The amendments to IAS 1 are aimed at obtaining a clearer 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.

In accordance with the transition rules under para. 173 of IAS 19, the Group will apply this principle retrospectively starting from 1 January 2013, adjusting the opening values of the statement of assets and liabilities at 1 January 2012 and the data of the 2012 comprehensive income statement as if the changes to IAS 19 has always been applied. On the date of these consolidated statements, the Group has estimated that the adoption of the new principle starting on 1 January 2012 would have involved, on that date, a reduction of liabilities for employee benefits, and a corresponding rise in net assets (total other profits and losses) of Euro/000 276, while on the other hand the effect of the application of the new principle on net consolidated assets at 31 December 2012 would have shown a reduction of Euro/000 607.

#### **EU REGULATION**

Regulation (EU) 1254/2012 of the

#### **CONTENTS**

Adoption of international accounting

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Commission of 11 December 2012, principles IFRS 10 - consolidated financial  
published in Italian Official Gazette statements, IFRS 11 - joint control  
L 360 of 29 December 2012 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 IFRS 11.

## EU REGULATION

Regulation (EU) 1255/2012 of the Commission of 11 December 2012, published in Italian Official Gazette 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.

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

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

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

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

The new Principles 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

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

## CONTENTS

Amendments to IFRS 7 Financial instruments: Additional information – Compensation of financial assets and liabilities and to IAS 32 Financial instruments: Entry in the financial statements – Compensation of financial assets and liabilities.

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

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

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 CONSOLIDATED FINANCIAL STATEMENTS

### 1 Revenues: Euro/000 2,325,299 (Euro/000 2,265,284)

Revenues from works in the year 2012 amounted to a total of Euro/000 2,325,299 with an increase of approximately 3% compared to the previous year. Details are provided in the following table:

	31/12/12	31/12/11	Change
- Revenues from sales and services	879,025	292,875	586,150
- Plant maintenance services	12,544	0	12,544
- Concessions construction and management phase	95,740	91,186	4,553
- Changes in contracts in progress	1,330,781	1,881,223	(550,441)
- Final inventories assets and plant under construction	7,209	0	7,209
<b>Total</b>	<b>2,325,299</b>	<b>2,265,284</b>	<b>60,015</b>

The item “Revenues from sales and services” shows the amounts of the works completed and accepted by the respective customers. The increase compared to last year is basically due in the domestic area to the final commissioning of the works for the New Exhibition Centre in Milan, which took place during 2012, and for the foreign sector to the completion of some contracts for water works in Central America. The item “Changes in contracts in progress” represents the value of works undertaken in the year, but not yet completed. The decrease of the item, compared to the year 2011, reflects the entry in the item “Revenues from sales and services”, thus referring to the definitive commissioning of the works for the New Exhibition Centre in Milan and the completion of some contracts for water works in Central America.

The item “maintenance services”, on the other hand, refers to activities undertaken in 2012 by the subsidiary NBI, the company operating in the sector of plant and facility management, complementary to the current

activities of the Group, but also useful for guaranteeing its (i) relevant industrial and commercial synergies, and (ii) the supply of top level skills.

The item revenues from concessions includes:

- For Euro/000 65,603, the value of construction services performed in the year, basically in the Turkish area, with particular reference to the construction of the Milas-Bodrum Airport (Euro/000 63,625) and the Etlik Hospital Complex in Ankara (Euro/000 1,285);
- A total of Euro/000 30,137, the amount accrued for infrastructure management services, basically pertaining to the management of the Mestre Hospital (Euro/000 18,088) and the management of the Milas-Bodrum Airport (Euro/000 11,480) started in May 2012 and with reference to a total management period set by contract at 4 years.

The item " Change in Inventories Property and Plant in construction" includes the increase in the accounting value of the facility in progress in Chile (Relaves Project), to be used for the treatment and recovery of the copper and molybdenum contained in the processing residue in at the Codelco mines (Chilean National Copper Corporation).

Under the Relaves Project, the Chilean subsidiary Valle Aconcagua A.S., after the construction, will subsequently be entitled to manage the plant for 20 years.

In contract, Codelco will deliver the processing residues of the mines, agreeing to purchase the amounts of copper and molybdenum extracted, thus recovering the investment during the management period.

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

The revenues in terms of geographical breakdown are shown below:

31/12/12	%	31/12/11	%	Change
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*(The present document is a translation from the Italian original, which remains the definitive version)*

Italy	913,932	39.30%	1,049,791	46.34%	(135,859)
Europe	788,689	33.92%	696,933	30.78%	91,756
America	355,078	15.28%	318,435	14.06%	36,643
Africa	188,904	8.12%	163,181	7.20%	25,723
Asia	78,696	3.38%	36,944	1.63%	41,752
<b>Total</b>	<b>2,325,299</b>	<b>100.00%</b>	<b>2,265,284</b>	<b>100.00%</b>	<b>60,015</b>

In connection with the geographical breakdown of revenues, we should observe a significant increase in the Central and Eastern European area due in particular to the Polish area (National Road NR-8, Line 2 of the Warsaw underground), the Russian Area (Pulkovo International Airport in St. Petersburg) and the construction of the Milas-Bodrum Airport in Turkey.

The increase in the volume of revenues is also due to the American area, and thanks to the positive effect of the recent commercial entry into Canada by the Group, production was enhanced by new contracts in Peru (Huanza and Cerro de Aguila hydroelectric plant); there were also significant gains to the value of production in the area thanks to the railway contracts in Venezuela and road works in the United States.

The Asian area recorded an increase in production totalling Euro/000 41,752 basically due to the effect of the construction of a motorway stretch in Oman and the growth of activities in Saudi Arabia (Railway works).

The African area likewise contributed to the increase in production (Euro/000 25.724), mainly due to works for the construction of the Saida - Moulay - Slissen railway in Algeria.

In the domestic market, on the other hand, production has been affected by the fall in new investments in public works and infrastructures. In any case, the positive continuation of works on railway contracts (High Speed Station at Bologna Centrale, Line 5 of the Milan Underground), the Pedemontana Lombarda Motorway and the four Hospitals in Tuscany (Lucca, Massa, Pistoia, Prato) has somewhat mitigated the effects of the

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forecast reduction in production on the projects that still have a significant impact on the consolidated accounts, but are now nearing completion (Lots DG-21 and DG-22 of the Jonica National Road, Line C of the Rome Underground and the Turin Railway Bypass).

For further details on this item, see note 34 on the Segment information pursuant to IFRS 8.

## 2 Other Revenues: Euro/000 131,598 (Euro/000 94,975)

Other revenues, totalling Euro/000 131,598, comprise items not directly related to the Group's core business, but rather accessory to the core business and of a lasting nature.

Details are provided in the following table:

	31/12/12	31/12/11	Change
- Revenues from sale of goods	23,400	37,984	(14,584)
- Services to third parties	33,357	25,633	7,724
- Services and activities to manage joint projects	6,893	6,933	(40)
- Rentals and leases receivable	4,949	4,507	442
- Net surpluses from disposal of tangible assets	6,968	3,183	3,785
- Other	56,031	16,735	39,296
<b>Total</b>	<b>131,598</b>	<b>94,975</b>	<b>36,623</b>

This item recorded an overall increase of Euro/000 36,623, 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 positions 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

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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, we should point out the decrease in the item “Revenues from the sale of goods” above all due to lower volumes recorded in the Turkey area, compared to the year 2011, on some operations for agreements with subcontractors regarding single contracts.

### 3 Purchase costs: Euro/000 487,584 (Euro/000 458,640)

The costs for the purchase of raw materials, subsidiary materials and consumables in 2012 totalled Euro/000 487,084 in increase of Euro/000 28,944 compared to the same period in the previous year:

	31/12/12	31/12/11	Change
- Purchase costs	470,882	479,538	(8,656)
- Change in inventories of raw materials, subsidiary materials, consumables and goods	16,702	(20,898)	37,600
<b>Total</b>	<b>487,584</b>	<b>458,640</b>	<b>28,944</b>

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

The geographical breakdown of purchase costs for raw materials and consumables is shown below:

	31/12/12	%	31/12/11	%	Change
Italy	130,508	26.77%	130,448	28.44%	60
Europe	237,628	48.74%	221,871	48.38%	15,757
America	64,249	13.18%	54,913	11.97%	9,336
Africa	37,714	7.73%	36,848	8.03%	866
Asia	17,485	3.58%	14,560	3.17%	2,925
<b>Total</b>	<b>487,584</b>	<b>100.00%</b>	<b>458,640</b>	<b>100.00%</b>	<b>28,944</b>

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In relation to the geographical breakdown of this item, we can point out an overall increase in all the areas directly involved in higher production volumes recorded in the year, especially in Central and Eastern Europe and America.

#### 4 Service costs: Euro/000 1,340,552 (Euro/000 1,349,308)

Service costs amounted to a total of Euro/000 1,340,552 and are generally in line compared to the previous period. Details are provided in the following table:

	31/12/12	31/12/11	Change
- Consortium costs	158,681	147,451	11,230
- Subcontracts and other services	912,094	956,498	(44,404)
- Technical, administrative and legal consulting	92,585	89,275	3,310
- Remuneration of directors and auditors	3,520	3,001	519
- Utilities	16,555	12,679	3,876
- Travel and travel indemnities	5,146	4,338	808
- Insurance	32,672	23,955	8,717
- Rentals and other costs	84,864	86,150	(1,286)
- Rent and running expenses	9,400	6,657	2,743
- Maintenance costs for leased assets	1,067	835	232
- Other	23,968	18,469	5,499
<b>Total</b>	<b>1,340,552</b>	<b>1,349,308</b>	<b>(8,756)</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 44,404.

