Notes to the financial statements

1.Introduction

As part of the project commenced in 2008 for the transition to the IAS/IFRS for the presentation of the separate and consolidated financial statements of the most significant Group companies, the Company, in order to bring itself into line with the prevailing standards being used by companies in the construction industry and ensure access to international tender contracts, exercised the right established in Articles 2 and 3 of Legislative Decree 38 of 28 February 2005. Accordingly, the separate financial statements and the consolidated financial statements at 31 December 2013 have been prepared in accordance with the above-mentioned international financial reporting standards.
The last company financial statements of Salini S.p.A. prepared in accordance with the Italian accounting standards related to the year ended 31 December 2012.
The comparative figures for the year 2012 have been restated applying the IFRS.
The date of transition to the IFRS is 1 January 2012.
In section 39 a document is provided summarising the effects of the transition to IAS/IFRS. This document shows, in particular, the effects on the Statement of Financial Position at 1 January 2012 and 31 December 2012, as well as the effects on the Income Statement for the year 2012. A statement is also provided showing the reconciliation between the shareholders' equity and the related profit prepared, at the dates indicated above, in accordance with the Italian accounting standards and the corresponding amounts according to the international financial reporting standards.

2. Compliance with the IAS/IFRS

These financial statements for the period ended 31 December 2013 have been prepared in accordance with the International Financial Reporting Standards published by the International Accounting Standards Board ("IASB") and adopted by the European Union at the reporting date of these financial statements and in accordance with the regulations issued in implementation of Article 9 of Legislative Decree 38/2005. IFRS means all revised international accounting standards ("IAS") and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), including those previously issued by the Standing Interpretations Committee ("SIC").

3. Newly issued and approved accounting standards and interpretations

Standards and interpretations with effect from 1 January 2013

IAS 1 Presentation of Financial Statements – Presentation of items in other components of comprehensive income in the financial statements

The amendment to IAS 1 introduces the grouping of items presented in other components of comprehensive income. The items, which in the future could be reclassified (or "recycled") in the income statement (e.g., net profit on hedging net investments, translation differences on foreign financial statements, net profit on cash flow hedges

and the net profit/loss from available-for-sale financial assets) must now be presented separately from items that will never be reclassified (e.g., actuarial gains/losses on defined benefit plans and the revaluation of land and buildings). The amendment only concerned the method of presentation and had no impact on the Company's financial position or results.

IAS 1 Presentation of Financial Statements – Clarification of requirements for comparative information

This amendment to IAS 1 clarifies that when an entity presents comparative information in addition to the minimum comparative statements required by IFRS, the entity must present the related comparative information in the notes to financial statements in accordance with IFRS. The presentation of this voluntary comparative information does not involve a complete disclosure of financial statements including all tables.

IAS 32 – Tax effect of distributions to equity holders

The amendment to IAS 32 Financial Instruments: Presentation in Financial Statements, clarifies that taxes tied to distributions to equity holders must be recorded in accordance with IAS 12 Income Taxes. The amendment removes requirements from IAS 32 concerning taxes, and asks the entity to apply IAS 12 to any tax tied to distributions to equity holders. The amendment had no impact on the Company's separate financial statements since there was no tax impact tied to monetary and non-monetary distributions.

IAS 19 (2011) Employee Benefits (IAS 19R)

IAS 19R includes numerous changes in the recording of defined benefit plans, including: actuarial gains and losses that are now recorded among other components of comprehensive income and permanently excluded from the income statement; the returns expected from plan assets that are no longer recorded in the income statement, while it is necessary to record in the income statement the interest on the plan's net liability (asset) balance, and such interest must be calculated using the same interest rate used to discount the obligation; and costs related to past work performed that are now recognised in the income statement on the first to occur between i) a change or reduction of the plan, or ii) the recognition of related restructuring or employment termination costs. Other changes include new information, such as information on qualitative sensitivity.

IFRS 1 First-Time Adoption of International Financial Reporting Standards

The amendments made to IFRS 1 mainly concern the information that the Company has to provide if it stops applying the IAS/IFRS or if starts applying them again; these circumstances do not apply to the Company, as these are the first financial statements prepared in accordance with the IAS/IFRS.

IAS 12 – Deferred taxes: recovery of underlying assets

This amendment provides clarification regarding the measurement of deferred taxes on investment property measured at fair value. This amendment introduces the refutable assumption that the carrying amount of an investment property, measured using the fair value model specified by IAS 40, will be recovered through its sale, and that, as a result, the related deferred tax should be measured on a sale basis. This assumption is refuted if the investment property can be depreciated and is held with the intent of using over time substantially all the benefits deriving from the investment property instead of realising these benefits from its sale. The amendment had no impact on the financial position, results or disclosure.

IFRS 7 Supplemental Information – Offsetting of Financial Assets and Liabilities – Amendments to IFRS 7

These amendments require the entity to provide information on offsetting rights and related agreements (e.g. guarantees). The information will provide useful information to the reader of financial statements to assess the effect of offsetting agreements on the entity's financial position. The new information is required for all financial instruments recorded that are being offset according to IAS 32. The information is also required for financial instruments covered by framework offsetting agreements (or similar agreements), regardless of whether such instruments are offset according to IAS 32. Since the Group does not offset financial instruments in accordance with IAS 32 and has not signed significant offsetting agreements, these amendments have no impact on its financial position or results.

IFRS 13 Fair Value Measurement

IFRS 13 introduces an unambiguous guide line for all fair value measurements under IFRS. IFRS 13 does not modify the cases when it is required to use fair value, but it provides a guide on how to measure fair value under IFRS when the application of fair value is required or permitted by international accounting standards. The application of IFRS 13 had no material impact on the Company's fair value measurements. IFRS 13 also requests specific information on fair value, a part of which replaces disclosure requirements currently specified by other standards, including IFRS 7 Financial Instruments: Supplemental Information.

IFRIC 20 – Stripping costs in the production phase of a surface mine

This interpretation applies to stripping costs in mining activities during the production phase of a surface mine. The interpretation addresses accounting of the benefits arising from the stripping activity. The new interpretation has had no effect on the Group.

The adoption of the amendments listed above has had no impact on the Company's financial position or results.

Standards and interpretations approved and not adopted in advance by the Company

Regulation (EU) No 1254/2012 of the Commission of 11 December 2012, published in Official Journal L 360 of 29 December 2012 concerning the adoption of International Accounting Standards IFRS 10 – Consolidated financial statements, IFRS 11 – Joint arrangements, IFRS 12 – Disclosure of interests in other entities, amendments to IAS 27 – Separate financial statements and IAS 28 – Investments in associates and joint ventures

IFRS 10 aims to provide a single guiding standard to follow for the preparation of consolidated financial statements, stipulating control as the basis for the consolidation of all types of entities. In effect, IFRS 10 replaces IAS 27 – Consolidated and separate financial statements and SIC Interpretation 12 – Special purpose vehicles.

IFRS 11 establishes the accounting standards for entities which are part of joint control agreements and replaces IAS 31 – Interests in joint ventures and SIC 13 – Jointly Controlled Entities – Non-Monetary Contributions by Venturers.

IFRS 12 combines, reinforces and replaces the disclosure obligations of subsidiaries, agreements for joint control, associate companies and non-consolidated structured entities.
Following these new IFRS, the IASB also issued an amended IAS 27, which will only involve the separate financial statements and an amended IAS 28 in order to incorporate the introductions of IFRS 11 on the subject of joint venture entities.

The new standards will be applied not later than the start date of the first financial year beginning after 1 January 2014.
In light of the pronouncements expected from the relative authorities and technical bodies, assessments of the possible economic and financial effects on the consolidated accounts of the new standards are being conducted, with reference to IFRS 11.

IAS 32 Offsetting of Financial Assets and Liabilities – Amendments to IAS 32

The amendments clarify the meaning of "currently has a legally enforceable right to offset". The amendments also clarify the application of IAS 32's offsetting principle in the case of settlement systems (such as central clearing houses) which adopt non-simultaneous gross settlement mechanisms. These changes should not result in impacts on Company's financial position or results and will be effective for annual reporting periods beginning on or after 1 January 2014.

4. Form and content of the separate financial statements

The separate financial statements at 31 December 2013 comprise the following statements:

- a separate statement of income, which contains a classification of costs according to their nature, in addition to EBIT;
- a statement of comprehensive income;
- a statement of financial position, which is prepared by classifying assets and liabilities according to the "current/non-current" criterion;
- a statement of cash flows, which is prepared by reporting financial flows generated by operating, investing and financing activities according to the "indirect method", as permitted by IAS 7 (Statement of Cash Flows).

The separate financial statements were prepared based on the historical cost principle, except for items which in accordance with IFRS are measured at fair value as indicated in the measurement criteria below.
To improve the presentation of the financial statements and for a better reflection of the contractual nature of some contractual advances received from clients, the Group has decided to report these amounts under liabilities in "Amounts due to clients", distinguishing between the non-current and current portion.
The statement of financial position, income statement and the statement of comprehensive income are presented in Euros, whereas the amounts included in the statement of cash flows, the statement of changes in shareholders' equity and the explanatory notes are presented in thousands of Euros, unless otherwise specified.

5. Accounting standards adopted

Property, plant and equipment

Property, plant and equipment are measured at historical cost, including any directly related ancillary expenses, in addition to financial expenses incurred during the period of construction of the assets. Assets acquired through business combinations prior to 1 January 2007 have been recognised at their carrying amount, determined based on the previous accounting standards used for these combinations, as a substitute for the cost.
The cost, as determined above, of assets used only during a certain period, is systematically depreciated on a straight-line basis each financial year based on their estimated technical and economic life, using depreciation rates intended to represent the estimated useful life of the assets. If material components of these assets have a different useful life, these components are recognised separately. The useful life estimated by the Group for the various asset classes is as follows:

	Years
Buildings	15-33
Plant and machinery	5-7
Equipment	3-9

Land, whether undeveloped or developed for civil or commercial buildings, is not depreciated since it has an indefinite useful life. As previously mentioned, capital assets acquired under finance leases are recognised as tangible fixed assets and offset by the corresponding payable. The lease payment is broken down into its components of interest expense, recognised in the statement of income, and capital repayment, deducted from financial debt.
When the asset is sold or when there are no longer any expected future economic benefits from its use, it is derecognised from the statement of financial position and any profit or loss (calculated as the difference between the disposal value and carrying amount) is recognised in the statement of income in the year in which it is derecognised.

Investment property

Investment property includes immovable property held for the purpose of obtaining economic benefits from lease payments or for capital appreciation purposes.
Investment property is initially measured at historical cost, including negotiation costs. The carrying amount includes the cost relating to the replacement of an investment property when that cost is incurred, on condition that the recognition criteria are satisfied, and excludes routine maintenance costs. Following the initial recognition, the Group chose to maintain the historical cost as the evaluation criterion for investment property.
Investment property is derecognised when it is sold or when the investment is permanently unusable and future economic benefits are not expected from its sale. Any profits or losses arising from the withdrawal or disposal of an investment property are recognised in the statement of income during the period in which the withdrawal or disposal took place.
Reclassification from or to investment property takes place when, and only when, there is a change in use. For reclassifications from an investment property to property used directly, the reference value of the property for subsequent recognition is the fair value at the date of change in use. If a directly used property becomes an investment property, the Group recognises these assets in accordance with the criteria indicated in the section on “Property, plant and equipment” until the date of change in use.
No fixed asset held on the basis of an operating lease has been classified as investment property.
The useful life of buildings classified under this item is between 20 and 33 years.

Intangible assets

Intangible assets acquired separately are initially recognised in assets at historical cost, determined according to the same procedures as those indicated for tangible assets. Intangible assets acquired through business combinations are recognised at fair value at the acquisition date, if this value can be determined reliably.

Intangible assets produced internally, excluding development costs, are not capitalised and are recorded in the statement of income for the period in which they are incurred.
Intangible fixed assets may have a finite or indefinite useful life. Within the Group, the following types of intangible assets are currently present:

	Years
Intellectual property rights	3
Concessions and licences	9
Other	9

The Group has no assets with an indefinite useful life other than goodwill.

Following initial recognition, intangible assets with a finite useful life are recognised at cost, net of depreciation and any accumulated impairment losses. The period and method of depreciation are reviewed at the end of each financial year, or more frequently if necessary.
Intangible assets with a finite useful life are amortised, from the point at which the asset is available for use, on the basis of their residual possibility of use, in relation to the useful life of the asset. The period and method of depreciation applied is reviewed at the end of each financial year, or more frequently if necessary.
Gains and losses arising from the disposal of an intangible asset are determined as the difference between the disposal value and the carrying amount of the asset and are recognised in the statement of income on disposal.

Equity investments

Equity investments in subsidiaries, associates and joint ventures are measured at cost and tested regularly for impairment. This test is carried out whenever there is an indication that the investment may be impaired. The method used is described in the section on “Impairment losses on non-financial assets”. When an impairment loss is required, it is recognised immediately in profit or loss. When the reasons for a previous impairment loss no longer exist, the carrying amount of the investment is restated to the extent of its original cost.

Reversals of impairment losses are recognised in profit or loss.

Financial expenses

Financial expenses relating directly to the acquisition, construction or production of an asset that requires a fairly long period of time before being available for use are capitalised as part of the cost of the asset itself. All other financial expenses are recognised as a cost for the period in which they are incurred.

Assets held under finance or operating leases

Finance leases, which substantially transfer to the Company all risks and rewards incidental to ownership of the leased asset, are capitalised under tangible fixed assets on inception of the lease at the fair value of the leased asset, or at the present value of the lease payments, whichever is lower. This will be offset by a payable for an equal amount, which is gradually reduced based on the lease repayment plan.
Lease payments are divided between the principal and interest, so as to obtain the application of a constant interest rate on the residual balance (principal amount). Interest is charged to the statement of income. Assets are depreciated by applying the criterion and rates indicated in the previous paragraph on tangible fixed assets.
Contracts in which the lessor substantially retains all risks and rewards incidental to ownership are classified as operating leases. Operating lease payments are charged to the statement of income over the term of the lease.
Any sale and leaseback transactions to repurchase – under a lease – an asset previously held are recognised as a financing transaction. The assets involved in the transaction remain classified in the Group's statement of financial position assets with consistent accounting treatment, and a liability is recognised to offset the financial flows arising from the sale. Any capital gain that should arise from the disposal is recognised in the statement of income on an accrual basis. This entails an entry under accrued liabilities and the gradual allocation to income in the statement of income, based on the term of the lease.

Impairment losses on non-financial assets

At the end of each reporting period, the Group assesses whether there is any evidence that the value of assets may have been subjected to impairment. If so, or if an annual impairment test is required, the Group estimates the value. The recoverable value is the fair value of the asset or cash-generating unit, less costs to sell, or, if higher, its value in use. Recoverable value is determined for each individual asset, unless its cash flows are not broadly independent of those generated by other assets or groups of assets. Impairment is recognised if the carrying amount of an asset exceeds its recoverable value and, accordingly, this amount is written down to its recoverable value. When establishing value in use, the Group discounts estimated future cash flows to present value using a pre-tax discounting rate that reflects market assessments of the time value of money and the specific risks associated with the asset. When establishing fair value less costs to sell, a suitable valuation model is used. These calculations have been made using suitable valuation multipliers, prices of listed equity securities for equity investments in which securities are traded publicly and other fair value indicators available.
Impairment losses on operating assets are recognised in the statement of income in the cost category that best reflects the purpose of the asset affected by the impairment loss. This does not apply to assets that have previously been revalued, where the revaluation has been recognised in shareholders' equity. In this case the impairment loss is recognised in shareholders' equity for an amount equal to the previous revaluation.
At each reporting date, the Group assesses whether there is any evidence that the impairment loss previously recognised has ceased to apply (or has been reduced) and, if so, estimates the recoverable value. The value of an asset previously written down may be reversed only where there have been changes in the estimates on which the calculation of the recoverable value determined

after the recognition of the last impairment loss was based. The reversal may not exceed the carrying amount that would have been recorded, net of depreciation and amortisation, had an impairment loss not been recognised in prior periods. This reversal is recognised in the statement of income unless the asset is not recognised at the revalued amount, in which case the reversal is treated as a revaluation increase.