The geographical breakdown of costs for subcontracts is shown below:

31/12/12	%	31/12/11	%	Change
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Italy	398,177	43.66%	491,350	51.37%	(93,173)
Europe	336,785	36.92%	318,257	33.27%	18,528
America	121,223	13.29%	108,877	11.38%	12,346
Africa	15,505	1.70%	18,157	1.90%	(2,652)
Asia	40,404	4.43%	19,857	2.08%	20,547
<b>Total</b>	<b>912,094</b>	<b>100.00%</b>	<b>956,498</b>	<b>100.00%</b>	<b>(44,404)</b>

The changes shown in the above figures substantially reflect the performance by geographical area of production for the period which shows, as stated in note 1, a significant increase of the initiatives in progress in the foreign area and especially in Poland, Russia, Canada and Oman compared to a reduction in the domestic area.

On the other hand there has been an increase, in the domestic area, of consortium costs related to the execution of works, in association with other enterprises in the sector, regarding, in particular, the construction of the Pedemontana Lombarda Motorway with an effect partially mitigated by the lower production values of the contract for the construction of Line C of the Rome Underground.

The increase of the residual item "Other" totalling Euro/000 5.499 substantially refers to Algeria, Romania, Arabia and Peru, and mostly reflects the effect of higher costs incurred in the year, in relation to expropriation activities, maintenance and contract charged.

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### 5 Personnel costs: Euro/000 305,439 (Euro/000 262,492)

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Personnel costs totalling Euro/000 305,439 increased compared to the previous period by Euro/000 42,947, 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:

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	31/12/12	31/12/11	Change
- Wages and salaries	210,769	177,266	33,503
- Social security charges	47,517	41,737	5,780
- Other costs	44,583	41,696	2,887
- Other benefits after employment	1,577	759	818
- Cost of share-based payments	993	1,034	(41)
<b>Total</b>	<b>305,439</b>	<b>262,492</b>	<b>42,947</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	124,077	40,62%	109,408	41,68%	14,669
Europe	75,612	24,76%	58,305	22,21%	17,307
America	67,082	21,96%	59,771	22,77%	7,311
Africa	21,152	6,93%	22,102	8,42%	(950)
Asia	17,516	5,73%	12,906	4,92%	4,610
<b>Total</b>	<b>305,439</b>	<b>100.00%</b>	<b>262,492</b>	<b>100.00%</b>	<b>42,947</b>

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

With regard to the domestic area, the higher personnel costs, compared to the year 2011 mainly refer to the recent commercial entry of the Group in the maintenance and plant sector, achieved only starting from the third quarter 2011, through the leasing of the corporate branch Busi Impianti S.p.A., subsequently acquired in 2012.

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### Average number of employees

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

Composition of personnel	31/12/12	31/12/11	Change
- Top management	207	173	34
- Middle management	163	150	13
- White collars	3,114	2,640	474
- Workers	6,479	6,229	250
<b>Total</b>	<b>9,963</b>	<b>9,192</b>	<b>771</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

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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

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resulting in a cost of Euro/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 52,616 (Euro/000 51,568)**

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Costs for amortisation, depreciation and write-downs totalling Euro/000 52,616 increased in absolute value compared to the previous period of Euro/000 1,048. Details are shown in the following table:

	31/12/12	31/12/11	Change
- Amortisation of intangible assets	10,512	7,259	3,253
- Depreciation of tangible assets	41,506	44,309	(2,803)
- Bad debts	598	0	598
<b>Total</b>	<b>52,616</b>	<b>51,568</b>	<b>1,048</b>

This item includes as a residual value the depreciation of investment property; see note 15 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 60,456 (Euro/000 38,409)**

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Other operating costs totalling Euro/000 60,456 show an increase of Euro/000 22,047 compared to the previous year.

Details are shown in the following table:

	31/12/12	31/12/11	Change
- Provisions for risks and charges	1,595	7,962	(6,367)
- Contingent and non-existent liabilities for value adjustments	3,089	1,351	1,738
- Tax charges	8,636	10,405	(1,769)
- Other administrative and sundry costs	47,136	18,691	28,445
<b>Total</b>	<b>60,456</b>	<b>38,409</b>	<b>22,047</b>

Taking into account the effects connected with closure of complex contract and positions recorded during the year totalling Euro/000 21,162, 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 1,565 (Euro/000 850)

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

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## 9 Financial income: Euro/000 78,550 (Euro/000 44,772)

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Financial income increased compared to the previous year by Euro/000 33,778 and consists of the following:

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	31/12/12	31/12/11	Change
- Income from associated companies	686	966	(280)
- Income from other investee companies	552	0	552
- Income from financial transactions with Banks	6,118	4,370	1,748
- Commissions on guarantees	2,049	2,150	(101)
- Profits on exchange rates	22,277	9,589	12,688
- Income from derivatives	4,142	1,689	2,453
- Interest receivable on financial receivables from concessions	9,836	6,530	3,306
- Other financial income	32,890	19,478	13,412
<b>Total</b>	<b>78,550</b>	<b>44,772</b>	<b>33,778</b>

The change in this item is mainly due to the component “Other financial income” with an increase substantially due to the recording of arrears interest approved by the customer, mainly in Venezuela.

With regard to currency management, we can point out un substantial balance in the components. On a separate basis there are profits for the period totalling approximately Euro/000 22,000, compensated in terms of the amount of exchange rate losses, shown below under financial charges.

#### **10 Financial charges: Euro/000 163,681 (Euro/000 120,444)**

Financial charges increased compared to the previous year by Euro/000 43,237 and consist of the following:

	31/12/12	31/12/11	Change
- Commissions on guarantees	23,038	22,849	189
- Charges from financial relations with Banks	48,716	39,675	9,041
- Exchange rate losses	22,063	17,746	4,317
- Charges from derivatives	16,016	16,169	(153)
- Financial charges on leasing contracts	585	322	263
- Other financial charges	30,608	23,101	7,507
<b>Total</b>	<b>141,026</b>	<b>119,862</b>	<b>21,164</b>
- Depreciation of shareholdings	43	8	35
- Depreciation of securities and accounts receivable	22,612	574	22,038

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Total	22,655	582	22,073
Total financial charges	163,681	120,444	43,237

The increase of this item is largely due (Euro/000 20,723) to the valuation at fair value of arrears interest receivables on late payments especially in Venezuela (see note n. 9).

Other changes derive from:

- Higher interest payable (Euro/000 9,041) recorded due to growing production volumes and major investments made in the period;
- Increases per Euro/000 2,303 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;
- Increases of charges on exchange rates for Euro 4,317, which, as stated in general above, are compensated by the higher profits for the period deriving from foreign exchange management recorded under financial income.

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#### **11 Effects of valuation of equity with net equity method: Euro/000 3,146 (Euro/000 401)**

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The quota of the profit (loss) on investments using the equity method regards a profit for the period totalling Euro/000 3,146 compared to Euro/000 401 recorded in 2011. The increase of Euro/000 2,745 is basically due to the concessions sector and in particular to the management of the Chacayes hydroelectric plant.

See Annexe 2 for information on the entities assessed with the net equity method.

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## 12 Taxes: Euro/000 55,879 (Euro/000 53,496)

Overall taxes pertaining to the period totalled Euro/000 55,879. The tax rate for the year, including the impact of the IRAP regional tax, is equal to 43% substantially in line with that of previous year. Details are shown in the following table:

	31/12/12	31/12/11	Change
- Current income tax(*)	41,857	39,094	864
- Deferred income tax(*)	4,485	4,362	2,023
- Current tax IRAP	7,421	7,976	(555)
- Deferred tax IRAP	314	504	(190)
- Substitute tax and other	1,801	1,560	241
<b>Total</b>	<b>55,879</b>	<b>53,496</b>	<b>2,383</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 8,589 and liabilities for deferred tax totalling Euro/000 4,188

	31/12/12		31/12/11	
	<i>IRES</i>	<i>IRAP</i>	<i>IRES</i>	<i>IRAP</i>
<b>Net equity</b>				
<b>a) Deferred tax receivables deriving from:</b>	<b>31,827</b>	<b>1,769</b>	<b>26,543</b>	<b>2,024</b>
- Taxed provisions for risks	8,393	380	10,819	562
- Taxed provisions for arrears interest risk	5,896	0	197	0
- Exchange rate differences	8,373	0	5,169	0
- Tax losses	99	0	0	0
- IFRIC 12	8,200	1,389	8,359	1,462
- Other minor items	866	0	1,999	0
<b>b) Deferred tax payable deriving from:</b>	<b>(25,590)</b>	<b>(3,605)</b>	<b>(21,494)</b>	<b>(3,712)</b>
- Buildings entered at fair value in substitution of cost	(3,752)	(532)	(3,752)	(532)
- Provisions for deducted contract risks	(211)	0	(32)	0
- Arrears interest to be collected	(7,989)	0	(2,371)	0
- IFRIC 12	(18,132)	(3,073)	(18,180)	(3,180)
- Other + cash flow hedge reserve	4,494	0	2,841	0
<b>c) Net deferred tax receivables a) - b)</b>	<b>6,237</b>	<b>(1,836)</b>	<b>5,049</b>	<b>(1,688)</b>

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d) Deferred tax for the period entered on income statement

4,486

313

4,362

504

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

	31/12/12	%	31/11/11	%
<b>Profit before tax</b>	<b>129,829</b>		<b>125,420</b>	
- Theoretical income tax	35,703	27.5%	34,491	27.5%
-				
Net effect of permanent increases (decreases)	6,358	4.9%	5,850	4.7%
- Net effect of deferred and current taxation of foreign entities and other adjustments	4,282	3.30%	3,115	2.5%
- Substitute tax and other	1,801	1.39%	1,560	1.2%
- IRAP (current and deferred)	7,735	5.96%	8,480	6.8%
Income tax recorded in the financial statements (current and deferred)	<b>55,879</b>	<b>43.04%</b>	<b>53,496</b>	<b>42.7%</b>

### 13 Profit per share: Euro 0.76 (Euro 0.73)

Basic profit per share is calculated as follows:

Numerator	31/12/12	31/12/11
Profit of Parent Company's ordinary shareholders	74,126	71,195
<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	97,813,260	97,756,433
- <b>Basic profit (loss) per share</b>	<b>0.7578</b>	<b>0.7283</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, already assigned to beneficiaries, and awaiting assignment for the period 2011, and those

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which could be assigned for the period 2012, the result obtained is Euro 0.7545.

It is likewise pointed out that in January 2013, the Company concluded a financial transaction with the equity-linked bond issue of Euro 130,000,000 placed with qualified Italian and foreign investors.

The bonds will become convertible, at a conversion price of Euro 7.3996, into ordinary shares of the Company, existing or newly issued, one year after the issue of the bonds and subordinate to the approval by the Extraordinary Shareholders' Meeting of the Company, to be held by 30 June 2013, of a share capital increase excluding the right of option.

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

For more information on the bond issue see the section below "Events after the date of the financial statements".

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#### **14 Property, plant and machinery: Euro/000 221,094 (Euro/000 192,278)**

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In 2012 tangible assets increased by Euro/000 28,816 mainly due to the combined effect of new investments totalling Euro/000 91,313 partly compensated by depreciation totalling Euro/000 41,470.

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 machines	Works in progress and advances	Total
<i>Value at 31/12/2011, net of amortisation (1)</i>	43,418	70,516	33,016	29,203	16,126	192,278
<i>Increases</i>						
- deriving from acquisitions	3,461	40,072	25,377	15,913	6,490	91,313

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	<b>46,879</b>	<b>110,587</b>	<b>58,393</b>	<b>45,116</b>	<b>22,616</b>	<b>283,591</b>
- Amortisation	(1,166)	(15,803)	(14,027)	(10,474)	0	(41,470)
- Other disposals	0	(11,707)	(2,023)	(4,634)	51	(18,313)
- Reclassification and transfers	9	5,588	1,327	(65)	(6,859)	0
- Exchange rate differences	(38)	(716)	232	9	(34)	(547)
change area consolidation - and other changes	33	(716)	(1,899)	215	199	(2,168)
<b>Value at 31.12.2012, net of amortisation (2)</b>	<b>45,717</b>	<b>87,234</b>	<b>42,004</b>	<b>30,167</b>	<b>15,972</b>	<b>221,094</b>
(1) of which						
- Cost	51,649	139,942	119,801	86,880	16,126	414,398
- Accumulated amortisation	(8,231)	(69,426)	(86,785)	(57,677)	0	(222,120)
<b>Net value</b>	<b>43,418</b>	<b>70,516</b>	<b>33,016</b>	<b>29,203</b>	<b>16,126</b>	<b>192,278</b>
(2) of which						
- Cost	55,097	160,469	133,022	90,082	15,972	454,642
- Accumulated amortisation	(9,380)	(73,235)	(91,018)	(59,915)	0	(233,548)
<b>Net value</b>	<b>45,717</b>	<b>87,234</b>	<b>42,004</b>	<b>30,167</b>	<b>15,972</b>	<b>221,094</b>

The following most significant changes are pointed out:

- The increases of Euro/000 91,313 mainly refer to investments made for projects in progress in Chile, Peru, Poland and Romania;
- Amortisation for the period totalling Euro/000 41,470;
- Disposals made in the period total Euro/000 18,313 and mainly regard the disposal of assets for contracts completed in Arabia, Qatar and Turkey.

The value of property, plant and machinery includes a component of leased goods with a net accounting value of Euro/000 22,065 as shown in the following table:

Land and Buildings	Specific plant	Excavators, Loaders and Vehicles	Various equipment and machinery	Total
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<b>Value at 31.12.2012, net of amortisation</b>					
of which					
- Cost	1,196	18,234	5,888	3,102	28,420
- Accumulated amortisation	(14)	(3,892)	(1,465)	(983)	(6,355)
<b>Net value</b>	<b>1,182</b>	<b>14,342</b>	<b>4,423</b>	<b>2,119</b>	<b>22,065</b>

## 15 Investment property: Euro/000 1,105 (Euro/000 1,141)

The item investment property, totalling Euro/000 1,105, includes non-instrumental buildings and land valued at cost, and the value decreased compared to the previous year in relation to the normal amortization cycle as shown in the table below:

	Investment property
<b>Value at 31.12.2011, net of amortisation (1)</b>	<b>1,141</b>
Amortisation	(36)
<b>Value at 31.12.2012, net of amortisation (2)</b>	<b>1,105</b>
<i>(1) of which</i>	
- Cost	1,222
- Accumulated amortisation	(81)
<b>Net value</b>	<b>1,141</b>
<i>(2) of which</i>	
- Cost	1,222
- Accumulated amortisation	(117)
<b>Net value</b>	<b>1,105</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

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investment in question, it was not deemed necessary to list a precise measurement nor a range of fair values.

## **16 Intangible assets: Euro/000 107,523 (Euro/000 44,132)**

Net intangible assets are shown in the following table:

	31/12/12	31/12/11	Change
- Intangible assets - Rights on infrastructures in concession	84,143	39,989	44,154
- Goodwill	14,745	0	14,745
- Other intangible assets	8,635	4,143	4,492
<b>Total</b>	<b>107,523</b>	<b>44,132</b>	<b>63,391</b>

### **Intangible assets – Rights on infrastructures in concession: Euro/000 84,143 (Euro/000 39,989)**

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

	31/12/11	Construction services performed	Amortisation	31/12/12
- Airports- Mondial Milas-Bodrum A.S.	35,875	51,356	(7,038)	80,193
- Car Parks - Corso Stati Uniti (To)	263	0	(5)	258
- Car Parks- Ex Manif. Tabacchi (Bo)	3,824	0	(132)	3,692
- Car Parks- Piazza VIII Agosto (Bo)	27	0	(27)	0
<b>Total</b>	<b>39,989</b>	<b>51,356</b>	<b>(7,202)</b>	<b>84,143</b>

This item increased, compared to the end of the previous year, basically due to further investments made in the year for the completion of the Milas-Bodrum Airport in Turkey.

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In this regard, it is pointed out that the Management of the company Mondial Milas Bodrum S.A. has drawn up a new Business Plan, taking into account the negotiations under way with the Authority granting the concession in order to formalise the extension of the concession period for another year, for which a positive outcome is not currently forecast. This aspect, as a specific impairment indicator, has involved the performance of the test in order to evaluate the realisable value of the investment, in accordance with IAS 36.

The realisable value of the investment has been identified on the bases of the use value of the Cash Generating Unit, with reference to the concession for the management of the new international terminal at Bodrum Airport (Turkey), calculated by the Cash Flow available for the shareholder (DCF). For the purposes of the application this method, the Business Plan approved by the board of directors of the subsidiary company for the extension period of the concession, expiring in 2015, has been used.

The actualisation rate of expected cash flows (KE – cost of equity) adopted for estimating the realisable value of the CGU is 11%.

The result of the impairment test has not led to the identification of any loss of value.

#### Intangible assets – Goodwill: Euro/000 14,745 (Euro/000 0)

This item is shown in the following table:

Cash Generating Unit	31/12/12	31/12/11	Change
- NBI Srl - "Plant and maintenance"	11,634	0	11,634
- T.E.Q. Construction Enterprise Inc	3,111	0	3,111
<b>Total</b>	<b>14,745</b>	<b>0</b>	<b>14,745</b>

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The goodwill recorded following the acquisition of the BUSI IMPIANTI corporate branch, as already commented in the section “business combinations” of these Explanatory Notes, with reference to the plant and maintenance sectors, has been allocated to the “Plant and maintenance” Cash Generating Unit, which includes the assets of NBI and its investee companies. This combination represents the elementary reference unit in the group for which goodwill is monitored by management for operating purposes, and therefore to decide whether to record this item in the financial statements.

At the end of the year the impairment test was conducted on the accounting value of the CGU by the comparison with the relative recoverable value.

In particular, the recoverable value of the CGU has been considered equal to the use value calculated with the Discounted Cash Flow (DCF) method, taking into account the future financial flows expected by company management. For the purposes of the application of this method the economic and financial plan approved by the board of directors of the subsidiary company for the period 2013-2015 has been used.

The rate used for cash flow actualisation is 8.1%.

The result of the impairment test has confirmed that the goodwill recorded under the CGU “plant and maintenance” can be fully recovered. Therefore, no impairment was recorded.

The goodwill recorded, as already commented in the section “business combinations” of these Explanatory Notes, following the acquisition of T.E.Q. Construction Enterprise Inc has been allocated to the Cash Generating Unit referring to the subsidiary company only. This is because it is considered that this unit will generate incoming financial flows deriving from the continuity of the relative company activities, largely independent from those of other Group assets.