Contract works in progress

Construction agreements in the course of completion are measured based on the contractual payments accrued with reasonable certainty in relation to the progress of the works, according to the percentage of completion method, so as to allocate the revenues and net profit from the contract to the relevant period, in proportion to the progress of the works. Contract works in progress are reported net of any provisions for impairment losses and amounts invoiced at specific stages of the work (prepayments). The corresponding comparison is carried out for each contract and, if the differential is positive due to works in progress exceeding the amount of the payments on account, the difference is classified under assets in the "Amounts due from clients" item. If, on the other hand, this differential is negative, the difference is classified under statement of financial position liabilities in the "Amounts due to clients" item.
Conversely, invoicing for advances constitutes a financial transaction and does not count towards revenues recognition. Therefore, since they represent a financial transaction, advances are always recognised as a liability since they are not received in respect of works carried out. These advances are however gradually reduced, usually based on contractual agreements, to offset the invoices raised under the contract.
Contractual revenues, in addition to contractual payments, include variants, price revisions and any claims insofar as it is likely that these represent revenues that can be estimated reliably.
In the event that a loss is expected from the performance of a contract, the full amount of the loss is recognised at the point at which it occurs, irrespective of the stage of completion of the contract.

Inventories

Inventories are carried at the lower of cost or net estimated realisable value. Cost is determined by applying the weighted average cost method. The item in question also includes buildings and assets under construction and held for sale.

Cash and cash equivalents

Cash and cash equivalents are recognised at nominal value and include cash instruments, i.e. are available on demand or in the very short term, have cleared and are free of redemption charges. For the purposes of the consolidated statement of cash flows, cash and cash equivalents are represented by cash funds as defined above net of bank overdrafts repayable on demand.

Non-current assets held for sale

Non-current assets, and groups of assets awaiting disposal, are classified as held for sale when it is expected that their carrying amount will be recovered through disposal rather than through continued use. These assets are recognised at their previous carrying amount and fair value net of costs attributable to the sale, whichever is lower. Income from discontinued operations, or in the course of disposal, is reported separately in the statement of income. In accordance with paragraph 34 of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the comparative statement of income is restated based on the same assumptions.

Financial assets

IAS 39 makes provision for the following types of financial instruments: financial assets at fair value in the statement of income, loans and receivables, investments held to maturity and available-for-sale assets. All financial assets are initially recognised at fair value, plus, in the case of assets other than those at fair value in the statement of income, ancillary expenses.
The Group determines the classification of its financial assets after initial recognition and, where appropriate and permitted, reviews this classification at the end of each financial year.
All regular-way purchases and sales of financial assets are recognised on the trade date, or on the date on which the Group enters into a commitment to purchase the asset. Regular-way purchases and sales mean all transactions in financial assets involving the delivery of assets during the period envisaged by the regulations and by standard practice in the market in which the trade takes place.

Financial assets at fair value through Profit and Loss

This category includes assets held for trading and assets designated on initial recognition as financial assets at fair value in the statement of income. Assets held for trading are all assets purchased with a view to their immediate sale. Derivatives, including separate derivatives, are classified as financial instruments held for trading unless they are designated as effective hedging instruments. Gains or losses on assets held for trading are recognised in the statement of income.
Where a contract contains one or more embedded derivatives, the Group assesses whether the derivative could be separated from the host contract when it becomes a party to the contract. The revaluation is carried out only if there are changes in the contractual terms that significantly alter the cash flows that would be otherwise required.

Investments held to maturity

Financial assets that are not derivatives and that are characterised by fixed or determinable payments at maturity are classified as "investments held to maturity" when the Group plans and is able to hold them until maturity.
Following initial recognition, financial investments held to maturity are measured on the basis of amortised cost, using the effective interest rate method. Gains and losses are recognised in the statement of income once the investment is derecognised or following an impairment loss, as well as through amortisation.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. Following initial recognition, these assets are measured on an amortised cost basis using the effective discount rate method net of any provisions for impairment losses. Gains and losses are recognised in the statement of income when the loans and receivables are derecognised or following an impairment loss, as well as through amortisation.

Available-for-sale financial assets

Available-for-sale financial assets are financial assets, other than derivative financial instruments, which are designated as such or are not classified in any of the three previous categories. Following initial recognition, financial assets held for sale are measured at fair value and unrealised gains and losses are recognised as part of comprehensive income in the available-for-sale assets reserve until elimination of the investment, when the accumulated gains or losses are reclassified in the statement of income.

Fair value

For securities widely traded on regulated markets, fair value is determined with reference to the stock market price at the close of trading on the reporting date. For

investments without an active market, fair value is determined using measurement techniques based on: recent transaction prices between independent parties; the present market value of a substantially similar instrument; the analysis of discounted financial flows or option pricing models.

Amortised cost

Financial assets held to maturity and loans and receivables are measured at amortised cost. Amortised cost is calculated using the effective interest rate method net of any provisions for impairment losses. The calculation takes into account any premium or discount on the purchase and includes the transaction costs and commission that are an integral part of the effective interest rate.

Impairment loss on financial assets

The Group verifies at each reporting date whether a financial asset or a group of financial assets has been subjected to an impairment loss.

Assets measured according to the amortised cost method

If there is objective evidence that a loan or receivable recognised at amortised cost has been impaired, the amount of the impairment loss is measured as the difference between the carrying amount and the present value of the estimated future cash flows (excluding future losses not yet incurred) discounted at the original effective interest rate of the financial asset (i.e. the effective interest rate calculated at the initial recognition date). The carrying amount of the asset will be reduced through the use of a provision. The amount of the loss will be recognised in the statement of income. If the amount of the impairment loss is subsequently reduced and this reduction can objectively be traced to an event occurring after the impairment was recognised, this value may be reinstated. Any subsequent reversals are recognised in the statement of income, provided that the carrying amount of the asset does not exceed the amortised cost at the reversal date. For trade receivables, provisions for impairment losses are established when there is objective evidence (such as the probability of the debtor becoming insolvent or having serious financial difficulties) that the Group will be unable to recover the entire amount due according to the original terms of the invoice. The carrying amount of the receivable is reduced through recourse to a special reserve. Receivables subjected to impairment are cancelled once these are confirmed as irrecoverable.

Available-for-sale financial assets

At each reporting date, the Group assesses whether there are any impairment losses on available-for-sale financial assets. In the case of equity instruments, this consists of a material and prolonged reduction in the fair value of the instrument to less than its cost. In the event of impairment of an available-for-sale financial asset, a value equal to the difference between its cost (net of the repayment of principal and amortisation) and its present fair value, net of any previous impairment losses recognised in the statement of income, will be reversed from other components of comprehensive income to the statement of income. Reversals relating to equity instruments classified as available for sale are not recognised in the statement of income. Reversals relating to debt instruments are recognised in other components of comprehensive income. If the increase in the fair value of the instrument can be objectively attributed to an event occurring after the loss had been recognised in the statement of income.

Financial liabilities

Loans and interest-bearing finance

Financial liabilities, other than derivative financial instruments, are initially recognised at the fair value of the payment received, net of the transaction costs that are directly attributable to the issuance of the financial liability itself; these are subsequently

measured at amortised cost, in other words at the initial value, net of the capital repayments already made, adjusted (up or down) by the amortisation (using the effective interest rate method) of any differences between initial value and value at maturity.

Financial liabilities at fair value through Profit and Loss

Financial liabilities at fair value in the statement of income include liabilities held for trading and financial liabilities designated at fair value with changes carried in the statement of income at the time of initial recognition.

Liabilities held for trading are all those acquired with a view to their immediate sale. Derivatives, including separate derivatives, are classified as financial instruments held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of income.

Financial guarantees given

Financial guarantees given by the Company are contracts that require an outflow to reimburse the holder for a loss incurred following a default by a debtor on a payment due at maturity based on the contractual terms of the debt instrument. Financial guarantee contracts are initially recognised as liabilities at fair value, plus transaction costs that are directly attributable to the issuance of the guarantee. Liabilities are subsequently measured at the best estimate of the outflow required to meet the effective obligation at the reporting date, or, if higher, the amount initially recognised.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

Initial recognition and subsequent measurement. These derivative financial instruments are initially recognised at fair value on the date on which the contract is signed and are subsequently measured at fair value. They are recognised as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives are recognised directly in the statement of income, except for the effective part of cash flow hedges, which is recognised in shareholders' equity.

For the purposes of hedge accounting, hedges are classified as:

- fair value hedges, if they hedge the risk of a change in fair value of the underlying asset or liability or an irrevocable commitment not recognised (except for foreign exchange risk);
- cash flow hedges, if they hedge exposure to changes in cash flows attributable to a specific risk associated with an asset or liability recognised or a transaction that is extremely likely to take place, or a foreign exchange risk linked to an irrevocable commitment that has not been recognised;
- hedges of a net investment in a foreign operation.

On establishing a hedge, the Company designates and formally documents the hedge to which it intends to apply hedge accounting, its risk management objectives and the strategy pursued. The documentation includes identifying the hedging instrument, the item or transaction to be hedged, the nature of the risk and the procedures whereby the company intends to measure the effectiveness of the hedge in offsetting exposure to changes in fair value of the hedged item or cash flows linked to the hedged risk. These hedges are expected to be highly effective in offsetting exposure of the hedged item to changes in fair value or financial flows attributable to the hedged risk; the assessment of whether these hedges are in fact highly effective is carried out on a continuous basis during the periods for which they were designated.

Transactions that satisfy the hedge accounting criteria are recognised as follows:

- **Fair value hedges**
  The change in fair value of interest rate hedges is recognised in the statement of income under financial expenses. The change in fair value of hedging instruments attributable to the hedged item is recognised as part of the carrying amount of the hedged item and is also recognised in the statement of income under financial expenses.
  With regard to fair value hedges for items

recognised according to the amortised cost method, the adjustment of the carrying amount is amortised in the statement of income over the remaining period to maturity. The amortisation may begin as soon as an adjustment is made, but no later than the date on which the hedged item ceases to be adjusted by the changes in its fair value attributable to the hedged risk.
If the hedged item is cancelled, the unamortised fair value is recognised immediately in the statement of income.
The Company has no fair value hedges.

- **Cash flow hedges**
  The portion of profit or loss on the hedged instrument relating to the effective hedge is recognised under other comprehensive income in the "cash flow hedge" reserve, while the ineffective portion is recognised directly in the statement of income under financial expenses. Amounts recognised as other comprehensive income are transferred to the statement of income during the period in which the hedged transaction influences the statement of income, for example when the financial income or expense is recognised or when a planned sale takes place. When the hedged item is the cost of a non-financial asset or liability, the amounts recognised under other comprehensive income are transferred at the initial carrying amount of the asset or liability.
  If the proposed transaction or irrevocable commitment is no longer expected to take place, the accumulated gains or losses recognised in the cash flow hedge reserve are transferred to the statement of income. If the hedging instrument reaches maturity or is sold, cancelled or exercised without being replaced, or if its designation as a hedge is revoked, amounts previously recognised in the cash flow hedge reserve remain there until the proposed transaction or irrevocable commitment have an impact on the statement of income.
  At the reporting date the Company had two cash flow hedges in place.
- **Hedging a net investment in a foreign operation**
  The hedging of a net investment in a foreign operation, including the hedging of a monetary item recognised as part of a net investment, are recognised in the same way as cash flow hedges. Gains or losses on the hedging instrument are recognised under other comprehensive income for the effective part of the hedge, while the remainder (ineffective) are recognised in the statement of income. On the disposal of the foreign asset, the accumulated value of such comprehensive gains or losses is transferred to the statement of income.
  The Company does not have any hedges of net investments in foreign operations.

Derecognition of financial assets and liabilities

Financial assets

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

- the rights to receive financial flows from the asset are extinguished;
- the Company retains the right to receive financial flows from the asset, but has assumed a contractual obligation to pay them immediately and in full to a third party;
- the Company has transferred the right to receive financial flows from the asset and (a) has substantially transferred all risks and rewards incidental to ownership of the financial asset, or (b) has neither transferred nor substantially retained all risks and rewards incidental to ownership, but has transferred control of the asset.

In cases where the Company has transferred the right to receive financial flows from an asset and has neither transferred nor substantially retained all risks and rewards and has not lost control over the asset, the asset is recognised by the Company to the extent of its residual interest therein.
The residual interest, which takes the form of a guarantee on the transferred asset, is measured at the lower of the initial carrying amount of the asset and the maximum value of the consideration that the Company could be required to pay.
In cases where the residual interest takes the form of an option issued and/or acquired on

the transferred asset (including options settled in cash or similar), the measurement of the Company's interest corresponds to the amount of the transferred asset that the Company could repurchase; however, in the case of a put option issued on an asset measured at fair value (including options settled in cash or using similar instruments), the measurement of the Company's residual interest is limited to the fair value of the asset transferred or the exercise price of the option, whichever is lower.

Financial liabilities

A financial liability is derecognised when the underlying obligation is extinguished, cancelled or fulfilled.

In cases where an existing financial liability is replaced by another from the same provider, under substantially different conditions, or the conditions of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with any differences between the carrying amounts recognised in the statement of income.

Employee benefits

The liability relating to short-term benefits guaranteed to employees, paid during the period of employment, is recognised based on the amount accrued at the end of the reporting period.

Liabilities relating to employment benefits paid during or after the period of employment under defined benefit plans, represented by the employee termination benefits plan and the loyalty bonus scheme provided by Article 66 of the national collective agreement of 5 July 1995 for the building industry, are recognised during the vesting period, net of any assets used to service the plan and advances paid, and are determined based on actuarial assumptions and recognised on an accrual basis in line with the period of service necessary to qualify for benefits; the liabilities are measured by independent actuaries.

The method used to measure defined benefit plans is the Projected Unit Credit Method (PUCM).

With regard to termination benefits, this method consists of calculating the average present value of obligations under the plan, accrued based on the employee's length of service prior to the measurement date, taking into account the employee's future contributions. The calculation method, applied on an individual basis for the population measured, can be divided into the following stages: 1) projection of the fund already set aside and future contributions, which will accrue whenever payment takes place; 2) calculation of the probable payments that will have to be made if the employee leaves the company due to dismissal, resignation, disability, death or retirement, or in the event of taxes or an advance payment request; 3) discounting, at the measurement date, of each probable payment; and 4) recalculation of the probable benefits discounted based on the length of service at the measurement date, compared with the total length of service whenever settlement takes place. The same method is used to measure the loyalty bonus, the calculation of which does not include future contributions from the employee, nor the possibility of advances.

Note that from the 2007 financial year, the Company absorbed the effects of changes introduced by the 2007 Finance Act and subsequent decrees and regulations relating to the allocation of termination benefits accrued from 1 January 2007, applicable for companies with an average of more than 50 employees in 2006. As a result:

- the termination benefits accrued at 31 December 2006 remain a defined benefit plan;
- the termination benefits allocated to a supplementary pension from the date of this option (or at the end of the six-month statutory period, unless otherwise indicated) represent a defined contribution plan;
- the termination benefits allocated after 1 January 2007 to the treasury fund represent a defined contribution plan.

For termination benefits accrued at 31 December 2006, while maintaining the status of a defined benefit plan, the calculation method has changed due to the absence of future contributions; in fact, the liability linked to accrued termination benefits is measured for actuarial purposes at 1 January 2007 (or the date on which the decision

was made to allocate these to a supplementary pension) without using the Projected Unit Credit Method (PUCM), since the employee benefits accrued prior to 31 December 2006 (or the date on which the decision was made to allocate these to a supplementary pension) could be considered almost entirely vested (with the sole exception of the revaluation) in accordance with paragraph 67(b) of IAS 19.
Conversely, the accounting treatment of amounts accrued from 1 January 2007 is similar to that for other contribution payments, both in the case of the supplementary pension option, and in the event of allocation to the INPS treasury fund.
In addition, in accordance with IAS 19, these changes entail the recalculation of the termination benefits accrued at 31 December 2006; this recalculation ("curtailment", as defined in paragraph 109 of IAS 19) is essentially based on the exclusion of future payments and the related assumed increases from the actuarial calculation.
Gains and losses arising from the actuarial calculation for both defined benefit plans are recognised in comprehensive income during the period in which they occur. These actuarial gains and losses are classified immediately under retained earnings and are not reclassified in the statement of income in subsequent periods.