At the end of the year the impairment test was conducted on the accounting value of the CGU by the comparison with the relative recoverable value.

In particular the recoverable value of the CGU was considered equal to the relative fair value identified through the method market using multiples of comparable companies applied to the EBITDA 2012, as stated in the IAS/IFRS Reporting Package approved by the board of directors of the investee company.

The result of the impairment test on the goodwill recorded after the acquisition of T.E.Q. Construction Enterprise Inc. has not involved the need to undertake any impairment.

**Other intangible assets: Euro/000 8,635 (Euro/000 4,143)**

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

	Intellectual property rights	Other Intangible assets	Assets in progress and advances	Total
<i>Value at 31/12/2011, net of amortisation(1)</i>	687	3,456	0	4,143
<i>Increases</i>				
- <i>deriving from acquisitions</i>	1,329	3,442	3,031	7,802
	<b>2,016</b>	<b>6,898</b>	<b>3,031</b>	<b>11,945</b>
<i>Amortisation</i>	(815)	(2,495)	0	(3,310)
<i>Value at 31.12.2012, net of amortisation (2)</i>	<b>1,201</b>	<b>4,403</b>	<b>3,031</b>	<b>8,635</b>
<i>(1) of which</i>				
- <i>Cost</i>	2,220	11,720	0	13,940
- <i>Accumulated amortisation</i>	(1,533)	(8,264)	0	(9,797)
<b>Net value</b>	<b>687</b>	<b>3,456</b>	<b>0</b>	<b>4,143</b>
<i>(2) of which</i>				
- <i>Cost</i>	3,149	11,645	3,031	17,825
- <i>Accumulated amortisation</i>	(1,948)	(7,242)	0	(9,190)

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Net value	1,201	4,403	3,031	8,635
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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 Underground, 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.

### 17 Equity investments: Euro/000 257,441 (Euro/000 195,964)

The value of the shareholdings in associated and other companies net of depreciation provisions amounted to Euro/000 257,441 with an increased compared to 31 December 2011 of Euro/000 61,477.

The composition of this item is the following:

	31/12/12	31/12/11	Change
- Equity investments valued at cost	153,027	101,776	51,251
- Equity investments valued with equity method	104,414	94,188	10,226
<b>Total</b>	<b>257,441</b>	<b>195,964</b>	<b>61,477</b>

There follow the main changes causing the change in value of the shareholdings in associated companies and other enterprises:

<b>Value at 31.12.2011</b>	<b>195,964</b>
Acquisitions and disposals of companies valued at cost	51,250
Acquisitions and disposals of companies valued by the equity method	12,694
Result of companies valued with the equity method	3,531
Result of other items of comprehensive income statement of the companies valued with the equity method	(4,200)
Dividends/coverage of losses for companies valued with the equity method	(1,514)
Other changes	(284)
<b>Value at 31.12.2012</b>	<b>257,441</b>

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It is pointed out that the results of the companies valued with the equity method have caused a cumulative effect on the result of the year totalling Euro/000 3,146 and on the result of other items of the comprehensive income statement totalling Euro/000 (3,898); this valuation also takes into account the results shown in the changes in the shareholdings risk provisions, described in note 31 below.

The increase recorded in the item “Acquisitions and disposals in companies valued at cost” basically derives from the purchase of another stake in A4 Holding. The Astaldi Group has, in fact, increased its stake in A4 Holding S.p.A. from 9.12% to 14.96%; the increase derives from the exercise of the option on the Company shares put on sale by the Municipality of Padua and the Municipality of Vicenza. The Astaldi Group has likewise signed an agreement with other private shareholders of A4 Holding, the Company that holds the entire capital of the motorway concessionaire company of the Brescia-Padua Motorway (A4 – Serenissima motorway), aimed at concentrating the A4 Holding shares in one Single Purpose Vehicle. Upon completion of this operation and as long as the suspensive conditions stated in the aforesaid agreement occur, the SPV Company will control the absolute majority of A4 Holding, assisting it in the process of readjusting its activities and for further growth in the sector of motorway concessions

On the closing date of these financial statements, with impairment indicators, the realisable value of the A4 Holding was calculated.

In particular, the verification of the degree to which the value of A4 Holding, the holding company of a complex of legally independent enterprises which are its subsidiaries or investee companies, can be recovered, was calculated through the use of assets, revenue and financial data of the holding and its single subsidiaries or investee companies.

The value of the economic capital of the investee companies was thus estimated separately going upwards in the organisation chart, so that the

book value of the shareholdings owned by each group company can be substituted with the respective economic value considered on a pro-quota basis.

With regard to the valuation techniques used for the economic capital of the single investee companies, it is pointed out that the major asset of the of the A4 Group, represented by the Brescia-Padua motorway (equivalent to 80% of overall valuation), was estimated by analysing the expected cash flows in the business plan signed with the granting body ANAS S.p.A., showing forecasts of traffic, investments, costs and revenues for the duration of the concession. Estimated cash flows were actualised at the rate of 8.87%, representing the WACC of the company in question.

Other minor assets were evaluated at fair value or use value.

On the basis of the above, a pro-quota equity value of the investee company was estimated as higher than the book value of the stake recorded in the consolidated financial statements by Euro/000 151,012, and consequently no depreciation was recorded.

The change in the item “Acquisitions and disposals in companies valued with the equity method” is based on the following main factors:

- The acquisition, for Euro/000 7,000, of a further stake in the concessionaire company for Line 5 of the Milan Underground, 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.
- Reimbursement by “Pacific Hydro Chacayes “ of part of the capital quotas paid (Euro/000 9,703), following the refinancing of the project for the concession of the Chacayes hydroelectric plant (Chile), signed with a pool of Chilean and Brazilian banks in order to optimise the financial leverage of the initiative with considerable benefits expected for the return rate on the project.

It should be observed that during the year, considering the presence of impairment indicators, the relative value of the stake in the company Metro 5 S.p.A. was assessed.

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, at a rate of 7.34%, representing the WACC of the company in question. For the purposes of the application of this method, the economic and financial plan of the investee company, for the duration of that company’s concession (2013-2040) was used.

The result of the impairment test showed no need to undertake impairment of the book value of the shareholding.

It should finally be pointed out that the book values of the shareholdings, as in the previous year, are shown net of the payments still to be made on the quotas and/or shares underwritten.

For detailed information on the main economic and financial data of the companies valued with the equity method, see Annexe 2.

The information on the main aspects of the structure of the concessions

held by associated companies are, on the other hand, shown in the section “agreements for concession services” stated in the premises of these Explanatory Notes.

## 18 Financial assets

### Non-current financial assets: Euro/000 193,448 (Euro/000 159,671)

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

	31/12/12	31/12/11	Change
- Rights on receivables from concessions	135,419	138,084	(2,665)
- Non-current financial receivables	50,531	15,030	35,501
- Other financial assets from investee companies	7,498	5,790	1,708
- Other financial assets from minority interests	0	767	(767)
<b>Total</b>	<b>193,448</b>	<b>159,671</b>	<b>33,777</b>

Rights on receivables from concessions include the non-current quota of the current value of the minimum payments guaranteed by the concession grantors regarding:

- The domestic area (Euro/000 104,390) specifically referring to the concession for the Ospedale dell’Angelo Hospital in Mestre and the management of the 5 Car Parks located in Bologna, Verona and Turin;
- The Turkey area (Euro/000 31,029) mainly regarding the concession of the Milas-Bodrum Airport.

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

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- 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;
- Decrease of Euro/000 9,940 due to the partial reimbursement of financing granted to the investee company Pacific Hydro Chacayes following the events previously commented in note 17.

For detailed information on the operations with associated companies see the annexe and related parties.

#### **Current financial assets: Euro/000 17,653 (Euro/000 6,248)**

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

	31/12/12	31/12/11	Change
- Financial assets deriving from concessions	16,306	2,867	13,439
- Securities in the portfolio	1,347	1,889	(542)
- Derivatives	0	1,492	(1,492)
<b>Total</b>	<b>17,653</b>	<b>6,248</b>	<b>11,405</b>

Current financial assets increased compared to the previous year by Euro/000 11,405 above all in relation to the flow of rights on receivables from concessions, and especially the amount due upon the completion of the Milas-Bodrum Airport.

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## **19 Other Assets**

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#### **Other Non-current assets: Euro/000 39,874 (Euro/000 28,413)**

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

	31/12/12	31/12/11	Change
- Indirect tax rebates	7,976	2,156	5,820
- Direct tax rebates	5,305	1,394	3,911

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<b>Tax receivables</b>	<b>13,281</b>	<b>3,550</b>	<b>9,731</b>
- Advances to suppliers and subcontractors	2,433	925	1,508
- Caution deposits	6,507	3,798	2,709
- Deferred charges on insurance premiums	12,661	11,245	1,416
- Deferred charges for commissions on guarantees	447	2,254	(1,807)
- Other deferred charges	3,804	6,524	(2,720)
- Receivables from social security bodies	16	115	(99)
- Other sundry receivables	725	2	723
<b>Other Assets</b>	<b>26,593</b>	<b>24,863</b>	<b>1,730</b>
<b>Total</b>	<b>39,874</b>	<b>28,413</b>	<b>11,461</b>

The change of this item is substantially due to the increase of tax receivables mainly due to the following factors:

- Higher VAT credit reimbursements requested from the tax authorities, especially for the domestic area and mainly regarding investee companies that are completing their activities;
- Increase in the domestic area of credits for direct taxation reimbursements due to the effects of Decree Law 201/2011 on IRES company tax reimbursement for the failure to deduct IRAP income tax for expenses for employees and related items.

#### Other Current assets: Euro/000 381,022 (Euro/000 308,420)

Details are shown in the following table:

	<b>31/12/12</b>	<b>31/12/11</b>	<b>Change</b>
- Receivables from associated companies	25,321	24,921	401
- Receivables from other enterprises	138	369	(231)
- Advances to suppliers and subcontractors	167,808	103,505	64,303
- Receivables from third parties for supply of goods and services	126,364	116,833	9,531
- Receivables from employees	2,403	2,327	76
- Receivables from social security bodies	2,894	1,282	1,612
- Deferred charges on insurance premiums	4,202	4,346	(144)
- Deferred charges on commissions on guarantees	2,890	1,770	1,120
- Other deferred charges	2,752	3,652	(900)
- Sundry other receivables	46,250	49,416	(3,165)
<b>Total</b>	<b>381,022</b>	<b>308,420</b>	<b>72,602</b>

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Other current assets increased compared to the previous year by Euro/000 72,602 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 “Receivables from third parties for supply of goods and services” totalling Euro/000 126,364, up compared to the previous year by Euro/000 9,531, corresponding to what is indicated in the item other revenues, refers to single components not directly referring to the productions activities for the Company’s works, but nevertheless accessory to the core business and continuing over time.

There follows the composition of this item by geographical area:

	31/12/12	%	31/12/11	%	<b>Variazione</b>
Italy	25,793	20.41%	24,301	20.80%	1,492
Europe	61,653	48.79%	53,442	45.74%	8,211
America	25,459	20.15%	18,949	16.22%	6,510
Africa	12,132	9.60%	19,384	16.59%	(7,252)
Asia	1,325	1.05%	757	0.65%	568
<b>Total</b>	<b>126,364</b>	<b>100.00%</b>	<b>116,833</b>	<b>100.00%</b>	<b>9,531</b>

The item other sundry 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

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collected.

For more details on receivables from associated companies, totalling Euro/000 25,321, see the annexe on 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	use Income Statement	Assets & Liabilities	Other	31/12/12
- Provision for bad debts	(3,872)	(561)	33	0	2	(4,398)
<b>Total</b>	<b>(3,872)</b>	<b>(561)</b>	<b>33</b>	<b>0</b>	<b>2</b>	<b>(4,398)</b>

With reference to expired items see note 32 of these Explanatory Notes.

## 20 Inventories: Euro/000 84,343 (Euro/000 93,369)

This item has the following composition:

	31/12/12	31/12/11	Change
- Raw materials, subsidiary materials and consumables	71,972	89,322	(17,350)
- Products being processed and semi-finished	7,245	0	7,245
- Finished goods and products	1,854	1,839	15
- Goods and materials in transit	3,272	2,208	1,064
<b>Total</b>	<b>84,343</b>	<b>93,369</b>	<b>(9,026)</b>

The item “Products being processed and semi-finished” refers to the plant in progress constructed for the treatment and recovery of copper and molybdenum contained in the processing residues of the Codelco mine in Chile (Relaves Project) as already commented in note 1.

The following table shows the geographical breakdown of this item:

	31/12/12	%	31/12/11	%	Change
Italy	14,780	17.52%	8,118	8.69%	6,627
Europe	22,651	26.86%	46,303	49.59%	(23,652)
America	34,078	40.40%	27,385	29.33%	6,693
Africa	10,965	12.97%	9,033	9.67%	1,932
Asia	1,869	2.22%	2,530	2.71%	(661)

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Total	84,343	100.00%	93,369	100.00%	(9,026)
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With reference to the change for the period, see the previous comments in relation to the change of inventories in the income statement.

## 21 Amounts due from customers: Euro/000 1,058,039 (Euro/000 1,010,416)

### Amounts due to customers: Euro/000 479,397 (Euro/000 472,120)

These items are shown in the following table:

	31/12/12	31/12/11	Change
<b>CURRENT ASSETS</b>			
- Contracts in progress	7,462,049	6,449,734	1,012,315
- Provision for write-down of final losses	(12,373)	(12,348)	(25)
- <b>Total contracts in progress</b>	<b>7.449.676</b>	<b>6.437.386</b>	<b>1.012.290</b>
- Advances from customers	(6,391,637)	(5,426,970)	(964,667)
<b>Total Amount due by Customers</b>	<b>1.058.039</b>	<b>1.010.416</b>	47.623
<b>CURRENT LIABILITIES</b>			
- Contracts in progress	1.256.318	815.475	440.843
- Provision for write-down of final losses	(7.602)	(9.635)	2.033
- <b>Total contracts in progress</b>	<b>1.248.716</b>	<b>805.840</b>	<b>442.876</b>
- Advances from customers	(1,430,773)	(960,147)	(470,626)
- <b>Sub-total</b>	<b>(182,057)</b>	<b>(154,307)</b>	<b>(27,750)</b>
- Contract advances	(297,340)	(317,813)	20,473
<b>Total amount due to Customers</b>	<b>(479,397)</b>	<b>(472,120)</b>	(7,277)

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 contract advance received in the year for the construction works of the Gebze-Orhangazi-Izmir Motorway in Turkey.

## 22 Trade receivables: Euro/000 835,077 (Euro/000 820,963)

Trade receivables increased compared to the previous year by approximately Euro/000 14,114 and consist of the following:

	31/12/12	31/12/11	Change
- Receivables from customers	838,285	803,860	34,425
- Receivables from associated companies	30,692	31,832	(1,140)
- Receivables from parent companies	74	5	69
- Receivables from other investee companies	750	1,059	(309)
- Provision for bad debts	(34,724)	(15,793)	(18,931)
<b>Total</b>	<b>835,077</b>	<b>820,963</b>	<b>14,114</b>

The following table below shows the geographical breakdown of this item:

	31/12/12	%	31/12/11	%	Change
Italy	402,108	48.15%	388,419	47.31%	13,689
Europe	115,046	13.78%	116,379	14.18%	(1,333)
America	264,895	31.72%	224,896	27.39%	39,999
Africa	44,496	5.33%	86,173	10.50%	(41,677)
Asia	8,532	1.02%	5,096	0.62%	3,436
<b>Total</b>	<b>835,077</b>	<b>100.00%</b>	<b>820,963</b>	<b>100.00%</b>	<b>14,114</b>

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In relation to the geographical breakdown of trade receivables, we can point out an increase in the American area partly due to the Group's recent commercial entry in Canada, as well as works in progress in Peru, and 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 Underground.

Again on the domestic level, with regard to the subsidiary Partenopea Finanza di Progetto S.p.A., we should point out the significant drop of Euro/000 55,012 in receivables from the concession grantor especially with respect to amounts received following the signature of the final agreement on the arbitration decision regarding the construction of the Nuovo Ospedale del Mare Hospital in Naples. The provision for bad debts increased compared to the previous year and the changes are shown below:

	31/12/11	Allocations	Income statement	Use Assets and liabilities	Other	31/12/12
Provision for bad debts	(11,034)	0	0	0	(247)	(11,281)
Provision for write-down of arrears interest	(4,759)	(20,723)	0	2,039	0	(23,443)
Total	(15,793)	(20,723)	0	2,039	(247)	(34,724)

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

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### 23 Tax receivables: Euro/000 143,067 (Euro/000 116,981)

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This item has the following composition:

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	31/12/12	31/12/11	Change
- Receivables for indirect taxation	94,350	88,013	6,337
- Receivables for direct taxation	48,915	29,166	19,749
- Depreciation provisions	(198)	(198)	0
<b>Total</b>	<b>143,067</b>	<b>116,981</b>	<b>26,086</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.

#### 24 Cash and cash equivalents: Euro/000 400,215 (Euro/000 456,210)

Cash and cash equivalents fell compared to the year 2011 by Euro/000 55,995 and consist of the following:

	31/12/12	31/12/11	Change
- Bank and post office deposits	399,689	454,843	(55,154)
- Cash and cash equivalents	526	1,367	(841)
<b>Total</b>	<b>400,215</b>	<b>456,210</b>	<b>(55,995)</b>

In terms of geographical breakdown this item is as follows:

	31/12/12	31/12/11	Change
- Italy	171,237	274,998	(103,761)
- Europe	133,027	138,221	(5,194)
- Asia	794	695	99
- America	75,461	19,661	55,800
- Africa	19,696	22,635	(2,939)
<b>Total</b>	<b>400,215</b>	<b>456,210</b>	<b>(55,995)</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. This is partially compensated by the effect of the positive cash flow generated by operating performance.

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For a more detailed analysis of the flows of cash and cash equivalents see the cash flow statements in these Explanatory Notes.

## **25 Net equity: Euro/000 554,555(Euro/000 470,278)**

### **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.

On 31 December 2012, 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:

<b>DIRECT SHAREHOLDER</b>	<b>Number of shares</b>	<b>Quota %</b>
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 2012</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>

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On the date of the present Financial Statements there were no shares no 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 held by the Parent Company: 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/000 237,865 (Euro/000 198,398)**

Equity reserves are shown in the following table:

	31/12/12	31/12/11	Change
- Legal reserve	23,930	20,797	3,133
- Extraordinary reserve	218,262	175,968	42,294
- Retained earnings and accrued losses	48,682	40,493	8,189
- Other reserves	(921)	(1,709)	788
- Other items of comprehensive income statement	(52,088)	(37,151)	(14,937)
<b>Total</b>	<b>237,865</b>	<b>198,398</b>	<b>39,467</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 42,294. This results from: Euro/000 41,952 as the remaining

amount of the allocation of profit of the 2011 financial statements of the Parent Company; Euro/000 (20) as a result of buy back operations; Euro/000 362 as the remaining amount of the allocation of balance sheet profits of the subsidiaries for 2011;

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, corresponding to the nominal value of treasury shares in the portfolio.