Provisions for risks and charges

Provisions for risks and charges are recognised when there is a present (legal or constructive) obligation towards third parties arising from a prior event, if an outflow of resources is probable to satisfy the obligation and the amount of the obligation can be reliably estimated.
Provisions are recognised at the value representing the best estimate of the amount that the company would pay to extinguish the obligation or to transfer it to third parties at the reporting date. If the impact of discounting the value of money is significant, the provisions are determined by discounting expected future financial flows at a discount rate that reflects the current market valuation of the time value of money. When the discounting is carried out, the increase in the provision due to the passage of time is recorded as a financial expense.

Revenues

Revenues other than from work in progress under contract are recognised insofar as it is possible to determine their fair value reliably and it is probable that the related economic benefits will materialise. Depending on the type of transaction, revenues are recognised on the basis of the following specific criteria:

- revenues from sales of goods are recognised when the material risks and rewards of ownership of the assets are transferred to the buyer;
- revenues from the provision of services are recognised with reference to the stage of completion of the assets based on the same criteria as for work in progress under contract. If it is not possible to determine the amount of revenues reliably, this is recognised based on the costs incurred which are expected to be recovered;
- revenues from lease payments and royalties are recognised during the accrual period, based on the contractual agreements signed.

Interest revenues (and interest expenses) are recognised based on interest accrued on the value of the corresponding financial assets and liabilities, using the effective interest rate method.
Dividends received from companies other than subsidiaries, associate companies or joint ventures are recognised on the vesting of the shareholders' right to receive them, following a resolution by shareholders of investee companies to distribute dividends.

Income tax

This is recognised based on a realistic estimate of the tax expenses due, in accordance with the prevailing regulations, taking into account any applicable exemptions. The tax rates and legislation used to calculate the amount are those issued or substantially in force at the reporting date in countries where the Company operates and generates its taxable income.
The liability for regional income tax (IRAP) and corporate income tax (IRES) to be paid directly to the tax administration is reported in the statement of financial position under current liabilities in the "Current tax liabilities" item, net of payments on account made. Any positive difference is recognised under current

assets in the "Current tax assets" item.
Deferred and prepaid taxes are calculated using the liability method on temporary differences between assets recognised in the financial statements and the corresponding values recognised for tax purposes.
Prepaid tax assets are also recognised on tax losses carried forward by the company.
Deferred tax liabilities are recognised against all taxable temporary differences, except for:

a) when deferred tax liabilities arise from the initial recognition of goodwill or of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction itself, has no impact either on net profit calculated for the purposes of the financial statements, or on profit or loss calculated for tax purposes;
b) with reference to taxable temporary differences associated with equity investments in subsidiaries, associate companies and joint ventures, in the event that the reversal of temporary differences can be verified and it is likely that this will not occur in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and for tax assets and liabilities carried forward, insofar as it is probable that there will be adequate future taxable income to justify the use of deductible temporary differences and of tax assets and liabilities carried forward, except for cases where:

- the deferred tax asset associated with the deductible temporary differences derives from the initial recognition of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction, has no influence either on net profit calculated for the purposes of the financial statements, or on profit or loss calculated for tax purposes;
- with reference to taxable temporary differences associated with equity investments in subsidiaries, associate companies and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the deductible temporary differences will be reversed in future and there is adequate taxable income against which the temporary differences could be used.

Prepaid tax assets are recognised when their recovery is deemed probable, based on the estimated future availability of sufficient taxable income for the realisation of the prepaid taxes themselves. The recoverable nature of the prepaid tax assets is reviewed at each reporting date.
Deferred tax assets and liabilities are measured based on the tax rates expected to apply to the financial year in which such assets are realised or liabilities extinguished, considering the prevailing rates and those already published or substantially published at the reporting date.
Current taxes relating to items recognised outside profit and loss are recognised in shareholders' equity or in the statement of comprehensive income in line with the recognition of the item to which they relate. Deferred tax assets and liabilities are offset, when there is a legal right to offset current tax assets against current tax liabilities and the deferred taxes relate to the same fiscal entity and the same tax authority.

Conversion of items and translation of financial statements in foreign currency

The separate financial statements are presented in Euros, which is the functional and presentation currency of the Company.
Balances included in the financial statements of each branch are entered in the currency of the primary economic environment in which the entity operates (functional currency). Items expressed in a different currency from the functional currency, whether monetary (cash, assets and liabilities to be collected or paid with fixed or determinable amounts, etc.) or non-monetary (inventories, work in progress, advances to suppliers of goods and/or services, goodwill, intangible assets, etc.) are initially recognised at the exchange rate in force on the date on which the transaction takes place. Thereafter the monetary elements are converted into the functional currency based on the prevailing exchange rate at the reporting date and differences arising from the conversion are recognised in the statement of income. Non-monetary items are maintained at the conversion rate on the transaction date, except in the event of a persistent unfavourable trend in the reference exchange rate. Exchange rate differences relating to non-monetary items receive the accounting treatment (statement of income or shareholders' equity) provided for changes in value of such items.

The rules for the translation of financial statements of foreign operations whose functional currency is different from the presentation currency of these financial statements (Euros) are as follows:

- assets and liabilities included in the financial statements, even if only for comparison purposes, are translated at the exchange rate in force on the reporting date;
- costs and revenues and income and expenses included in the financial statements, even if only for comparison purposes, are translated at the average exchange rate for the reporting period, or at the exchange rate on the date of the transaction, if this differs significantly from the average rate;
- components of shareholders' equity, excluding net profit, are converted at historical exchange rates;
- the "translation reserve" contains both exchange rate differences generated by the conversion of amounts at a different rate from the closing rate, and those generated from the translation of shareholders' equity at a different exchange rate from the rate used at year-end;
- exchange rate differences arising from conversion are recognised in the statement of comprehensive income.

The exchange rates in use at 31 December 2013 were as follows (source: Bank of Italy):

Value	Period end rate	Average rate
Aed - United Arab Emirates Dirham	5.07	4.88
All - Albanian Lek	140.53	140.30
Ars - Argentine Peso	8.99	7.28
Azn - Azerbaijani Manat	1.08	1.04
Bgn - New Bulgarian Lev	1.96	1.96
Dzd - Algerian Dinar	107.79	105.61
Etb - Ethiopian Birr	26.40	24.86
Gel - Georgian Lari	2.39	2.21
Gnf - Guinean Franc	9,695.07	9,175.70
Jos - Jordanian Dinar	0.98	0.94
Kzt - Kazakhstani Tenge	212.44	202.14
Lyd - Libyan Dinar	1.70	1.68
Mad - Moroccan Dirham	11.25	11.17
Mdl - Moldovan Leu	18.01	16.72
Myr - Malaysian Ringgit	4.52	4.19
Ngn - Nigerian Naira	220.89	211.55
Ron - New Romanian Leu	4.47	4.42
Sll - Sierra Leone Leone	5,944.51	5,744.48
Tnd - Tunisian Dinar	2.27	2.16
Try - New Turkish Lira	2.96	2.53
Uah - Ukrainian Hryvnia	11.33	10.79
Ugx - Ugandan Shilling	3,484.63	3,434.87
Pln - Polish Zloty	4.15	4.20
Usd - Us Dollar	1.38	1.33
Pes - Chilean Peso	724.77	658.32
Inr - Indian Rupee	85.37	77.93
Sar - Saudi Riyal	5.17	4.98
Sgd - Singapore Dollar	1.74	1.66
Rub - Russian Ruble	45.32	42.34
Aud - Australian Dollar	1.54	1.38
Pab - Panamanian Balboa	1.38	1.33
Iqd - Iraqi Dinar	1,606.65	1,547.26
Nam - Namibian Dollar	14.57	12.83

6. Discretionary measurements and significant accounting estimates

The preparation of the consolidated financial statements and accompanying explanatory notes in accordance with IFRS requires the management to make estimates and assumptions based on subjective opinions, past experience and reasonable and realistic assumptions in view of the information known at the time of the estimate. These estimates have an impact on the values of the assets and liabilities and information relating to contingent assets and liabilities at the reporting date, as well as on the amount of revenues and costs for the period under review. The actual amounts could be significantly different, following possible changes in the factors used to determine such estimates. Estimates are periodically reviewed.
Below are the most significant accounting estimates made on the basis of assumptions and subjective opinions.

Accounting area	Accounting estimates
Provision for impairment losses on receivables	The recoverability of receivables is measured by taking into account the risk of non-payment, ageing and bad debts recognised in the past for similar types of receivables.
Intangible assets and Equity investments	The recoverability of the amount recognised in the statement of financial position is evaluated through impairment tests to detect if there are any indicators of impairment. See Note 57 and 58 for details on the assumptions used.
Provisions, contingent liabilities and employee benefits	Provisions linked to legal disputes, arbitration and tax disputes are the result of a complex estimation process which is partly based on the probability of losing the case. Provisions linked to employee benefits, particularly termination benefits, are determined based on actuarial assumptions; changes in these assumptions could have a material impact on these provisions.
Revenues from work in progress	A significant part of the Company's activities is typically carried out on the basis of contracts that involve a payment determined when the contract is awarded. This means that the margins on contracts of this type could change compared with the original estimates, depending on the recoverability or otherwise of the additional expenses and/or costs that the Company could incur during the performance of the contracts.
Income tax	Income tax (current and deferred) is calculated in each country in which the Company operates based on a prudent interpretation of the prevailing tax legislation. This process at times involves complex estimates to determine taxable income and deductible and taxable temporary differences between carrying amounts and taxable amounts. In particular, prepaid tax assets are recognised insofar as it is probable that a future taxable income will be available against which they can be recovered. The measurement of the recoverability of prepaid tax assets, recognised in relation both to tax losses that can be used in subsequent periods and deductible temporary differences, takes into account the estimate of future taxable income and is based on conservative tax planning.
Derivatives and equity instruments	The fair value of derivatives and equity instruments is determined both on the basis of values recognised on regulated markets or quotations supplied by financial counterparties, and based on valuation models that also take into account subjective valuations such as estimated cash flows, expected price volatility, etc.

In the absence of a standard or interpretation specifically applicable to a certain transaction, the management defines, through subjective weighted assessments, the accounting policies to be adopted with a view to providing a set of financial statements that give a true and fair view of the financial position, results from operations and cash flows of the Company; reflect the economic substance of the transactions; and are neutral, prepared on a prudent basis and complete in all material respects.

7. Revenues

Revenues for the year came to a total of €769,003, up 3% over the previous year:

(Values in €/000)	Year 2013	Year 2012	Change	% Chg
Revenues	757,429	686,054	71,374	10.4%
Other revenues and earnings	**11,574**	**59,715**	**(48,141)**	**-80.6%**
Total Revenues	**769,003**	**745,769**	**23,234**	**3%**

Operating revenues may be broken down as follows:

(Values in €/000)	Year 2013	Year 2012	Change	% Chg
Works invoiced to clients	676,596	679,562	(2,965)	-0.4%
Sales revenues	5,495	6,493	(998)	-15.4%
Services	75,338	0	75,338	–
Total operating revenues	**757,429**	**686,054**	**71,374**	**10%**

Work invoiced to clients includes contractual revenues deriving from production carried out during the year, measured using the stage of completion method. The contribution of the main contracts is disclosed in the notes on “amounts due from/to clients”.

The table below shows the breakdown of operating revenues by geographic area:

(Values in €/000)	2013	%	2012	%	Change	% Chg
Italy	54,989	7%	95,402	14%	(40,413)	-42%
Dubai	19,586	3%	46,041	7%	(26,454)	-57%
Ethiopia	563,523	74%	404,709	59%	158,814	39%
Kazakhstan	72,735	10%	112,900	16%	(40,166)	-36%
Libya	5,899	1%	0	0%	5,899	–
Romania	648	0%	0	0%	648	–
Sierra leone	15,391	2%	15,821	2%	(430)	-3%
Turkey	448	0%	0	0%	448	–
Uganda	595	0%	5,916	1%	(5,321)	-90%
Zimbabwe	22,930	3%	5,265	1%	17,665	336%
Chile	636	0%	0	0%	636	–
Singapore	49	0%	0	0%	49	–
Salini S.p.A.	**757,429**		**686,054**		**71,374**	**10%**

Other revenues and earnings came to a total of €11,574, as shown in the table below:

(Values in €/000)	Year 2013	Year 2012	Change	% Chg
Release of provision for legal dispute risks	109	0	109	–
Insurance reimbursements	2,337	0	2,337	–
Gains on the disposal of property, plant and equipment	870	0	870	–
Prior year income/Contingent liabilities	1,308	0	1,308	–
Other revenues and earnings	6,951	59,715	(52,764)	-88%
Total other revenues and earnings	**11,574**	**59,715**	**(48,141)**	**-81%**

During the year the Company realised capital gains on asset disposals for approximately €870; in addition, mainly in Italy, the Company recognised prior year income of €1,308.
Under the item "Other Revenues" the Company entered the amount €4,551, representing the amount awarded to it by the Council of State, which, in a ruling issued on 10 December 2013, filed on 20 February 2014, upheld the grounds for the appeal brought by ATI Salini S.p.A. (former Salini Costruttori S.p.A.) – Todini S.p.A, regarding the failure to award the planning and execution of the "Itinerario E 78 Grosseto-Fano - Tratta Grosseto-Siena (SS 223 di Paganico), dal km. 30+040 al km. 41+600" contract, for a tender amount of €217,783. The entry of this income item, supported by an appraisal by an external legal counsel that has assisted in the dispute, complies with the provisions of IAS 10 – Events after the reporting period - §3 and IAS 37 – Provisions, contingent liabilities and contingent assets – §35, as the Company considered the asset – and the consequent income – resulting from the above ruling to be certain.

8. Cost of sales

The cost of sales amounts to €188,180, an increase of €94,149 compared to the previous year and is composed of:

(Values in €/000)	Year 2013	Year 2012	Change	% Chg
Costs for raw materials, ancillary materials, consumables and supplies	210,631	114,909	95,722	83%
Change in inventories of raw materials, ancillary materials, consumables and supplies	(22,450)	(20,877)	(1,573)	8%
Total cost of sales	**188,180**	**94,032**	**94,149**	**100%**

The geographical breakdown of cost of sales is as follows:

(Values in €/000)	Year 2013	%	Year 2012	%	Change	% Chg
Italy	864	0%	602	1%	262	44%
Panama	0	0%	0	0%	0	–
Dubai	11,647	6%	13,444	14%	(1,796)	-13%
Ethiopia	151,793	81%	32,466	35%	119,327	368%
Kazakhstan	18,294	10%	35,204	37%	(16,910)	-48%
Libya	52	0%	1	0%	51	Ns
Romania	3	0%	0	0%	3	–
Sierra Leone	4,781	3%	5,455	6%	(674)	-12%
Uganda	747	0%	6,861	7%	(6,114)	-89%
Singapore	0	0%	0	0%	0	–
Total	**188,180**		**94,032**		**94,149**	**100%**

9. Service costs

Service costs were equal to €420,030 as illustrated in the table below:

(Values in €/000)	Year 2013	Year 2012	Change	% Chg
Service Costs	396,990	455,086	(58,096)	-13%
Lease And Rental Expenses	23,040	29,067	(6,027)	-21%
Total	**420,030**	**484,152**	**(64,122)**	**-13%**

Services costs includes the following items:

(Values in €/000)	2013	2012
Reversal of consortia costs	29,863	69,865
Subcontracts	137,631	208,420
Technical, administrative and legal consulting	58,112	33,365
Maintenance	4,434	3,790
Transport and customs	79,284	82,931
Employee travel expenses and refunds	9,149	8,851
Insurance	12,154	13,702
Other	66,362	34,162
Total Cost of Services	**396,990**	**455,086**

The overall geographical breakdown of service costs is as follows:

(Values in €/000)	Year 2013	%	Year 2012	%	Change
Italy	114,167	27%	111,276	23%	2,890
Panama	41	0%	29	0%	12
Dubai	21,054	5%	20,573	4%	481
Ethiopia	209,999	50%	254,665	53%	(44,666)
Jordan	41	0%	32	0%	9
Guinea	203	0%	231	0%	(27)
Kazakhstan	61,052	15%	75,280	16%	(14,228)
Libya	4,649	1%	572	0%	4,077
Morocco	318	0%	189	0%	129
Romania	252	0%	0	0%	252
Sierra Leone	4,422	1%	5,272	1%	(849)
Turkey	1,066	0%	976	0%	90
Kurdistan	7	0%	1	0%	6
Uganda	2,042	0%	14,666	3%	(12,624)
Zimbabwe	30	0%	0	0%	29
Chile	472	0%	391	0%	81
Singapore	215	0%	0	0%	215
Total	**420,030**		**484,152**		**(64,122)**

The decrease compared to the previous year is attributable to normal business operations.
Fees to the independent auditors, Reconta Ernst & Young S.p.A., and other companies of its network for 2013 are detailed as follows:

(Valori in Euro/000)

Type of service	Fees
Audit	852
Other services	316
Total fees 31.12.13	**1,168**

10. Personnel costs

Personnel costs were equal to €97,914, an increase of €15,756 as illustrated in the table below:

(Values in €/000)	Year 2013	Year 2012	Change	% Chg
Wages and salaries	85,100	70,498	14,602	21%
Payroll costs	10,288	9,817	470	5%
Termination benefits	5	17	(12)	-71%
Pensions and similar expenses	2,479	1,825	654	36%
Other costs	42	0	42	–
Total personnel costs	**97,914**	**82,157**	**15,756**	**19%**

The number of employees at 31 December 2013 was 15,261, up on the figure at 31 December 2012 (12,362 employees), due to the full operation of the foreign work sites.

11. Amortisation, depreciation and write-downs

The cost of depreciation, amortisation and write-downs totals €66,758 (€49,172 at 31 December 2012) and is composed of:

(Values in €)	Year 2013	Year 2012	Change	% Chg
Amortisation of intangible assets	125	160	(35)	-22%
Depreciation of property, plant and equipment	60,198	47,839	12,359	26%
Write-down of current receivables and cash equivalents	6,436	1,174	5,262	ns
Other write-downs of non-current assets	0	0	0	–
Total depreciation, amortisation and write-downs	**66,758**	**49,172**	**17,587**	**36%**

The write-down of receivables at 31 December 2013, of €6,436, mainly relates to the Kazakhstan branch (€6,383), for prudent provisions made for receivables for advances to subcontractors. The remainder of the write-down related to the write-down of receivables relating to the head office.

12. Other operating costs

Other operating costs total €7,848 (€8,021 at 31 December 2012) and are composed of:

(Values in €)	Year 2013	Year 2012	Change	% Chg
Provisions	774	5,233	(4,459)	-85%
Other Operating Costs	7,074	2,788	4,286	154%
Total other operating costs	**7,848**	**8,021**	**(173)**	**-2%**

Other operating costs, equal to €7,575, represent almost all of this item and are attributable, in the main, to negative contingencies, capital losses and other operating expenses.

13. Financial income and expenses

Financial income

(Values in €/000)	Year 2013	Year 2012	Change
Contributions/interest on financing	705	277	428
Bank interest receivable	633	4,351	(3,717)
Leases	278	155	123
Income from equity investments	539,856	1,800	538,056
Interest income subsidiaries	16,685	11,559	5,126
Interest income parents	6,263	1,035	5,229
Other income and earnings	10,080	12,531	(2,450)
Total financial income	**574,501**	**31,707**	**542,794**

Financial expenses

(Values in €/1000)	2013	2012	Change
Bank overdrafts and finance	26,717	11,502	15,214
Bank loans	21,918	38	21,880
Charges on bonds	104	10	94
Bank fees	0	360	(360)
Leases	5,683	2,764	2,920
Factoring	4	0	4
Interest payable to subsidiaries	889	150	739
Other financial expenses	10,777	195	10,583
Total interest and other fin. expenses	**66,092**	**15,018**	**51,074**

Exchange rate gains (losses), split between realised and unrealised, are shown separately in the table below:

Exchange rate gains (losses)

(Values in €/1000)	2013	2012	Change
Realised exchange gains	90,627	19,587	71,040
Unrealised exchange gains	5,939	8,361	(2,422)
Realised exchange losses	(99,590)	(7,712)	(91,878)
Unrealised exchange losses	(8,556)	(15,364)	6,809
total exchange rate gains (losses)	**(11,579)**	**4,872**	**(16,451)**

The figure for net financial income, of €497 million, is higher than the previous year (by €22 million), due to the positive impact of income from equity investments, amounting to €540 million, mainly relating to the dividends paid by subsidiaries (of which €534 million from Impregilo S.p.A., €5 million from Salini Hydro Ltd. and €0.4 million from Co.Ge.Ma. S.p.A.) and interest income on correspondent current accounts with subsidiaries (€16,3 million) and the parent Salini Costruttori S.p.A. (€4,5 million).

14. Income/(expenses) from equity investments

(Values in €/000)	Year 2013	Year 2012	Change
Total revaluations	0	1,329	(1,329)
Total write-downs	69,466	0	69,466
Income/(expenses) from equity investments	**(69,466)**	**1,329**	**(68,137)**

For more information on the write-down see the note on equity investments.

15. Income tax

(Values in €/000)	Year 2013	Year 2012	Change	% Chg
Current regional income tax (IRAP) for the period	1,065	2,021	(956)	-47%
Current corporate income tax (IRES) for the period	7,884	2,014	5,870	291%
Foreign current taxes	0	9,612	(9,612)	-100%
Prior period taxes	0	1,278	(1,278)	-100%
Current taxes	**8,950**	**14,925**	**(5,976)**	**-40%**
Deferred tax (income) expense	**(12,438)**	**1,866**	**(14,303)**	**-767%**
Total taxes	**(3,488)**	**16,791**	**(20,279)**	**-121%**

The following table contains a reconciliation of theoretical tax:

(Values in €/000)	31 December 2013		
Pre-tax profit (loss)	**415,637**		
Theoretical taxes		(114,300)	27.5%
Taxes on net permanent differences		106,416	
Effective corporate income tax (IRES) (A)		**(7,884)**	**1.9%**
Regional income tax (IRAP) and other taxes (B)		**(1,065)**	**0.3%**
Actual income tax for the period (A+B)	**(8,949)**		**2.2%**
Deferred tax balance	**12,437**		
Net profit (loss)	**419,125**		

The following table contains a breakdown of deferred tax assets and liabilities passed to the income statement:

ITEMS	2013					
	Residual	Corporate income tax (IRES)	Prepaid corporate income tax (IRES)	Regional tax (IRAP)	Prepaid regional tax (IRAP)	Total Prepaid
	A	B	X = A * B	C	Y = A * C	X + Y
A) Recalculation of taxes upon reversal of deductible temporary differences (positive temporary differences)						
Expenses for other years						
IAS 38 deferred charges**	22,769	27.5%	6,261	4.82%	0	6,261
FTA IAS 11 - CTC	(2,726)	27.5%	(750)	4.82%	(131)	(881)
maintenance**	14,578	27.5%	4,009	4.82%	0	4,009
statutory depreciation/amortisation higher than the admissible tax rate**	(227)	27.5%	(62)	4.82%	2	(61)
unrealised exchange losses*	2,616	27.5%	720	4.82%	0	720
property write-downs	(46)	127.5%	(13)	4.82%	4	(8)
other deferred expenditure	0	27.5%	0	4.82%	0	0
capital gains on sales of assets to subsidiaries	(24)	27.5%	(7)	4.82%	(1)	(8)
contractual risks on works in progress**	615	27.5%	169	4.82%	0	169
risks on completed work	(336)	27.5%	(92)	4.82%	(14)	(107)
work in progress expenses	0	27.5%	0	4.82%	0	0
other legal dispute risks***	7	27.5%	2	4.82%	(10)	(8)
country and receivables risks*	5,905	27.5%	1,624	4.82%	0	1,624
Unpaid directors' compensation*	***20***	***27.5%***	***6***	***4.82%***	***0***	***6***
Total A	43,152	27.5%	11,867	4.82%	(151)	11,716
B) Recalculation of taxes upon reversal of taxable temporary differences (negative temporary differences)						
Deferred revenues						
Capital gains instalments**	(557)	27.5%	(153)	4.82%	0	(153)
FTA IAS 17 - finance leases	(1,759)	27.5%	(484)	4.82%	(85)	(569)
Total b	**(2,316)**	**27.5%**	**(637)**	**4.82%**	**(85)**	**(722)**
Net deferred/prepaid income taxes (a-b)	**45,468**	**27.5%**	**12,504**	**4.82%**	**(66)**	**12,438**

(*) Amounts not subject to IRAP.
(**) Amounts not subject to IRAP from 2008 onwards.
(***) Amounts not subject to IRAP for the part relating to labour disputes.

The amounts receivable for deferred tax assets at 31 December 2013 totalled €9,027, while amounts payable for deferred tax liabilities totalled €270.

The following table contains a breakdown of deferred tax assets and liabilities:

ITEMS	2012						2013					
	Residual	Corporate income tax (IRES)	Prepaid corporate corporate (IRES)	Regional income tax (IRAP)	Prepaid regional income tax (IRAP)	Total Prepaid tax	Residual	Corporate income tax (IRES)	Prepaid corporate corporate (IRES)	Regional income tax (IRAP)	Prepaid regional income tax (IRAP)	Total Prepaid tax
	A	B	X = A * B	C	Y = A * C	X + Y	A	B	X = A * B	C	Y = A * C	X + Y
A) Recalculation of taxes upon reversal of deductible temporary differences (positive temporary differences)												
Expenses for other years												
IAS 38 deferred charges**	0	27.5%	–	4.40%	–	–	22,769	27.5%	6,261	4.82%	–	6,261
FTA IAS 38 - intangible assets	97	27.5%	27	4.40%	4	31	97	27.5%	27	4.82%	5	32
FTA IAS 11 - CTC	2,726	27.5%	750	4.40%	120	870	0	27.5%	–	4.82%	–	–
FTA IAS 19 - Post-employment benefits**	372	27.5%	102	4,40%	–	102	372	27.5%	102	4.82%	–	102
FTA IAS 27 - Elimination intragroup sales adjusments	(533)	27.5%	(147)	4,40%	(23)	(170)	0				–	
Maintenance**	8,597	27.5%	2,364	4.40%	–	2,364	23,175	27.5%	6,373	4.82%	–	6,373
Statutory depreciation/amortisation higher than the admissible tax rate**	3,187	27.5%	876	4.36%	2227.088	3,103	2,960	27.5%	814	4.82%	18	832
Unrealised exchange losses*	(289)	27.5%	(79)	4.36%	0	-79	2,327	27.5%	640	4.82%	–	640
Property write-downs	1,448	27.5%	398	4.36%	55.551	454	1,402	27.5%	385	4.82%	68	453
Other deferred expenditure	0	27.5%	0	4.36%	0	–	0	27.5%	–	4.82%	–	–
Capital gains on sales of assets to subsidiaries	6,558	27.5%	1,804	4.36%	1901.989	3,706	0	27.5%	–	4.82%	–	–
Taxed reserves	0		0		0		0				–	–
Contractual risks on works in progress**	0	27.5%	0	4.36%	0	–	615	27.5%	169	4.82%	–	169
Risks on completed work	381	27.5%	105	4.36%	1304.984	1,410	45	27.5%	12	4.82%	2	15
Work in progress expenses	0	27.5%	0	4.36%	0	–	0	27.5%	–	4.82%	–	–
Other legal dispute risks***	783	27.5%	215	4.36%	533.333	749	790	27.5%	217	4.82%	15	233
Country and receivables risks*	11,012	27.5%	3,028	4.36%	0	3,028	16,917	27.5%	4,652	4.82%	–	4,652
Provision for taxes*	–	27.5%	0	4.36%	0	–	0	27.5%	–	4.82%	–	–
*Unpaid directors' compensation**	–	27.5%	–	4.36%	–	–	20	27.5%	6	4.82%	–	6
Total A	34,340	27.5%	9,443	4.36%	446	9,910	71,490	27.5%	19,660	4.82%	108	19,768

ITEMS	2012						2013					
	Residual	Corporate income tax (IRES)	Deferred corporate income tax (IRES)	Regional income tax (IRAP)	Deferred regional income tax (IRAP)	Total Def tax.	Residual	Corporate income tax (IRES)	Deferred corporate income tax (IRES)	Regional income tax (IRAP)	Deferred regional income tax (IRAP)	Total Def. tax.
	A	B	X = A * B	C	Y = A * C	X + Y	A	B	X = A * B	C	Y = A * C	X + Y
B) Recalculation of taxes upon reversal of taxable temporary differences (negative temporary differences)												
Deferred revenues												
Capital gains instalments**	2,227	27.5%	612,449	4.36%	–	612.449	1.670	27,5%	459	4,82%	–	459
FTA IAS 17 - finance leases	10,756	27.5%	2,958	4.40%	473	3.431	8.338	27,5%	2.293	4,82%	376	2.669
FTA IAS 39 - amortised cost	35	27.5%	10	4.40%	2	11	35	27,5%	10	4,82%	2	11
FTA IAS 21 - Translation reserve	26,187	27.5%	7,201	4.40%	–	7.201	26.187	27,5%	7.201	4,82%	–	7.201
FTA IAS 27 - Revaluations of equity investments	(1,305)	27.5%	(359)	4.40%	–	(359)	0					
Capital losses on sales of assets to subsidiaries	56	27.5%	15,277	4.36%	2,422	17.699	0	27,5%	–	4,82%	–	–
Gain on disposal of Salini Nigeria Ltd receivables*	0	27.5%	–	4.36%	–	0	0	27,5%	–	4,82%	–	–
Uncollected late-payment interest*	1,902	27.5%	523.05	4.36%	–	523	1.902	27,5%	523	4,82%	–	523
Unrealised exchange gains*	0	27.5%	–	4.36%	–	0	0	27,5%	–	4,82%	–	–
Deferred dividends	0					0	0				–	–
Equity method revaluations*	1,305	27.5%	359	4.36%	–	359	0	27,5%	–	4,82%	–	–
*Additional tax depreciation**	533	27.5%	147	4.36%	–	147	533	27,5%	147	4,82%	–	147
Total B	**41,696**	**27.5%**	**638,564**	**4.36%**	**2.897**	**641.461**	**38.666**	**27,5%**	**10.633**	**4,82%**	**378**	**11.011**
Net deferred/prepaid income taxes (a-b)	**(7,357)**	**27.5%**	**(629,121)**	**4.36%**	**(2,431)**	**(631,522)**	**32.824**	**27,5%**	**9.027**	**4,82%**	**(270)**	**8.756**

(*) Amounts not subject to IRAP.
(**) Amounts not subject to IRAP from 2008 onwards.
(***) Amounts where the portion for labour disputes is not subject to IRAP.

16. Statement of comprehensive income (OCI)

As shown in the statement of comprehensive income it differs from the net profit (loss) by €1,014; this is due to:

- translation differences on foreign assets of €1,061;
- actuarial gains/(losses) on employee benefits of €(57). For more information, see the note on employee benefits;
- cash flow hedges for the for the period of €(7);
- tax impact of €18, due to employee benefits and cash flow hedges.

17. Property, plant and equipment

These total €224,636, an increase compared with the amount at 31 December 2012 of €16,148. The breakdown and changes in this item are shown below.