#### **Retained earnings and deferred losses**

Retained earnings amounting to Euro/000 48,682 reflect the economic effects deriving from the consolidation of the shareholdings in the subsidiaries and companies under joint control, and from the application of the equity method for the valuation of the associated companies

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

#### **- 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

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benefiting from the dividend is 97,825,266 (97,633,114 in 2011) on a total number of shares of 98,424,900 and bet 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	(13.373)	(13.373)	0
- Reserve for first application of IFRIC 12	10.396	10.396	0
- Treasury share negotiation reserve	2.205	2.131	74
- Other	(2.175)	(1.897)	(278)
<b>Total</b>	<b>(921)</b>	<b>(1.709)</b>	<b>788</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.

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

The reserve for first application of IFRIC 12, in the agreements for concession services, has been calculated at the first application of accounting interpolation "IFRIC 12", with specific reference to the specific identification, measurement and classification of single investments (Financial or intangible assets).

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

The other reserves include minor items deriving from the valuation at equity of some associated companies.

**- Other items of comprehensive income statement**

Other items of the statement of comprehensive income summarize the effects of cash flow hedge reserve and the translation reserves of foreign companies. Changes are shown hereunder:

	Cash flow hedge reserve	Translation reserve	Total
Initial balance 01/01/2011	(20,894)	(4,716)	(25,610)
Changes in previous period	(10,906)	(636)	(11,540)
<b>Balance 01/01/2012</b>	<b>(31,799)</b>	<b>(5,352)</b>	<b>(37,151)</b>
Changes for the period	(13,876)	(1,060)	(14,936)
<b>Balance 31/12/2012</b>	<b>(45,676)</b>	<b>(6,412)</b>	<b>(52,088)</b>

The composition of the cash flow hedge reserve item is shown below:

	31/12/12	31/12/11	Change
CFH Parent Company/Subsidiaries	34,486	21,969	12,517
Fiscal effect	(9,129)	(5,718)	(3,411)
<b>Value net of fiscal effect</b>	<b>25,357</b>	<b>16,251</b>	<b>9,106</b>
CFH reserve associated companies	20,830	15,610	5,220
<b>Total</b>	<b>46,187</b>	<b>31,861</b>	<b>14,326</b>

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Group	45,676	31,799	13,876
Minority	511	62	449

#### Minority equity: Euro/000 46,930 (Euro/000 5,057)

Minority equity increased by Euro/000 41,873 basically in relation to the changes of the consolidation area occurring in 2012, and namely, Euro/000 36,792 for the setting up of the Special Purpose Vehicle company for the acquisition of the stakes in A4 Holding, as set forth in the investment come agreement already commented in note 17.

#### 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

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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>(626,005)</b>	<b>(482,701)</b>
Total net equity	554,555	470,278
Minus amounts accrued in assets for coverage of financial flows	(46,187)	(31,861)
<b>B- Adjusted capital</b>	<b>600,742</b>	<b>502,139</b>
<b>C - Payables/Capital ratio (A/B)</b>	<b>1,04</b>	<b>0,96</b>

## **26 Financial liabilities**

### **Non-current financial liabilities: Euro/000 734,920 (Euro/000 672,612)**

Non-current financial liabilities show an overall increase totalling Euro/000 62,308 and consist of the following:

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	31/12/12	31/12/11	Change
- Payables to banks (*)	719,431	662,135	57,296
- Non-current quota of mortgage loans (*)	3,797	4,033	(236)
- Leasing payables (*)	9,575	4,728	4,847
- Financial payables to associated companies	2,117	1,716	401
<b>Total</b>	<b>734,920</b>	<b>672,612</b>	<b>62,308</b>

(\*) Included in NFP for a value of 706,007 (2011: 654,199 )

The general increase shown in this item, compared to 2011, is related to the investments made in Italy and Turkey, in the concessions sector.

With regard to the latter, it should however be pointed out that the debt regarding concessions is by definition “No Recourse”, also taking into account the credit rights guaranteed by the party granting the concession.

It is also useful to recall the substantial orientation of the debt structure to the medium-long term, guarantee the financial resources necessary to cover the investments planned for the next five-year period.

It is likewise pointed out that the item also includes Euro/000 26,796 (2011: 16,698) in hedging derivatives; in this regard see note 32.

#### Current tax liabilities: Euro/000 537,661 (Euro/000 453,026)\*

Current tax liabilities increased and consist of the following:

	31/12/12	31/12/11	Change
- Payables to banks (*)	470,573	324,713	145,860
- Current quota of mortgage loans (*)	51,030	114,659	(63,629)
- Payables to other lenders (*)	4,787	9,561	(4,774)
- Leasing payables (*)	11,271	4,093	7,178
<b>Total</b>	<b>537,661</b>	<b>453,026</b>	<b>84,635</b>

(\*) Included in NFP for a value of 527,614 (2011: 443,460)

We should observe that the increase in short term payables refers above all to the domestic area and Turkey, and specifically pertaining partly to

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construction activities and partly to project financing activities. It is likewise pointed out that the item also includes Euro/000 10,047 (2011: 9,566) of hedging derivatives; in this regard see note 32.

**Financial leasing payables: Euro/000 20,846 (Euro/000 8,821)**

In the current year the Group has signed financial leasing contracts totalling Euro/000 21,872 with 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.

Financial leasing payables increased compared to the previous year by Euro/000 12,025, especially in Chile, Romania, Poland, an aspect related to the respective performance of industrial production in the areas indicated.

This item has the following composition:

	31/12/2012	31/12/2012	31/12/11	
	Instalments	Current value	Instalments	Current value
Within 1 year	12,932	11,271	4,397	4,093
Over 1 year and within 5 years	8,811	8,874	4,945	4,728
Over 5 years	936	701	0	0
<b>Total leasing instalments</b>	<b>22,675</b>	<b>0</b>	<b>9,342</b>	<b>0</b>
Financial charges	1,833	0	521	0
<b>Current value</b>	<b>20,846</b>	<b>20,846</b>	<b>8,821</b>	<b>8,821</b>

There follow the covenants and negative pledges related to the borrowing by the Group and the net financial position pursuant to CONSOB

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Communication No. 6064293 of 28 July 2006.

### **Covenants and negative pledges**

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 325 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 Euro 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;

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- 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 Euro 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:

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- Bilateral committed loan of Euro 18.5 mln, entered into on 4 June 2009 with GE Capital (formerly Interbanca S.p.A) for covering design and construction costs of the Verona car park, duration 19 years, expiry in June 2027. The loan to Astaldi Concessioni S.r.l. is supported by a mortgage on the land rights, transfer of receivables deriving from the minimum guaranteed level and transfer of insurance coverage on the minimum fee as well as a corporate guarantee of Astaldi S.p.A.
- Bilateral related parties loan of Euro 12.3 mln, entered into in May 2008 with Efibanca to cover the design and construction costs of the Bologna Car Park, with duration: expiry May 2025. The loan to Astaldi Concessioni S.r.l. is covered by a mortgage land rights, sale of credits deriving from the minimum guaranteed level and transfer of insurance coverage on the minimum fee as well as a corporate guarantee of Astaldi S.p.A.
- 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.
- Loan for Euro 80 mln agreed in August 2011, between the special purpose company Mondial AS, a subsidiary of Astaldi Concessions, and the pool of banks consisting of HSBC and Türkiye İş Bankası, to sustain investment in the concession in Turkey for the Bodrum Airport. Expiry July 2015; the loan is covered by a corporate guarantee of Astaldi S.p.A.

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 observe:

- 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. For more details on the operation

see the section “Events after the date of the financial statements” in the Explanatory Notes.

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.

		31/12/12	31/12/11
A	Cash and cash equivalents	400,215	456,210
B	Securities held for trading	1,347	1,889
<b>C</b>	<b>Available funds (A+B)</b>	<b>401,562</b>	<b>458,099</b>
-	Short term financial receivables	3,393	879
-	Current part of credit rights in concessions business	16,306	2,867
<b>D</b>	<b>Current financial receivables</b>	<b>19,700</b>	<b>3,746</b>
E	Current bank payables	(460,526)	(315,148)
F	Current part of non-current indebtedness	(51,030)	(114,659)
G	Other current financial payables	(16,059)	(13,654)
<b>H</b>	<b>Current financial indebtedness (E+F+G)</b>	<b>(527,614)</b>	<b>(443,460)</b>
<b>I</b>	<b>Net current financial indebtedness (H+D+C)</b>	<b>(106,353)</b>	<b>18,385</b>
J	Non-current bank payables	(696,432)	(649,471)
K	Other non-current payables	(9,575)	(4,728)
<b>L</b>	<b>Non-current financial indebtedness (K+J)</b>	<b>(706,007)</b>	<b>(654,199)</b>
<b>M</b>	<b>Net financial indebtedness (L+I)</b>	<b>(812,359)</b>	<b>(635,814)</b>
-	Non-current financial receivables	50,935	15,030
-	of which with related parties	43,252	14,868
-	Non-current part of credit rights from the concessions business	135,419	138,084
<b>N</b>	<b>Non-current financial receivables</b>	<b>186,354</b>	<b>153,114</b>
<b>O</b>	<b>Total financial indebtedness (M+N)</b>	<b>(626,005)</b>	<b>(482,701)</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

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from associated companies set up for project financing activities and credit rights from the concessions business.