(Values in €/000)	Land and buildings	Plant and machinery	Vehicles	Industrial and commercial equipment	Other assets	Leased assets	Work in progress	Total
Balances at 31 December 2012	**23,410**	**148,026**	**75,670**	**48,150**	**10,982**	**128,754**	**5,628**	**440,619**
Exchange rate adjustment	(673)	(595)	(158)	(88)	(28)	0	0	(1,541)
Investments	1,310	7,792	10,216	9,292	1,306	54,040	83	84,039
Disposals	0	(10,684)	(2,507)	(1,104)	(238)	0	(3,767)	(18,300)
Repurchase of leased assets	0	2,492	0	335	(1)	(2,951)	0	(125)
Reclassification under non-current assets held for sale	0	0	0	0	0	0	0	0
Other changes	(657)	(3,797)	3,692	(497)	105	(3,499)	0	(4,653)
Historical cost at 31 December 2013	**23,389**	**143,235**	**86,913**	**56,088**	**12,127**	**176,343**	**1,944**	**500,039**
Balances at 31 December 2012	**(5,718)**	**(111,128)**	**(47,435)**	**(35,693)**	**(7,098)**	**(25,059)**	**0**	**(232,131)**
Exchange rate adjustment	(123)	(544)	(150)	(85)	(21)	0	0	(923)
Depreciation and amortisation	(1,302)	(13,363)	(8,928)	(10,785)	(1,470)	(24,348)	0	(60,197)
Write-downs/Reversals	0	0	0	0	0	0	0	0
Disposals	0	9,601	2,481	1,040	199	0	0	13,320
Repurchase of leased assets	0	(1,623)	0	(249)	0	2,039	0	167
Reclassification under non-current assets held for sale	0	0	0	0	0	0	0	0
Other changes	901	5,630	(3,296)	1,192	(63)	0	0	4,364
Exchange rate adjustment	22	(39)	9	1	2	0	0	(5)
Accumulated depreciation at 31 December 2013	**(6,220)**	**(111,467)**	**(57,319)**	**(44,579)**	**(8,451)**	**(47,368)**	**0**	**(275,405)**
Net amount at 31 December 2012	**17,692**	**36,897**	**28,235**	**12,457**	**3,884**	**103,695**	**5,628**	**208,488**
Net amount at 31 December 2013	**17,169**	**31,768**	**29,593**	**11,509**	**3,675**	**128,976**	**1,944**	**224,636**

The increases and decreases in the items relating to plant and machinery, vehicles, equipment and other assets were due to the acquisitions and/or increased expenses and to disposals in the period caused by investments for new work sites and for the replacement of assets used in the production process.
Compared to the previous year there was a substantial increase in leased assets, classified under Property, plant and equipment in accordance with IAS 17. Specifically, additional acquisitions were recognised

during the year for excavators, drill rigs and truck cranes for the GERDP contract in Ethiopia and for tractors and drilling machines lease purchased by the Head Office to then be hired out to the companies Salini Malaysia SDN BHD and JA Todini Akkord Salini.

The balance of fixed assets under construction is mainly due to new fixed assets and the inclusion of the production cycle of capital equipment designed for foreign work sites.

18. Intangible assets

The balance of this item is €162. The details of these assets are shown below:

(Values in €/000)	Start-up and expansion costs	Research, development and advertising costs	Intellectual property rights	Concessions, licences and trademarks	Rights to infrastructure under concession	Contract acquisition costs	Other	Assets in course of construction and payments on account	Total
Balances at 31 December 2012	**0**	**55**	**466**	**90**	**0**	**0**	**0**	**0**	**611**
Purchases and capitalised costs	0	0	87	0	0	0	0	0	87
Disposals	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	(183)	0	0	0	0	0	(183)
Exchange rate gains (losses)	0	0	0	0	0	0	0	0	0
Change in consolidation scope	0	0	0	0	0	0	0	0	0
Other changes	0	(55)	0	0	0	0	0	0	(55)
Historical cost at 31 December 2013	**0**	**0**	**370**	**90**	**0**	**0**	**0**	**0**	**460**
Balances at 31 December 2012	**0**	**0**	**(340)**	**(16)**	**0**	**0**	**0**	**0**	**(357)**
Depreciation and amortisation	0	0	(123)	(1)	0	0	0	0	(124)
Disposals	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	183	0	0	0	0	0	183
Exchange rate gains (losses)	0	0	0	0	0	0	0	0	0
Change in consolidation scope	0	0	0	0	0	0	0	0	0
Other changes	0	0	0	0	0	0	0	0	0
Accumulated amortisation reserve at 31 December 2013	**0**	**0**	**(280)**	**(18)**	**0**	**0**	**0**	**0**	**(298)**
Net amount at 31 December 2012	**0**	**55**	**125**	**74**	**0**	**0**	**0**	**0**	**255**
Net amount at 31 December 2013	**0**	**0**	**89**	**73**	**0**	**0**	**0**	**0**	**162**

The net decrease of €93 compared to the figure at 31 December 2012 is attributable to the net effect of the amortisation for the period partially offset by the capitalisations.

The balance of the item is therefore composed as follows:

- €89 for "Intellectual property rights", which include software amortised on a straight-line basis over three financial years;
- €73 for "Trademarks, licences and concessions": this amount relates to the license on the land for the work site of the Uganda branch.

19. Equity investments

The analysis of equity investments is as follows:

(Values in €/000)	31 December 2013	31 December 2012	Change
Investments in associates, subsidiaries and joint ventures	1,295,800	355,853	939,947
Other equity investments	109	1,261	(1,152)
Total Equity Investments	**1,295,909**	**357,114**	**938,795**

Changes during the year are summarised below:

(Values in €/000)	Investments in associates, subsidiaries and joint ventures	Other equity investments
Balance at 31.12.2012	**355,853**	**1,261**
Change in consolidation method	0	0
Acquisitions, capital injections and disinvestments	975,570	(1,152)
Share of profit (loss) of equity-accounted investees	0	0
Dividends from equity-accounted investees and other investees	0	0
Other changes including changes in the translation reserve	30	0
Impairment losses	(35,653)	0
Total	**939,947**	**(1,152)**
Balance at 31 December 2013	**1,295,800**	**109**

Investments in associates, subsidiaries and joint ventures increased by €975,600 mainly due to:

- the increase in the value of the equity investment in the subsidiary Impregilo S.p.A., which, net of disposals during 2013, amounts to €956 million;
- the increase of €15 million in the value of the equity investment in the subsidiary CMT I/S, as a result of the conclusion of the agreement, finalised on 10 October 2013, for the sale of 39.995% of the interests attributable to CMT I/S held by Tecnimont Civil Construction S.p.A.;
- the increase of €2.8 million in the value of the equity investment in the wholly-owned subsidiary Salini Australia Pty Ltd;
- the increase of €1.1 million in the value of the equity investment in the Turkish associate Gaziantep Hastane Sag.Hizm.Isl.Yat.Anonim Sirketi.

The other equity investments decreased during the period by €(1,152). The change was due to the disposal of the equity investment in the company Autostrade Torino-Milano S.p.A. (€1,126) and the closure of the equity investment in the company Costruttori Romani Riuniti Grandi Opere (€26).
The impairment test of the item "Equity investments", carried out also to assess any reversals of previously recognised impairment losses, has been carried out on a case–by-case basis, considering the specific objectives pursued by each investee during the performance of their operating activities.

Based on such approach, the item "Equity investments" can be analysed as follows:

Interests in special purpose entities (SPEs)	33,915	17,384	16,531
Other Equity investments in companies with indefinite lives	1,261,994	339,730	922,264
Equity investments	1,295,909	357,114	938,795

Special purpose entities (SPEs) are legal entities set up specifically and solely to carry out construction contracts which Salini will not carry out directly and in which Salini has an interest equal to its share of the tender. These entities have a corporate structure compliant with the clients' requirements as communicated during the tender procedure and considering the specific legal context of the country in which the contract will be performed. They are classified depending on whether they are: (i) SPEs, the profit or loss of which are allocated to their venturers in line with their interests as provided for by law (i.e.: Italian-based consortia and consortium companies which operate on a "recharges of costs" basis), and (ii) other SPEs for which this allocation is not provided for by law (e.g., foreign limited liability companies, companies limited by shares, etc.).
With respect to the SPEs that directly allocate their profit or loss to the venturers on whose behalf they operate, the company does not test them for impairment as any contract losses are passed on to the venturers.
The other SPEs are assessed for impairment as the profits or losses on the contracts they perform are not systematically reflected in the income statements of their venturers. Accordingly, their contracts are considered when testing for indication of impairment. Specifically, the SPEs' statements of financial position, which include the estimated contract costs or profits and are prepared in accordance with the relevant accounting standards interpreted by the Group's procedures, are considered as they show the estimated cash flows of the entity.
Other equity investments in companies with indefinite lives relate to non-consortium companies whose business object covers more than just one contract.
In compliance with the provisions of the current IAS 36 and as recommended by the Bank of Italy – CONSOB – ISVAP joint document no. 4 of 3 March 2010, the Company has conducted impairment tests to identify any impairment losses and reversals of previous impairment losses recognised, by analysing the individual investee companies considering the specific objectives pursued by each of them during the performance of their operating activities. This measurement was carried out based on the discounting of future cash flows forecast in the companies' business plans.

As a result of these measurements, impairment losses totalling €(69,452) were recognised for the year 2013, relating to:

- Todini S.p.A. – €69,000;
- Salini India Private Limited – €240;
- SALINI RUS OOO – €74;
- TB Metro S.r.l. – €138.

Specifically, for the measurement of the value in use of Todini S.p.A., in accordance with the procedures established by the applicable accounting standards, the following Cash Generating Units have been identified, according to geographic area, as announced in the Business Plan approved by the Board of Directors of the Company in 2013 as part of the merger plan:

- Italy
- European Union (excluding Italy)
- European countries outside of the European Union
- Asia
- Africa
- America

In line with previous years, certain prudent adjustments were made to the assumptions underlying the Plan and in particular:

a) a lower growth rate for revenues;
b) EBITDA and EBIT around 3% lower.

Moreover, the company has considered the

following assumptions in its calculation of value in use based on the expected cash flows taken from the Plan:

- the terminal value was calculated by developing an assumption of sustainable earnings that enabled the estimation of stable net operating cash flow over the long term on a going concern basis. The assumptions underlying the estimate of the sustainable net operating cash flow are:
  - EBITDA equal to the average for the years 2016/2018;
  - EBIT equal to around 5.5% of revenues (vs 8.5% in the Salini 2013-2016 Business plan);
  - depreciation and amortisation aligned to investments for maintenance of the level of fixed capital (i.e. 4% of revenues);
  - balance of working capital of 0.
- The operating cash flows used are net of theoretical tax expense calculated based on Italian taxation (IRES corporate income tax 27.5%, IRAP regional business tax 4.82%). This is a prudential approach because the company operates in countries operates in countries with lower tax rates than in Italy.
- Risk Free
  - Mature countries: calculated by taking the corresponding ten-year government bond (six-month average) as the reference for the risk-free return;
  - Emerging countries: calculated by taking the ten-year German government bond (AAA rating, six-month average) as the reference for the risk-free return;
- Beta: calculated based on the average volatility of Salini Impregilo and the main comparable listed companies in the last 2 years, taking into account the differential effects related to the level of debt and the tax rate (source: Bloomberg).
- Equity market risk premium: equal to 5%, commensurate with the yield differential (historic and long-term) between equities and bonds on international financial markets.
- Country Risk Premium:
  - Sovereign risk: calculated according to the rating associated with the country of reference on the basis of default risk (source: Damodaran/Moody's).
  - Long-term inflation differential between Germany (Mature country) and the country of reference: reflecting the expected depreciation of the local currency against the Euro. This approach is conservative because it assumes that the future cash flows are fully exposed to currency risk, whereas in practice also a significant part of the cash flows is governed by contracts in "hard" currency (i.e. Euro).
- The cost of debt has been estimated, based on the risk-free market rate (including the Country Risk Premium) and an average corporate spread of 300 basis points, expressed net of the tax shield.
- Structure of objective sources of funding (D/D+E): equal to 30%, in line with the average debt, at market values, of the Salini Impregilo Group and the main comparable listed companies.
- The overall weighted average cost (WACC) of Todini has been calculated by considering the underlying risk specific to the countries in which Todini operates ("blended discount rate"); the weighting factor has been set on the basis of the average exposure of the business reflected in the business plan for the different countries.
- he rate of growth in operating cash flows after the explicit period and in perpetuity, which is used to calculate the residual value (rate 'g'), has been estimated at 2%. The rate has been estimated taking into account the macroeconomic parameters of reference (relative GDP growth) of the countries in which Todini operates; this value of approximately 4% was prudently estimated at 2% (value aligned to the growth rate of Salini used for the purposes of the exchange).

Based on the above assumptions applied to analyse the Plan's cash flows, the resulting value in use for Todini S.p.A. is €196 million. This value, when compared to the overall investment held by the Company in Todini S.p.A., of €265 million, consisting of the carrying amount of the equity investment held by the Company of €35.2 million and financial receivables due to the Company from Todini S.p.A. of €230 million, showed an impairment loss of €69,000.
Accordingly the Company fully wrote-down the carrying amount of the equity investment in Todini S.p.A. by €35,201 and recognised an amount of €33,799 under the risk provision to cover losses on equity investments.

20. Financial assets

Non-current financial assets

Non-current financial assets total €4,350, as shown in the following table:

(Values in €/000)	31 December 2013	31 December 2012	Change on statement of financial position
Non-current receivables from subsidiaries > 12	1,658	1,658	0
Non-current receivables from associates > 12	0	28	(28)
Non-current receivables from other group companies > 12	81	46	36
Non-current receivables from others > 12	2,611	2,626	(15)
Non-current financial assets	**4,350**	**4,358**	**(8)**

Non-current financial assets consist of: i) €1,658 relating to receivables due for interest-bearing loans granted to associates and subsidiaries; ii) €2,611 for non-current receivables due from other companies, mainly consisting of security deposits to third parties, of which €802 relating to Italy, €1,485 to Dubai, €185 to Uganda, and €83 to Ethiopia.

Current financial assets

Current financial assets at 31 December 2013 amounted to €447,929 composed primarily of:

- €65,000 in the form of a receivable for an interest-bearing loan to the parent company Salini Costruttori S.p.A.. This loan, funded with the third tranche of the tender offer loan called "Tranche A3" launched in 2013, is aimed at enabling the parent company to repay its medium- to long-term debt deriving in particular from a loan agreement signed on 5 August 2009 with Centrobanca S.p.A. and a loan agreement signed on 29 July 2010 with Intesa Sanpaolo S.p.A.;
- €82,610 relating to the credit balance on the correspondent current accounts with the parent company Salini Costruttori S.p.A. classified under current financial assets;
- €289,607 relating to credit balances on correspondent current accounts with subsidiaries, including in particular around €235 million with Todini Costruzioni Generali S.p.A., around €40 million with Salini Malaysia SDN and around €4 million with Salini Nigeria Ltd;
- €7,881 relating to interest bearing loans to subsidiaries, including in particular around €5.6 million to Salini Polska Zoo.

21. Other assets

Other non-current assets

Other current financial assets at 31 December 2013 amounted to €4,427 composed primarily of:

- €2,145 relating to advances to suppliers and subcontractors, including in particular €1,900 for the Uganda branch, €140 for the Ethiopia branch and €105 for the Dubai branch;
- €398 relating to prepayments for guarantees;
- €1,871 relating to miscellaneous prepayments.