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 (622,986). 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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## 27 Other liabilities

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### Other Non-current liabilities: Euro/000 13,721 (Euro/000 13,716)

Other non-current liabilities, totalling Euro/000 13,721, did not show any particular changes compared to the previous year and mainly regard payables to Simest S.p.A. for the acquisition of the minority shares of the subsidiary Inversiones Assimco Limitada.

### Other Current liabilities: Euro/000 164,527 (Euro/000 125,547)

Other current liabilities totalled Euro/000 164,527 and consist of the following:

	31/12/12	31/12/11	Change
- Payables to associated companies	1,386	362	1,024
- Payables to other enterprises	33	33	0
- Payables to personnel	18,533	19,921	(1,388)
- Payables to social security bodies	10,766	8,631	2,135
- Accrued costs and deferred charges	3,815	2,582	1,233
- Other	129,994	94,018	35,976
<b>Total</b>	<b>164,527</b>	<b>125,547</b>	<b>38,980</b>

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This item increased compared to the previous year, basically in relation to the item “Other”, in particular for the domestic area. The increase is mainly due (Euro/000 13,330) to the payables to the bankruptcy receivers of “Busi Impianti” for the acquisition of the corporate branch, with more details being shown in the section “Business combinations” in the premises of these Explanatory Notes.

With reference to the composition of item “Other”, this mainly shows the effects of the consolidation of the various operating entities of the Group with reference to the value of the existing relations with various joint initiatives (approximately Euro/000 80.000), 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 associated 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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## 28 Employee benefits: Euro/000 8,760 (Euro/000 7,926)

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

	Value at 31/12/2011	Increases	Change area	Decreases	Value at 31/12/12
- Employee severance pay provision	7,926	1,577	989	(1,732)	8,760

The liabilities entered in the financial statements are as follows:

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	31/12/12	31/12/11	Change
Current value of the obligation	9,367	7,650	1,717
Non-recognized actuarial Loss/ (Profit)	(607)	276	(883)
<b>Liabilities recorded in the Financial Statements</b>	<b>8,760</b>	<b>7,926</b>	<b>834</b>

	Actuarial value of the obligation
- Initial balance	7,926
- Costs for services rendered	1,300
- Interest	268
- Non-recognized actuarial Loss/ (Profit)	9
- Benefits Paid	(1,732)
- Change in consolidation area	989
<b>Final balance</b>	<b>8,760</b>

The cost for liabilities is as follows:

	31/12/12	31/12/11	Change
- Social security costs for current employment	1,300	300	1,000
- Net interest payable (receivable)	268	458	(190)
- Net actuarial Loss (Profit)	9	1	8
<b>Total</b>	<b>1,577</b>	<b>759</b>	<b>818</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%

It is pointed out that for the year 2012, for compliance with IAS 19 on the

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identification of the actualisation rate used in actuarial valuations, the current rate for trends on the listed bond issues by private companies, being the main reference point for IAS 19 for the calculation of the actualisation rate; this basket corresponds to the simple average yield at the date of actuarial valuation of bonds denominated in Euro (or other currencies involved in the plan) with issuer rating of at least A (Standard & Poor) or Aa1 (Moody), i.e. with rating levels respecting the definition of “high quality” required by principle IAS 19, also ensures the sufficient broadness of this basket, taking into account the specific aims for the use of the rate set down by the principle.

The change of the parameter used derives from the revelation of the gradual worsening of average ratings of bond issuers, involving a general reduction in size of the high rating bond market, both for public issuers (sovereign debt, public institutions etc.) and for companies.

However, the use of a basket of securities with AA rating for identifying the discount rate would have involved a wholly insignificant effect, with a reduction in the net profit at 31/12/2012 of approximately Euro/000 37.7; actuarial profits and losses not entered in the accounts due to the effect of the application of the corridor method, on the other had, would have involved a decrease of Euro/000 17.5.

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## 29 Trade payables: Euro/000 1,128,798 (Euro/000 1,118,769)

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++This item has the following composition:

	31/12/12	31/12/11	Change
- Payables to suppliers	985,346	1,001,328	(15,981)

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- Payables to associated companies	142,241	116,208	26,033
- Payables to parent companies	0	2	(2)
- Payables to other investee companies	1,210	1,231	(21)
<b>Total</b>	<b>1,128,798</b>	<b>1,118,769</b>	<b>10,029</b>

The slight increase of this item by Euro/000 10,029, (1% compared to the previous year) reflects the significant improvement of the trade payables situation, in particular towards suppliers, compared to previous years, above all considering the increase recorded in production volumes.

In particular payables to suppliers have fallen by Euro/000 15,981. The item comprises a significant increase (approximately Euro/000 91,000), due to work in progress in Russia, and in the North American market, in relation to the recent acquisition of the subsidiary T.E.Q. in Canada, and finally in Peru. We should point out a slowdown in the growth rate of the payables item in Italy, Romania Turkey and other minor areas, for an amount totalling approximately Euro/000 107,000.

### **30 Tax payables: Euro/000 93,387 (Euro/000 73,142)**

Tax payables increased by Euro/000 20,245 compared to the previous year and consist of the following:

	31/12/12	31/12/11	Change
- Payables for indirect taxation	37,414	34,161	3,253
- Payables for direct taxation	50,773	33,445	17,328
- Tax payables for tax withholding applied	5,200	5,536	(336)
<b>Total</b>	<b>93,387</b>	<b>73,142</b>	<b>20,245</b>

The increase of this item is due in particular to the item “Payables for direct taxation” and is related to the higher production volumes for works in progress in Poland, Russia, and Turkey.

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**31 Provisions for risks and liabilities: Euro/000 28,578 (Euro/000 29,159)**

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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>24,113</b>	<b>2,555</b>	<b>1,100</b>	<b>1,391</b>	<b>29,159</b>
Allocations	5,154	0	1,200	0	6,354
Use	(7,665)	0	(600)	(528)	(8,793)
Allocation of 2011 profit	0	0	0	939	939
Other	666	53	0	0	719
<b>Balance at 31/12/2012</b>	<b>22,168</b>	<b>2,608</b>	<b>1,700</b>	<b>1,802</b>	<b>28,578</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 Group 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 consolidated financial statements since the

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possibility of loss of the proceedings is deemed to be remote.

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 IAS 11 (year 2007); in addition to other observations of lower relevance.

The total amount of the higher taxes (IRES and IRAP) notified is approximately Euro 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 Euro/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.

It is likewise pointed out that on 3 November 2010, the Group company COMERI S.p.A. received a report from the Italian Tax Police, Rome Unit, following a general check made for the purposes of direct and indirect

taxation.

In the year 2012 there were no further developments, thus confirming what was already stated in this regard with reference to the Financial Statements for the previous year 2011.

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

In relation to this matter, it was shown that the company COMERI S.p.A. had previously registered the friendly agreement in question with the Tax Authorities on 15 June 2010; on this occasion the authorities requested and accepted the payment of the proportional registration tax on the aforesaid reserves, thus conclusively confirm the tax treatment for these amounts for the purposes of indirect taxation, considering them to be compensatory and thus excluded from VAT taxation.

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

Up to now there has been no response to this application, while the Tax

Authorities have not issued any assessment notification. Therefore, also with the support of the consultants, the risk of assessment is considered remote.

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

		31/12/12	31/12/11	nota
<b><u>Provisions to directly decrease assets</u></b>	-	<b>51,702</b>	<b>32,220</b>	
Provision for write-down of equity investments	Shareholdings	8	8	17
Provision for write-down of final losses	Amount receivable from customers	12,374	12,348	21
Provision for bad debts	Trade receivables	11,281	11,035	22
Provision for arrears interest	Trade receivables	23,443	4,759	22
Provision for write-down of other assets	Other current assets	4,398	3,872	19
Provision for tax arrears interest	Tax receivables	198	198	23
<b><u>Provisions entered under liabilities</u></b>	-			
<b>- Provisions for risks and charges</b>		<b>36,180</b>	<b>38,794</b>	<b>31</b>
<b>of which:</b>				
For equity investment risks	provisions for risks and charges (shareholdings)	2,608	2,555	31
For final contract losses	provisions for risks and charges	21,305	24,113	31
For final contract losses	advances	7,602	9,635	
Other funds for risks and charges	provisions for risks and charges	4,665	2,491	31
<b><u>Total provisions</u></b>	-	<b><u>87,882</u></b>	<b><u>71,014</u></b>	

## 32 - Information on risk management, financial instruments and guarantees

### **Financial Risk Management**

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

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

The Group is therefore exposed to the following financial risks:

- Market risk: exposure of the Group 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 Group might not be able to meet its financial commitments deriving from contracts and, more generally, from its financial liabilities;
- Credit risk: exposure of the Group 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 optimization 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, the Astaldi Group 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, the Group mainly uses cash flow hedging to

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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 Group 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**

Group 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.

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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.

The Astaldi Group, 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 Group'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 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

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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.

which the Group 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.