Other current assets

Other current assets total €71,510 and are mainly composed of:

	31 December 2013	31 December 2012	Change
Advances to suppliers	39,149	49,432	(10,283)
Provision for impairment losses on other receivables	(10,941)	(7,341)	3,600
Advances to suppliers	**28,208**	**42,091**	**(13,883)**
Receivables from other companies	**19,735**	**19,376**	**359**
Accrued income and deferred insurance charges	**1,028**	**1,186**	**(158)**
Lease Payments on account	**645**	**392**	**253**
Other accrued income	24	0	24
Miscellaneous consulting prepayments	100	144	(44)
Subscription prepayments	4	23	(19)
Other prepayments	14,684	14,763	(79)
Receivables branch current accounts	(0)	(0)	0
Miscellaneous debtors	1,764	1,121	643
Receivables from employees	253	123	130
Receivables from social security institutions	58	362	(304)
Receivables from others for security deposits	25	34	(9)
Other receivables from associate companies	286	0	286
Other receivables from associate companies	347	32	315
Other receivables from parent companies	4,348	1,228	3,121
Other	**21,895**	**17,831**	**4,064**
Other current assets	**71,510**	**80,875**	**(9,365)**

Net receivables for advances to suppliers relate mainly to Kazakhstan (€13,889), Ethiopia €6,636), Uganda (€2,063), Romania (€2,175), Libya (€1,209) and the head office of Salini S.p.A. (€1,565). The decrease in advances to suppliers of €13,883 is due to increases and decreases prompted mainly by: the decrease for the Kazakhstan branch (of €10,055), Ethiopia branch (of €5,503) and Italy (of €1,366), partially offset by the increase for the Romania branch (of €2,176) and the Libya branch (of €1,202).
Receivables from other companies of €19,735 million mainly included receivables from partners Acciona and Ghella S.p.A. in the temporary partnership established with Salini S.p.A. (former Salini Costruttori S.p.A.) to execute the TAV/San

Ruffillo contract amounting to €18,630.
Receivables from parent companies relate to the receivables from Salini Costruttori S.p.A., of which €3,120 relating to the national tax consolidation system and the remainder, €1,228, relating to the reinvoicing of an insurance settlement awarded to the parent Salini Costruttori S.p.A. but due to Salini S.p.A.

22. Inventories

Inventories total €132,133, as shown in the following table:

(Values in €/000)	31 December 2013	31 December 2012	Change	% Chg
Raw materials, ancillary materials and consumables	132,133	111,446	20,687	19%
Total inventories	**132,133**	**111,446**	**20,687**	**19%**

The geographical breakdown of the item is as follows:

(Values in €/000)	31 December 2013	%	31 December 2012	%	Change	% Chg
Italy	4	0%	253	0%	(250)	-99%
Dubai	2,741	1%	3,489	3%	(749)	-21%
Ethiopia	123,519	93%	97,099	87%	26,420	27%
Kazakhstan	1,242	1%	6,119	5%	(4,877)	-80%
Sierra leone	4,628	4%	3,002	3%	1,626	54%
Uganda	0	0%	1,484	1%	(1,484)	-100%
Total inventories	**132,133**		**111,446**		**20,687**	**19%**

The table below shows the changes in raw materials, ancillary materials and consumables:

(Values in €/000)	31 December 2013
Balance at 1 January 2013	111,446
Exchange rate effect	(1,763)
Income Statement changes	22,450
Balance at 31 December 2013	**132,133**

Inventories of raw materials, ancillary materials and consumables are essentially made up of construction materials and spare parts for operating machinery.
The increase in this category, of €20,687, coincides with the net increase in inventories and is mainly due to: the decrease in procurement in Uganda, by €1.5 million, due to the closing of contracts in Kazakhstan, by €4.9 million, due to the progressive approach towards the conclusion of the works; the increase in procurement in Ethiopia, by €26.5 million, due to the full operation of the existing contracts and the increase in procurement in Sierra Leone, by €1.6 million, due to the start-up during 2013 of the Matatoka-Sefadu contract and variation orders on the already existing contracts.
These amounts are due to the extensive procurement of materials and spare parts necessary for complex works.

23. Amounts due from clients/amounts due to clients

The current assets of the statement of financial position include the item "Amounts due from clients" which at 31 December 2013 stood at €251,391, an increase on the balance of €23,773 at 31 December 2012.

The table below shows the amount of work in progress measured according to the percentage of completion method, net of actual or estimated losses at the reporting date and progress billing:

(Values in €/000)	31 December 2013	31 December 2012	Change
Contract works in progress	2,580,296	2,859,713	2,352,366
Provisions for risks on works in progress	(906)	(52)	(593)
Prepayments from clients	(2,328,000)	(2,632,044)	(2,328,000)
Total amounts due from clients	**251,391**	**227,617**	**23,773**

(Values in €/000)	31 December 2013	31 December 2012	Change
Italy	69,754	89,568	(19,814)
EU (excluding Italy)	648	0	648
Non-EU	0	0	0
Asia	36,770	59,800	(23,030)
Africa	144,219	78,249	65,970
Total amounts due from clients	**251,391**	**227,617**	**23,773**

The changes posted during the year, amounting to €23,773, are due for the increase to the contracts in Ethiopia and the contract in Libya, and for the decrease to the contract in Kazakhstan, Dubai contract and the Metro B1 contract in Italy.
Amounts due to clients within 12 months, shown in the statement of financial position under current liabilities, totals €157,165, up by €24,429 compared with the balance transferred at 31 December 2012.

This item breaks down as follows:

(Values in €/000)	31 December 2013	31 December 2012	Change
Contract works in progress	266,303	752,967	(486,664)
Provisions for risks on works in progress	0	(261)	261
Prepayments from clients	(240,863)	(874,819)	633,956
Contractual advances within 12 months	131,725	254,849	(123,124)
Total amount due to clients within 12 months	**157,165**	**132,736**	**24,429**

(Values in €/000)	31 December 2013	31 December 2012	Change
Italy	667	147	520
EU (excluding Italy)	19,028	0	19,028
Non-EU	0	0	0
Asia	3,392	18,344	(14,952)
Africa	134,078	114,245	19,834
Total current amounts due to clients	**157,165**	**132,735**	**24,429**

The changes posted during the year, amounting to €24,429, are due for the increase to the contracts in Ethiopia and the contract in Romania, and for the decrease to the contract in Kazakhstan.
The item "Amounts due to clients after 12 months", presented in the statement of financial position under non-current liabilities, totals €400,433, a reduction of €16,068 compared with the balance transferred at 31 December 2012. This item, which includes the amount of the advance to be refunded, as contractually agreed, to the client after 12 months, is composed as follows:

(Values in €/000)	31 December 2013	31 December 2012	Change
Contractual advances after 12 months	400,433	416,500	(16,068)
Total amount due to clients after 12 months	**400,433**	**416,500**	**(16,068)**

(Values in €/000)	31 December 2013	31 December 2012	Change
Italy	0	0	0
EU (excluding Italy)	0	0	0
Asia	0	0	0
Africa	400,433	416,500	(16,068)
North America	0	0	0
South America	0	0	0
Oceania	0	0	0
Total non-current amounts due to clients	**400,433**	**416,500**	**(16,068)**

The contractual advances are almost entirely attributable to the Ethiopia branch.
Contract work in progress posted to liabilities represents the negative net value resulting, for each individual contract, from the algebraic sum of works in progress, provisions for contractual risks and partial billing.

24. Trade receivables

Trade receivables totalled €306,527, as indicated in the following table:

(Values in €)	31 December 2013	31 December 2012	Change
Receivables from clients	214,415	131,011	83,404
Receivables from subsidiaries	91,031	62,067	28,965
Receivables from parents	4,769	1,055	3,714
Receivables from associates	2,305	6,295	(3,990)
Provision for impairment losses on trade receivables	(5,993)	(6,471)	478
Provision for impairment losses on receivables for penalty interest	0	(12)	12
Trade receivables	**306,527**	**193,945**	**112,583**

The following table contains a geographical breakdown of the aforementioned receivables:

(Values in €/000)	December 2013	%	December 2012	%	Change
Italy	78,751	26%	38,842	20%	39,909
Panama	1	0%	–	0%	1
Dubai	27,429	9%	26,472	14%	957
Ethiopia	113,745	37%	58,330	30%	55,417
Guinea	290	0%	290	0%	(0)
Kazakhstan	13,135	4%	12,331	6%	804
Libya	270	0%	–	0%	270
Morocco	18,615	6%	18,749	10%	(134)
Sierra leone	13,618	4%	12,693	7%	925
Turkey	-	0%	3	0%	(3)
Uganda	1,023	0%	9,704	5%	(8,681)
Zimbabwe	39,461	13%	16,532	9%	22,929
Chile	141	0%	–	0%	141
Singapore	49	0%	–	0%	49
Total trade receivables	**306,527**		**193,945**		**112,582**

During the period, a net increase in receivables accrued totalling €112,582. The net effect was due to the following main changes that occurred during the period:

- in Italy the change, of €39,909, was mainly due to: (i) issue of certificates on operational contracts (€21,521); (ii) the allocation of €4,551 to invoices to be issued following the Council of State ruling (see section 7 of these explanatory notes); (iii) the increase in interest income on the correspondent current account held with the subsidiary Todini Costruzioni Generali S.p.A. of around €4,663

those held with the parent Salini Costruttori S.p.A. of around €3,520;

- in Ethiopia the change, of €55,417, was attributable for around €41 million the classification under liabilities of a contractual advance connected to a contract, and for the remainder, of around €16 million, to ordinary operations and therefore to an increase in receivables from clients;
- in Zimbabwe the change, of €22,929, was mainly due to the reallocation of the 2013 earnings of the subsidiary JV Mukorsi:
- lastly in Uganda the change, of €8,681, was attributable to receipts on certificates issued, following the completion of the works. The figure still outstanding at 31 December 2013 was due to the sale of a machine that was no longer used because the production activities had ended;
- the remaining changes were attributable to the normal operational management of the contracts.

The provision for impairment losses had a balance at the end of the year of €5,993, having decreased by €478 during the year as shown in the table below:

(Values in €/000)	Balance at 31 December 2012	Allocation to provisions	Balance Sheet use of the provision	Release of provision to Income Statement	Balance at 31 December 2013
For receivables from clients	5,931	0	0	0	5,931
For receivables from other clients	540	53	(531)	0	62
Total Provision for impairment losses on receivables	**6,471**	**53**	**(531)**	**0**	**5,993**

The provision made for Clients, of €5,931, is entirely attributable to the Sierra Leone branch.
The part relating to "Other Clients", amounting to €62, decreased during the year by €478 almost entirely due to the balance sheet use of the provision following the proceeds received on the items written down in previous years.

25. Tax receivables

These total €33,297, representing an increase of €20,670 compared with 2012:

The balance at 31 December 2013 is mainly composed of VAT receivables and indirect taxes.

(Values in €/000)	31 December 2013	31 December 2012	Change
Italy	5,502	11	5,492
Ethiopia	26,809	12,499	14,309
Kazakhstan	260	0	260
Morocco	62	63	(1)
Romania	547	0	547
Sierra leone	0	0	0
Turkey	95	51	44
Uganda	17	0	17
Chile	6	4	2
Total tax receivables	**33,297**	**12,628**	**20,670**

26. Cash and cash equivalents

This item, amounting to €49,903, has increased compared to the previous period by €(21,729) and is composed as follows:

(Values in €/000)	31 December 2013	31 December 2012	Change
Non-restricted bank and postal deposits	28,506	71,305	(42,799)
Restricted bank and postal deposits	20,905	0	20,905
Cash in hand	492	327	165
Accrued bank interest income	0	0	0
Accrued bank interest income	0	0	0
Total cash and cash equivalents	**49,903**	**71,632**	**(21,729)**

The balance of cash and cash equivalents represents active bank account balances at the end of the year and the amounts of cash, cheques and securities existing at the registered office, the work sites and the foreign subsidiaries.
The restricted deposits at 31 December 2013 relate almost entirely to a revolving deposit account opened by the Romania branch, amounting to €20,905, for contractual advances received.

The following table shows the change in short-term bank overdrafts:

Analysis of cash and cash equivalents	note	31 December 2013	31 December 2012
Cash and cash equivalents at the beginning of the year			
Cash and cash equivalents	(26)	71,632	0
Payables to banks ord. c/a debit balance	(28)	(29,655)	(0)
		41,977	**0**
Cash and cash equivalents at the end of the year			
Cash and cash equivalents	(26)	49,903	71,632
Payables to banks ord. c/a debit balance	(28)	(17,593)	(29,655)
		32,310	**41,977**

27. Shareholders' equity

Shareholders' equity at 31 December 2013 amounted to €672,006 inclusive of net profit of €419,125.
Changes for the year in the different shareholders' equity items are summarised in the table attached to the separate financial statements.
Disclosures about the individual items are set out below.

Share capital

The Share Capital of €62,400 is unchanged with respect to 31 December 2012 and consists of 62,400,000 shares with a nominal value of €1. The shares the Company are entirely held by Salini Costruttori S.p.A.

Details on the possible use of shareholders' equity items and uses in prior years are summarised below:

Nature/description	Amount	Possible use	Available portion	Summary of use in the previous three years	
				To cover losses	Other
Share capital	**62,400,000**				
Equity-related reserves:					
Reserve for treasury shares*		–			
Profit reserves:					
Legal reserve	2,252,215	B			
FTA reserve	18,445,357	B			
Capital contribution reserve	141,483,568	A,B,C	141,483,568		
Reserve ex art. 2426.8 bis Civil Code	993,971	A,B	993,971		
Non-distributable reserve ex art. 2426.4 Civil Code	0	A,B	0		
Other Reserves	**160,922,896**				
Translation loss reserve	6,177,880	–			
Actuarial (gains) losses reserve	(440,548)	–			
Cash flow hedge reserve	(5,231)	–	0		
OCI reserves	**5,732,100**				
Retained earnings	20,526,840	A,B,C	20,526,840		
Total			**163,004,379**		
Non-distributable portion			993,971		
Distributable portion			162,010,809		

A: share capital increase B: to cover losses C: dividends

On 12 June 2013 the Shareholders' Meeting, during the approval of the financial statements at 31 December 2012, resolved on the allocation of the net profit for the year of €45,044 (on the basis of the financial statements prepared in accordance with the Italian accounting standards) and the dividend distribution.
The distribution was approved of a dividend of €0.208 per share, for a total of €12,979.

Legal reserve

The legal reserve, amounting to €2,252 (0 at 31 December 2012), changed during the period due to the allocation of the profit for the year 2012.

IFRS conversion reserve

The IFRS conversion reserve amounted to €18,445. See section 39 for more details regarding the breakdown of the balance of this reserve.

Other reserves

Other reserves totalled €142,478 and related to:

- Capital contribution reserve of €141,484, unchanged from the previous year;
- Reserve ex art. 2426.8bis Civil Code, amounting to €994, entirely constituted during the year upon allocation of the profit for the year 2012.

OCI reserves

Reserves relating to components of comprehensive income at 31 December 2013 totalled €5,732,100, representing an increase of €33 compared with the previous period. See the statement of comprehensive income for details of the change.

28. Financial liabilities

Financial liabilities totalled €1,228,209, increasing by €854,291 compared with 2012, as detailed below:

(Values in €/000)	31 December 2013	31 December 2012	Change
Payables to banks ord. C/A debit balance	17,593	29,655	(12,062)
Banks S/T loan - Hot money (30 - 90 days)	20,294	20,290	4
M-L/T bank loans > 12	569,138	189,349	379,789
Transaction costs for mortgage/loans	(52,257)	(1,107)	(51,150)
M-L/T bank loans < 12	59,981	28,981	31,001
Accrued expenses for bank and other interest payable < 12	12,264	102	12,162
Accrued expenses for Derivative products < 12	6	7	(1)
Payables to banks	**627,019**	**267,277**	**359,743**
Payables to other lenders > 12	95,486	83,793	11,693
Payables to other lenders < 12	32,752	19,702	13,050
Payables to other lenders for leases	**128,238**	**103,495**	**24,743**
Ordinary bonds > 12	399,726	0	399,726
Transactions costs for bonds	(6,719)	0	(6,719)
Payables for bond issues	**393,007**	**0**	**393,007**
Other payables to subsidiaries (Financial) < 12	15,828	1,197	14,631
Correspondent C/As with subsidiaries	64,110	1,950	62,160
Financial payables to Subsidiaries, Associates and Parents	**79,938**	**3,147**	**76,791**
Derivative instruments (negative fair value)	7	0	7
Payables for financial instruments	**7**	**0**	**7**
Total financial liabilities	**1,228,209**	**373,919**	**854,291**
of which non-current portion	1,005,374	272,034	733,340
of which current portion	222,835	101,885	120,951

The following table contains a breakdown of payables to banks, divided into current and non-current:

(Values in €/000)	December 2013	December 2012	Change	December 2013	December 2012	Change
	Current			Non-Current		
Debit balances	17,593	29,655	(12,062)	–	–	–
Hot money (30-90 days)	20,294	20,290	4	–	–	–
Financing	53,279	29,090	24,189	535,853	188,241	347,612
Loans	–	–	–	–	–	–
Total payables to banks	**91,166**	**79,036**	**12,131**	**535,853**	**188,241**	**347,612**

Bank overdrafts amounted to €17,593 and mainly consisted of €3,094 for the Head Office and €14,397 for the Dubai branch.
Short-term loans in the form of “hot money” remained essentially unchanged compared to the previous year, while other loans, totalling €589,132 at 31 December 2013, mainly related to:

- €354,992 from the subscription, on 10 December 2013, of an unsecured Term Loan Facility (for a total of €425,000 also considering the amount attributable to the former Impregilo S.p.A.) with a 3-year expiry, taken out to refinance debt assumed for the public tender offer as well as some existing credit facilities. Banca IMI/Intesa Sanpaolo SpA, BNP Paribas Italian Branch, Natixis SA Milan Branch, and UniCredit SpA are involved in the transaction as Mandated Lead Arrangers, while Banco Santander SA Milan Branch and Banco Bilbao Vizcaya Argentaria SA Milan Branch are acting as Co-Arrangers;
- €100,220 relating to the BNP Paribas Export SACE loan attributable to the Head Office, of which €19,626 representing the short-term portion, for the purchase of machinery;
- €52,490 relating to the Intesa Sanpaolo loan, of which €9,490 representing the short-term portion, connected to the execution of the Gibe 3 contract in Ethiopia;
- €35,000 relating to the Banca del Mezzogiorno loan, of which €4,683 representing the short-term portion;
- €30,234 relating to the Cariparma medium/long term loan;
- €30,000 relating to the Banca Popolare Emilia Romagna medium/long term loan;
- €15,000 relating to the Banca Popolare di Bergamo short-term loan.

For the unsecured Term Loan Facility (former public tender offer loan) and the BNP Paribas Export SACE loan transaction costs have also been recognised, after amortisation for the year, for a total of €52,257.

The following table gives a detailed breakdown of loans and finance, solely for the principal amount, net of transaction costs:

Lending bank	Type	2014 portion	2015 portion	2016 portion	2017 portion	2018 portion	Portion > 5 years	Total
Banca Pop. Emilia Romagna	Loan	20,294						20,294
Intesa San Paolo	Loan	9,490	25,000	18,000				52,490
Banca Popolare di Bergamo	Loan	15,000						15,000
BNL Bnp Paribas – SACE	Loan	19,626	20,000	20,000	20,000	20,594		100,220
Banca del Mezzogiorno	Loan	4,683	9,674	10,099	10,543			35,000
CBD Dubai	Loan	1,974						1,974
BMCE Marocco	Loan	5,796						5,796
Banca IMI Refinancing	Loan	3,413	354,992					358,405
Cariparma	Loan		30,234					30,234
Banca Pop. Emilia Romagna	Loan		30,000					30,000
Total loans		**80,275**	**469,901**	**48,099**	**30,543**	**20,594**	**0**	**649,413**

Payables due to other lenders totalled €128,238 and were composed as follows:

	December 2013	December 2012	Change	December 2013	December 2012	Change
	Current			Non-current		
Indirect factoring transactions	1,183	–	1,183	–	–	–
Leases	31,569	19,702	11,867	95,486	83,793	11,693
Total payables to other lenders	**32,752**	**19,702**	**13,050**	**95,486**	**83,793**	**11,693**

For the year 2013 there was an overall increase of €24,743 in Payables to Other Lenders essentially due to the greater use of leases for the purchase of industrial machinery and equipment especially for the Ethiopia branch.

On 23 July 2013 a senior unsecured bond issue was completed for a nominal amount of €400,000 with a 5-year maturity. The bonds, which have a minimum denomination of €100,000 and an annual gross coupon of 6.125%, were placed with primary international institutional investors at a price of 99.477. Banca IMI S.p.A., Natixis and UniCredit Bank acted as Joint Lead Managers and Joint Bookrunners for the placement of the bonds. The securities, with issue date of 1 August 2013 and a maturity of 1 August 2018, will pay interest annually. The liability recognised at 31 December 2013, of €393,007, includes the transaction costs directly associated with the issue of the bond, which amounted to €6,719 after amortisation for the year.

Lastly, the Financial payables to Subsidiaries,

Associates and Parents, which increased from €3,147 at 31 December 2012 to €79,938 at 31 December 2013, showed a marked increase mainly as a result of the:

- debit balance on the correspondent current account opened on 7 October 2013 with the subsidiary CMT I/S, amounting to €59,295;
- loan disbursed to the subsidiary Salini Namibia Pty Ltd. of 18 October 2013 for €12,358.

29. Provisions for risks and charges

Provisions for risks and charges totalled €41,512, and increased by €32,660 compared with 31 December 2012 as shown in the table below:

(Values in €/000)	Work in progress expenses	Subsidiaries' losses hedge	Completed contracts risk	Legal disputes	Tax Provisions	Total
Balance at 31.12.2012	**374**	**2,640**	**20**	**727**	**5,091**	**8,852**
Allocation to provisions	0	33,799	0	71	502	34,372
Balance Sheet use of the provision	0	0	0	(116)	(836)	(952)
Release of provision to Income Statement	(336)	0	0	(157)	0	(493)
Reclassifications and other changes	0	0	0	(268)	0	(268)
Balance at 31 December 2013	**38**	**36,439**	**20**	**258**	**4,757**	**41,512**

The individual items were broken down as follows:

- The provisions to cover the losses of subsidiaries are made in relation to the commitments to cover losses exceeding subsidiaries' equity. At 31 December 2013 these provisions amounted to €36,439 in relation to the coverage of losses accrued as detailed below:

Company	(Values in €/000)
Groupment Italgisas in liquidation	842
Ital.Sa.Gi. Sp.Z.O.O.	222
Risalto	2
Salini Bulgaria AD	1,425
Tokwe Mukorsi Dam	121
Con.Sal. S.c.n.c. in liquidation	12
Variante di Valico Scarl in liquidation	5
Todini Costruzioni Generali	33,799
Other	10
Total	**36,439**

The accrual for the year 2013, totalling €33,799, incorporates the results of the impairment tests carried out on the investee Todini Costruzioni Generali S.p.A.. The tests, identified the need for a write-down of the carrying amount of the equity investment of €35.2 million, as well as a provision to cover losses as reported above:

- provisions for risks on completed contracts, with a balance of €20, refer to the Poland contract;
- the provision for risks on work in progress decreased during the period by €336 due to the release of the legal expenses provision made in previous years;
- provisions for legal disputes, which shows a decrease for the year of €469 mainly due to the release of provisions linked to social security positions closed during the 2013 (totalling €187) and the use of provisions by the Head Office (amounting to €78) and the Uganda branch;
- the tax provisions consist of the allocations made for contingent liabilities for pending lawsuits and provisions for legal expenses and amount to €4,757 mainly for the provision made by the Ethiopia branch.

30. Other liabilities

Other liabilities totalled €32,938, of which €6,249 was the non-current portion and €26,688 the current portion, as detailed below:

	December 2013	December 2012	Change
Social security payables	3,942	3,235	707
Other payables to parents		7,097	(7,097)
Other payables to subsidiaries	8,356	8,136	220
Other payables to associates	1,012	165	847
Other payables	19,628	23,712	(4,084)
Total other liabilities	**32,938**	**42,346**	**(9,408)**
of which non-current portion	6,249	6,853	(604)
of which current portion	26,688	35,493	(8,804)

Social security payables of €3,942 are in line with the prior period.

Other payables stand at €28,996 and include;

- Payables to subsidiaries for share capital subscribed and not paid for the companies Metro B S.r.l. (€7,878), Salini Australia Pty Ltd. (€118) and the Turkish company Salini İnşaat Taahhüt Sanayi ve Ticaret Anonim Şirketi (€321);
- Payables to associates mainly resulting from the share capital subscribed and not paid to the Turkish company Gaziantep Hastane Sağlik Hizmetleri İşletme Yatirim Anonim Şirketi (€846);
- Other payable, mainly resulting from the short-term payable to personnel of the Head Office, the Dubai branch and the Ethiopia branch, totalling €10,801 and the medium/long term payable to the Consorzio IRICAV Due of €5,733.

31. Employee benefits

Employee benefits totalled €1,856 and comprised the following:

(Values in €/000)	December 2103	December 2102	Change
Employee termination benefits	1,401	1,420	(19)
Other provisions for employees	455	441	14
Employee benefits	**1,856**	**1,861**	**(5)**

The loyalty bonus is governed by Article 66 of the national collective agreement of 5 July 1995 for the building industry. The agreement states that, from the 20th year of uninterrupted and effective service, the employer shall pay the employee, each year, or on each subsequent anniversary, a bonus equivalent to one month's salary. In addition, in the event that an employee who is already eligible for the bonus should be dismissed other than on disciplinary grounds, the agreement states that the bonus shall continue to accrue for as many months as there are whole months of service since the previous bonus vested. The loyalty bonus is thus similar to a deferred salary and falls into the category of "defined benefit plan".
The method used to measure defined benefit plans is the Projected Unit Credit Method (PUCM).

To calculate the termination benefits accrued according to the PUCM, as described in the accounting policies, the valuation is based on the following actuarial assumptions:

- Demographic assumptions about employees who

are entitled to receive the benefit, such as:

	Salini S.p.A.
Death	RG48 Tables
Disability	INPS Tables
Turnover	20%
Annual advance rate	3%

The retirement age has been calculated, based on the date on which each employee started work, by considering the first effective window according to the prevailing legislation on pensions at the measurement date.

- Financial/economic assumptions concerning the potential scenarios for benefits calculations:

	December 2013
Annual discount rate	2.50%
Annual rate of pay increase	3.00%
Annual inflation rate	2.00%

The following table illustrates the changes in the provision in question, highlighting the effects on the statement of income, particularly the "service cost" classified under "personnel costs" and the interest cost classified under "financial expenses", the offsetting entry of actuarial (gains)/losses is shareholders' equity.

(Values in €/000)	Termination benefits	Loyalty bonus
Balance at 1 January 2013	**1,420**	**441**
Disbursements	(50)	(61)
Service cost	*0*	*14*
Interest cost	38	12
Impact on statement of income	*38*	*26*
Actuarial (gains)/losses	**(7)**	**49**
Impact on shareholders' equity	**(7)**	**49**
Balance at 31 December 2013	**1,401**	**455**

32. Trade payables

Trade payables totalled €280,712, as indicated in the following table:

(Values in €/000)	December 2013	December 2012	Change
Payables to suppliers	184,693	154,769	29,925
Payables to subsidiaries	67,458	88,503	(21,045)
Payables to associates	21,230	21,151	79
Payables to parents	7,331	0	7,331
Trade payables	**280,712**	**264,423**	**16,289**

The geographical breakdown of the item is as follows:

(Values in €/000)	December 2013	%	December 2012	%	Change
Italy	88,507	32%	90,544	34%	(2,037)
Abu Dhabi	4	0%	4	0%	0
Panama	3	0%	0	0%	3
Dubai	14,283	5%	16,664	6%	(2,381)
Ethiopia	130,451	46%	100,132	38%	30,319
Jordan	8	0%	8	0%	0
Guinea	0	0%	2	0%	(2)
Kazakhstan	24,285	9%	24,445	9%	(160)
LIbya	1,179	0%	48	0%	1,131
Morocco	609	0%	609	0%	0
Romania	396	0%	0	0%	396
Sierra leone	5,346	2%	11,290	4%	(5,944)
Turkey	0	0%	5	0%	(5)
Uganda	543	0%	2,698	1%	(2,155)
Zimbabwe	15,013	5%	17,969	7%	(2,956)
Chile	15	0%	5	0%	10
Singapore	71	0%	0	0%	71
Total	**280,712**		**264,423**		**16,290**

The overall increase in trade payables, from €264,423 at 31 December 2012 to €280,712 at 31 December 2013 is mainly attributable to the net effect of the greater debt position recognised by the Ethiopia branch and the reduction in the payables recognised by the Zimbabwe, Uganda, Sierra Leone and Dubai branches.
The Italy payables amount to €88,507.

33. Tax payables

Current tax payables amount to €16,102 and are broken down as follows:

(Values in €/000)	December 2013	December 2012	Change
Indirect taxes	8,581	3,801	4,780
Direct taxes	7,522	7,032	490
Current Tax Payables	**16,102**	**10,833**	**5,270**

The figure has increased by €5,270 compared to 31 December 2012. The item Indirect Taxes mainly consists of the VAT payable recognised for the Ethiopia branch (amounting to €3,138) and the Romania branch (amounting to €4,531), whereas the item Direct Taxes is essentially made up of the IRPEF payable for employees attributable to the Head Office (€2,047) and Other Direct Taxes relating to income tax local personnel and withholding tax on services both relating to the Ethiopia branch (totalling €4,739).

34. Related-party transactions

There are no material transactions with related parties, including intercompany transactions, of a non-recurring or unusual and/or atypical nature.

The following tables contain information on material transactions of a capital, financial and economic nature at 31 December 2013:

	Financial assets	Receivables	Payables	Total Revenues	Total Costs	Total financing income (costs)	Provisions for risks and charges
Consorzio Fat	0	46	0	11	0	0	0
Corso del Popolo Eng	0	571	0	125	0	0	0
Corso del Popolo Spa	0	25	0	11	0	0	0
Maver	0	46	0	11	0	0	0
Perugia 219	0	46	0	11	0	0	0
Piscine dello Stadio	0	54	0	11	0	0	0
Piscine Scarl	0	35	0	30	0	0	0
Salini Malaysia	0	47,309	40	3,132	0	2,537	0
SALINI AUSTRALIA PTY LTD	0	1,174	184	158	0	136	0
SALINI IMPREGILO JV MUKORSI	0	40,484	15,527	51	0	(79)	120
Todini Costruzioni Generali	0	254,760	163	10,858	2,000	8,995	33,799
Todini SpA-Akkord Industry-Salini SpA	0	6,603	0	0	89	11	0
J.V. TODINI-TAKENAKA LLC	0	592	0	0	0	0	0
Salini Rus OOO	600	9	0	9	0	0	0
Salini Nigeria	0	10,596	1,928	1,716	0	3,337	0
Salini India Private Limited	300	250	0	215	0	13	0
Salini Bulgaria EAD	815	1,190	0	69	10	33	1,425
CMT I/S	0	896	59,644	2,874	0	(348)	0
Salini Namibia	0	973	12,468	380	0	157	0
Salini Hydro Ltd	0	1,235	1,157	0	0	4,874	0
Salini Usa Inc.	566	18	0	0	0	3	0
Metro B1	0	9,147	43,754	845	26,568	0	0
Rimati	0	1,632	4,966	1	3,071	0	0
Metro B	0	282	7,878	268	0	0	0
Cogema	0	0	5,473	451	2,569	240	0
SACOLAV in liq.	0	0	36	0	0	(2)	0
Sama in liq.	0	0	68	0	0	(4)	0
TB Metro	1,658	105	0	5	0	29	0
Salini Polska ZOO	5,600	1,079	198	446	0	467	0
Empresa Costructora Metro 6 Ltda.	0	993	21	636	0	494	0