#### Cash Flow Hedge

Type of derivative	Hedged item	Notional remainder 31.12.2012	Fair Value 2012	Fair Value 2011
IRS	Medium/long term indebtedness	674,222	(34,391)	(22,329)
OPTIONS	Medium/long term indebtedness	52,500	(727)	(1,007)
<b>Total</b>		<b>726,722</b>	<b>(35,118)</b>	<b>(23,335)</b>

euro/000

With reference to the aforesaid Hedge Accounting, the change in value has had an impact above all on the Group's net equity, leading to a final value of the cash flow hedge reserve of Euro 34.5 million, together with the related effect for deferred tax of Euro 9.1 million.

There follow the changes of the cash flow hedge reserve in 2012:

#### Changes in cash flow hedge reserve

Cash flow hedge reserve - interest rate	31/12/12	31/12/11
Initial reserve	(23,098)	(21,634)
Impact on CFH reserve net of transfer to income statement	(11,409)	(1,464)
Final reserve	(34,507)	(23,098)
Ineffectiveness	(283)	(378)

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.

#### Non-Hedge Accounting

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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	0	0	(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 Group'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

#### Sensitivity analysis Euro/000

Interest rate risk - sensitivity analysis	Income statement		Net equity	
	Shock up	Shock down	Shock up	Shock down
	31-dic-12	31-dic-12	31-dic-12	31-dic-12
Financial liabilities				
- cash flow	(12,439)	3,732		
Derivative hedging instruments				
- cash flow	3,791	(777)		
<b>Total</b>	<b>(8,648)</b>	<b>2,955</b>	<b>0</b>	<b>0</b>
- fair value	200	(111)	17,545	(4,567)

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 Euro 3.8 million), borrowing costs

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would increase by Euro 8.6 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 0.2 million, while the equity reserve would show a negative effect while the equity reserve would show a negative effect of approximately 17.5 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 3 million Euro.

### **Exchange rate risk**

With reference to the exchange rate risk, the Astaldi Group 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 Group 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. Also in this case hedging is performed by the use of forward plain vanilla derivatives<sup>4</sup>, cost zero cylinders<sup>5</sup> and cross currency interest rate swaps<sup>6</sup>.

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<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 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.

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 Group 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 Euro/PLN	16,200	(219)	(241)	22
Purchase Euro/USD	37,896	(10)	(10)	
<b>Total</b>	<b>54,096</b>	<b>(229)</b>	<b>(251)</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	1,130	-
Impact on CFH reserve net of transfer to income statement	(1,108)	1,130
Final reserve	22	1,130
Ineffectiveness	(10)	(116)

### **Liquidity risk**

The main factors determining the Group’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.

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The Group 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 in an ongoing manner 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 Group's financial liabilities that are exposed to interest rate risk:

LIQUIDITY RISK								
Analysis of maturities at 31 December 2012	Use	On sight	2013	2014	2015	2016	2017	Beyond
		366,14						
Short term borrowing	(464,526)	9	27,283	0	0	0	0	0
			128,50	150,23	113,74	343,08	35,31	
Medium/long term borrowing	(779,370)	0-	9	4	2	3	8	79,577
<b>Total</b>	<b>(1,243,895)</b>	<b>366,14</b>	<b>155,79</b>	<b>150,23</b>	<b>113,74</b>	<b>343,08</b>	<b>35,31</b>	<b>79,577</b>
Derivatives								
- derivatives on interest rate risk		0	10,439	9,370	7,197	4,360	2,324	4,534
- derivatives on exchange rate risk		0	228	0	0	0	0	0
<b>Total</b>			<b>10,667</b>	<b>9,370</b>	<b>7,197</b>	<b>4,360</b>	<b>2,324</b>	<b>4,534</b>
<b>EXPOSURE AT 31.12.2012</b>		<b>336,14</b>	<b>166,45</b>	<b>159,60</b>	<b>120,93</b>	<b>347,44</b>	<b>37,64</b>	<b>84,111</b>
		<b>9</b>	<b>9</b>	<b>4</b>	<b>9</b>	<b>3</b>	<b>3</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.

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The Astaldi Group 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 Group operates and in keeping with the rules for managing the financial flows of individual contracts;
- Maintenance of a suitable level of available liquidity;
- Existence of an investment portfolio with a corresponding liquid market and whose securities are available for 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 credit risk represents the exposure of the Group to potential default risks of a counterpart.

The Group'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 type of Group customers is basically government and public bodies, by their very nature solvent.

Therefore the credit risk, represented by the possible default of customers,

is considered to have 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 26% of which 17% 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).

## **COLLATERAL AND GUARANTEES**

### **Collateral**

The overall value of the guarantees provided is Euro/000 2,619,987 and refers to the following items:

- Guarantees for opening credit lines with the purpose of ensuring the regular cash flow of the single contracts, issued in the interest of subsidiaries and other investee companies, set up for this purpose under the laws in force, for a total amount of Euro/000 122,314;
- Guarantees for works, issued for various purposes by banks and insurance companies in the interest of the Group, in favour of the bodies contracting the works, on the Group's own account and that of other investee companies, for a total amount of Euro/000 2,449,906;
- Other guarantees issued for various purposes for a total amount of Euro/000 47,767.

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

The item amounting to Euro/000 270,377 regards guarantees issued by banks and insurance companies in the interest of Italian and foreign

suppliers and sub-contractors, in relation to contract obligations undertaken by the latter with the Group.

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### 33 – 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 2 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. Moreover, it is specified that relations with consortia and consortium companies (special purpose vehicles), taking into account the specific sector the Group operates in, are to be related to receivables due from third parties – entered among Trade Receivables (note 22) – 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		0	313	30	17		529

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	1.205					1.566	
Top management with strategic responsibility n°9	1.747	0	585	32	18	2.382	0

### 34 - 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 consolidated 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 cancellations	Consolidated total
<b>revenues</b>								
Revenues	1,212,108	865,942	356,940	179,058	64,420	10,151	(363,320)	2,325,299
Operating result	92,243	52,384	28,573	62,685	(21,900)	(1,950)	(222)	211,813
Net financial charges								(85,131)
Shares of operating in the year of entities valued at equity								3,146
Profit/(loss) before tax and minority interests								129,829
Income tax								(55,879)
Net profit for the year								74,126
<b>Assets or liabilities</b>								
Assets of the sector	2,073,650	1,383,816	1,050,817	301,371	88,987	1,390,128	(2,540,273)	3,748,491
of which shareholdings						889,539	(632,098)	257,441
Liabilities of the sector	(1,558,783)	(1,355,306)	(945,380)	(263,945)	(111,132)	(1,035,178)	2,075,788	(3,193,936)
<b>Other segment information</b>								
Tangible fixed assets	9,582	53,826	72,666	16,479	10,517	58,752	(628)	221,094
Intangible assets	14,721	80,415	11	-	101	9,168	3,111	107,523
Depreciation of tangible assets	2,481	9,901	12,519	5,187	2,902	8,205	325	41,470
Allocations		-	-	-	-	1,427	-	1,427

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Segment information 2011								
(thousands of euro)	Italy	Europe	America	Africa	Asia	Other assets	Adjustments and eliminations	Consolidated total
<b>Revenues</b>								
Revenues	1,486,936	769,640	315,277	162,161	36,944	(38)	(505,636)	2,265,284
Operating result	147,278	6,293	47,886	38,245	(31,003)	(10,451)	2,443	200,691
Net financial charges								(75,672)
Shares of operating in the year of entities valued at equity								401
Profit/(loss) before tax and minority interests								125,420
Income tax								(53,496)
Net profit for the year								71,195
<b>Assets a liabilities</b>								
Assets of the sector	1,895,821	1,028,932	1,037,773	362,739	84,161	1,229,180	(2,201,037)	3,437,569
of which shareholdings						582,020	(386,055)	195,964
Liabilities of the sector	(1,594,894)	(1,025,664)	(918,626)	(347,550)	(149,529)	(923,751)	1,992,723	(2,967,291)
<b>Other sector information</b>								
Tangible fixed assets	8,605	43,122	44,603	15,182	19,547	61,690	(470)	192,278
Intangible assets	7,598	36,060	8	-	69	397	-	44,132
Depreciation of tangible assets	2,936	9,165	12,214	6,715	4,071	9,536	(364)	44,273
Allocations		-	-	-	-	7,960	-	7,960

## 35 – Other information

### Non-recurring significant events and operations

The Astaldi Group's economic, equity and financial situation 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 the Astaldi Group did not undertake any atypical or unusual

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operations as defined in CONSOB Communication n. DEM/6064293.

### **Authorisation of publication**

The publication of the Financial Statements was authorised by the Board of Directors of the Parent Company on 13 March 2013.

At that meeting the Board likewise submitted for the approval by the Shareholders' Meeting on 23 April the proposed payment of a dividend of 0.17 Euro per share (coupon 3 June 2013, record date 5 June 2013, settlement on 6 June 2013).

### **Events after the closing of the financial statements**

There follows information on the events after the date of the Financial Statements. In January, 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

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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, 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 Underground Line 5 was inaugurated, with the start of the management phase by the concessionaire company Metro 5

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S.p.A., an investee company of the Astaldi Group. In March, the Brescia Underground 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**

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 of which:**

1,032

- For Parent Company Astaldi S.p.A.

512

- For subsidiaries

521

**Other services (\*)**

208

**Total fees (\*\*)**

**1,240**

(\*) Of which to the Parent Company Astaldi S.p.A.

512

(\*\*) Including expenses of CONSOB membership (for legal auditing services) and expenses

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## ANNEXES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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