	Financial assets	Receivables	Payables	Total Revenues	Total Costs	Total financing income (costs)	Provisions for risks and charges
Salini Kolin GCF	0	0	0	415	0	0	0
Impregilo Salini Panama SA	0	0	0	1,176	0	151	0
Impregilo S.p.A	0	468	587	678	0	534,456	0
Salini Canada Inc.	0	0	7	0	4	0	0
Consorzio Mina de Cobre	0	0	5	0	3	0	0
Subsidiaries	**9,539**	**380,619**	**154,103**	**24,593**	**34,314**	**555,500**	**35,344**
CEDIV SPA	0	621	0	77	0	0	0
Co.Ge.Fin s.r.l.	0	46	0	11	0	0	0
Colle Todi S.c.a.r.l. in liquidation	0	46	0	11	0	0	0
Forum S.c.a.r.l.	0	0	174	0	0	0	0
Galileo scarl	0	27	0	11	0	0	0
G.A.B.I.RE. Srl	0	206	0	38	0	0	0
Groupment Italgisas (Morocco) in liquidation	740	0	0	0	0	0	842
Group d'entreprises Salini Strabag (Guinea)	0	0	5	0	0	0	0
Gaziantep Hastane Saglik	0		902	0	55	0	0
Ital.Sa.Gi. Sp.Z.O.O. (Poland)	0	44	0	0	0	0	222
Risalto srl	0	0	0	0	0	0	2
Risalto S.r.l. RM in liquidation	0	0	0	0	0	0	0
Con.Sal. S.c.n.c. in liquidation	43	0	160	0	0	0	12
Variante di Valico S.c.a.r.l. in liquidation	0	0	0	0	0	0	5
Zeis Group	21	2,248	131	319	903	45	0
Salini Saudi Arabia	0	344	3	0	0	0	0
Madonna dei Monti	0	0	0	10	270	2	0
Group d'entr Salini Strabag-Guinea	0	289	497	0	0	0	0
Impregilo S.p.A. – Morocco branch	0	0	0	0	0	0	0
J.V. Salini Acciona - Etiopia	0	1,054	0	0	0	0	0
Associates and affiliates	**804**	**4,926**	**1,872**	**478**	**1,296**	**47**	**1,084**
Consorzio Iricav Due	0	244	6,740	0	140	0	0
Pantano S.c.r.l.(10.5%)	0	0	65	0	1	0	0
Other Companies	**0**	**244**	**6,805**	**0**	**141**	**0**	**0**
Salini Costruttori	65,000	91,680	4,884	70	14,696	6,263	0
Salini Simonpietro & C. S.a.p.a.	**0**	**47**		**14**	**0**	**0**	**0**
Parent companies	**65,000**	**91,727**	**4,884**	**84**	**14,696**	**6,263**	**0**

35. Commitments and guarantees and contingent liabilities

Guarantees

The total value of guarantees given is €344,619 as detailed below:

(Values in €/000)	December 2013
Bonds for bank facilities	49,891
Bonds for finance leasing transactions	0
Bonds for warranties on work	657,422
Bonds for participation in bidding	32,266
Other bonds	25,567
Total direct guarantees given	**765,146**

Third-party guarantees issued to the Group

Guarantees issued by credit institutions and insurance companies in the interest of Italian and foreign suppliers and subcontractors in relation to their contractual obligations towards the Group totalled €82,386.

36. Information on risk management and financial instruments required by IFRS 7

The principal market risks to which the Company is exposed are interest rate risk, exchange rate risk, liquidity risk and credit risk.

Interest rate risk

The Company uses external sources of funding in the form of short-term and medium-/long-term variable-rate debt.
Accordingly, an optimal balance must be found between fixed-rate and variable-rate debt in the financing structure, in order to reduce financial costs and volatility, selectively implementing hedging transactions through simple derivative instruments that convert variable-rate debt to fixed-rate debt (IRS).
At 31 December 2013, the Company had two derivative contracts outstanding.

The following table summarises the key features of these transactions:

Type	Contract date	Maturity date	Currency	Notional amount	Fair value at 31 December 2013
IRS	12-Feb-2010	01-Aug-2016	EUR	1,711	(55)
CAP	13-May-10	01-Dec-2016	EUR	5,095	0

The change in fair value, recognised in the comprehensive income for the effective part, was €(7).
The fair value of the derivatives, amounting to €(55), was recognised under non-current financial liabilities.
With regard to the exposure to interest-rate, if 2013 interest rates had been 75 basis points higher (or lower) on average, with all other variables constant and without considering cash and cash equivalents, the pre-tax profit (loss) would have had a negative (positive) change of €4,121 million, (€906 – negative/positive – for the income statement for the year 2012).

Exchange rate risk

In terms of exchange rate risk, Company policy is to preserve the monetary difference between trade receivables and payables in foreign currency by borrowing in local currency. At 31 December 2013, no cash flow hedges were in place for specific contracts.

The following table illustrates the main assets and liabilities in foreign currency at 31 December 2013, together with the results of the sensitivity analysis:

	Foreign currency exposure 2013			Sensitivity 2013		
Statement of financial position exposure	Assets (currency/000)	Liabilities (currency/000)	Net (currency/000)	D statement of income exchange rate eur/currency +5% (eur/000)	D statement of income exchange rate eur/currency -5% (eur/000)	Exchange rates at 31 December 2013
Trade receivables						
Amounts in United Arab Emirates Dirham (Dubai)	97,755		97,755	(965)	965	5.07
Amounts in Tenge (Kazakhstan)	2,605,270		2,605,270	(613)	613	212.44
Amounts in Ethiopian Birr (Ethiopia)	113,130		113,130	(214)	214	26.40
Amounts in Moroccan Dirham (Morocco)	58,075		58,075	(258)	258	11.25
Amounts in Libyan Dinar (Libya)	270		270	(8)	8	1.70
Amounts in Zloty (Poland)	(0)		(0)	0	(0)	4.15
Amounts in Leone (Sierra Leone)	3,868,199		3,868,199	(33)	33	5,944.51
Amounts in Ugandan Schillings (Uganda)	0		0	0	0	3,484.63
Trade payables						
Amounts in united arab emirates dirham (Dubai)		**(66,308)**	**(66,308)**	**655**	**(655)**	**5.07**
Amounts in Tenge (Kazakhstan)		(2,632,646)	(2,632,646)	620	(620)	212.44
Amounts in Ethiopian Birr (Ethiopia)		(130,451)	(130,451)	247	(247)	26.40
Amounts in Moroccan Dirham (Morocco)		(15,622)	(15,622)	69	(69)	11.25
Amounts in Libyan Dinar (Libya)		(1,179)	(1,179)	35	(35)	1.70
Amounts in Zloty (Poland)		(131,405)	(131,405)	1,582	(1,582)	4.15
Amounts in Leone (Sierra Leone)		(6,161,348)	(6,161,348)	52	(52)	5,944.51
Amounts in Ugandan Schillings (Uganda)		(1,918,846)	(1,918,846)	28	(28)	3,484.63
Total gross statement of financial position exposure	**6,742,699**	**(11,057,805)**	**(4,315,106)**	**1,195**	**(1,195)**	
Derivative instruments	**0**	**0**	**0**	**0**	**0**	
Total net statement of financial position exposure	**6,742,699**	**(11,057,805)**	**(4,315,106)**	**1,195**	**(1,195)**	

Liquidity risk

The Company may be exposed to liquidity risk deriving, on the one hand, from a slowdown in payments from clients, and on the other from potential difficulties in locating external sources of funding to finance its industrial projects. Therefore, the Group dedicates special attention to managing the resources generated or absorbed by operating and/or investment activities and to the characteristics of the debt in terms of maturity and renewal in order to ensure effective and efficient management of financial resources.

As a result, a number of policies and processes have been adopted to optimise the management of financial resources in order to manage and mitigate liquidity risk:

- tendency towards centralised management of collection and payment flows;
- monitoring the available liquidity level;
- optimising the lines of credit;
- monitoring the forecast liquidity.

The following tables illustrate the Company's exposure to liquidity risk and maturity analysis:

Maturity (Values in €/000)	Balance at 31 December 2013 Financial payables A	Trade payables B	Derivative Instruments C	Total D = A + B + C
Within 1 year	222,822	280,712	13	503,547
Between 1 and 2 years	431,066	0		451,504
Between 2 and 3 years	30,651	0		30,651
Between 3 and 5 years	543,657	0		543,657
Between 5 and 7 years	0	0		0
After 7 years	0	0		0
Total	**1,228,195**	**280,712**	**13**	**1,508,920**

The maturities shown here have been analysed using non-discounted cash flows and the amounts have been entered taking into account the first date on which payment could be required.
To meet these liquidity requirements, the Company has cash reserves and generates cash flow from operations.

Credit risk

Credit risk is represented by exposure to potential losses arising from non-performance of obligations assumed by clients, nearly all of which are associated with sovereign states or government bodies. Credit risk is thus linked to country risk.
At 31 December 2013 trade receivables totalled €306,527. The Company aims to minimise credit risk through the overall management of operating working capital with respect to both receivables from clients and payables to sub-contractors and suppliers that are typical of the reference industry.

Classification of financial assets and liabilities

The following table illustrates the breakdown of the Company's assets and liabilities by measurement category.

31 December 2012 (Values in €/000)	Loans and receivables	Assets held to maturity	Available- for-sale assets	Assets and liabilities at fair value through P&L	Liabilities at amortised cost	Total carrying amount	Fair value
Non-current assets							
Loans to associate companies, subsidiaries and other Group companies	4,358					**4,358**	**4,358**
Financial assets deriving from concessions						**–**	**–**
Current assets							
Trade receivables	193,945					**193,945**	**193,945**
Other current assets	80,875					**80,875**	**80,875**
Current financial assets	241,848						
Cash and cash equivalents	71,632					**71,632**	**71,632**
Non-current liabilities							
Non-current financial liabilities					272,034	272,034	272,034
Current liabilities							
Trade payables					264,423	**264,423**	**264,423**
Current financial liabilities					241,848	**241,848**	**241,848**
Other current liabilities					80,875	**80,875**	**80,875**
31 December 2013 (Values in €/000)							
Non-current assets							
Loans to associate companies, subsidiaries and other Group companies	4,350					**4,350**	**4,350**
Financial assets deriving from concessions						**–**	**–**
Current assets							
Trade receivables	306,527					**306,527**	**306,527**
Other current assets	71,510					**71,510**	**71,510**
Current financial assets	447,929					**447,929**	**447,929**
Cash and cash equivalents	49,904					**49,904**	**49,904**
Non-current liabilities							
Non-current financial liabilities					1,005,374	**1,005,374**	**1,005,374**
Current liabilities							
Trade payables					280,712	**280,712**	**280,712**
Current financial liabilities					222,835	**222,835**	**222,835**
Other current liabilities					26,688	**26,688**	**26,688**

37. Transition to the IAS/IFRS

Introduction

As stated in Note 1, as part of the project commenced in 2008 for the transition to the IAS/IFRS for the presentation of the separate and consolidated financial statements of the most significant Group companies, the Company, in order to bring itself into line with the prevailing being used by companies in the construction industry and ensure access to international tender contracts, exercised the right established in Articles 2 and 3 of Legislative Decree 38 of 28 February 2005. Accordingly, the separate financial statements and the consolidated financial statements at 31 December 2013 have been prepared in accordance with the above-mentioned international financial reporting standards.
To that end, for the preparation of the above-mentioned document and the presentation of the financial data and necessary comparison information, the date of transition to the IAS/IFRS was designated as 1 January 2012.
In accordance with IFRS 1 – First Time Adoption, the quantitative and qualitative information on the effects of the transition to IFRS is provided below. In particular, this information relates to the impact that the transition to the International Financial Reporting Standards (IFRS) has had, with reference to the year 2012, on the financial position, earnings and cash flows.

The that end, the following have been prepared:

- notes concerning the rules for first time adoption of IFRS (IFRS 1), and the other standards selected, including the assumptions of the directors on the standard and the IFRS interpretations in force and the accounting policies adopted in the preparation of these complete separate financial statements prepared in accordance with the IFRS at 31 December 2013.
- The reconciliation between the shareholders' equity in accordance with previous accounting standards and the shareholders' equity under IFRS at the following dates:
  - date of transition to the IFRS (1 January 2012);
  - date of closure of the last financial year for which financial statements were prepared in accordance with the previous accounting standards (31 December 2012).
- The reconciliation of the profit or loss reported in the last financial statements prepared in accordance with the previous accounting standards (year 2012) with the profit or loss from the application of the IFRS for the same year.
- The comments to the reconciliations.
- The IFRS statements of financial position at 1 January 2012 and at 31 December 2012 and the IFRS consolidated income statement for the year ended 31 December 2012.

The statements of financial position at 1 January and at 31 December 2012 and the income statement and the statement of comprehensive income for the year ended 31 December 2012 have been prepared by making the appropriate adjustments and reclassifications to the final figures, prepared in accordance with the Italian laws and accounting standards, to reflect the amendments to the basis of presentation, recognition and measurement required by the IFRS. The financial statements and reconciliations have been prepared solely for the purpose of preparing the first complete financial statements in accordance with the IFRS as adopted by the European Union and do not contain the comparative data and the explanatory notes that would be required to give a true and fair view of the consolidated statement of financial position and results of operations of the Company in accordance with the IFRS.
It should be noted, moreover, that they have been prepared in accordance with International Financial Reporting Standards (IFRS) currently in force, including the IFRS recently adopted by the International Accounting Standards Board (IASB), the International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), including those previously issued by the Standing interpretations Committee (SIC). These standards are those in force at 31 December 2013.

First-time adoption rules applied in the transition to the IFRS

For the adoption of the international financial reporting standards the Company, on the basis of the instructions given and the choices made by the Salini Group (now Salini Impregilo) has applied IFRS 1. The main choices made, including the exemptions allowed by IFRS 1, with details of those used in the preparation of the opening statement of financial position at 1 January 2012 and the financial statements at 31 December 2012, are listed below:

- business combinations: IFRS 3 has not been applied retrospectively to business combinations that occurred before the date of transition to the IFRS. Accordingly, business combinations that occurred before 1 January 2012 are accounted for on the basis of Previous Accounting Standards;
- measurement of property, plant and equipment and intangible assets at fair value or, alternatively, at revalued cost as deemed cost: "fair value" at the date of transition calculated based on values obtained from an appraisal prepared by an independent third party as been used for the category of assets classified as Investment property, whereas cost has been used for the other asset categories. Also, in consideration of the information provided above regarding business combinations, the cost calculated according to the Previous Accounting Standard has been as the deemed cost for assets acquired through such combinations;
- cumulative translation differences: as permitted by IFRS 1, cumulative net exchange differences arising from the translation of previous financial statements of foreign operations have not been recognised at the transition date (1 January 2012); instead only those arising after that date have been recognised;
- employee benefits: all cumulative actuarial gains and losses at 1 January 2012 have been recognised in full at the date of transition to the IFRS, as well as the actuarial gains and losses arising subsequently.

Statement of reconciliation between the shareholders' equity at 1 January 2012 and at 31 December 2012 and the 2012 profit or loss

The differences arising from the application of the IFRS compared to the Italian accounting standards, as well as the choices made by the Company in the accounting options provided by the IFRS, have resulted in a restatement of the accounting figures prepared in accordance with the previous Italian regulations on financial statements with effects on shareholders' equity that may be summarised as follows:

Shareholders' equity al 1 January 2012

(€/000)	Italian accounting standards	Adjustments	IAS/IFRS
Shareholders' equity	230,018	(3,160)	226,858

Shareholders' equity at 31 December 2012

(Euro/000)	Principi contabili italiani	Rettifiche	Principi IAS/IFRS
Shareholders' equity	276,930	(15,728)	261,203

The reconciliation between the shareholders' equity at 1 January 2012 and 31 December 2012, as well as the profit or loss at 31 December 2012, prepared on the basis of Italian accounting standards and in accordance with the IFRS is provided below. The individual adjust items are shown in the table after tax; the "Tax effect on the reconciling items" is shown in a separate adjustment item.

(Values in €/000)	Note	Shareholders' equity at 1 January 2012	Shareholders' equity at 31 December2012	Net profit for the year 2012
Amounts according to the Italian accounting standards		**230,018**	**276,930**	**45,044**
IAS/IFRS adjustments				
Finance Leases (IAS 17)	A	14,965	10,097	(4,868)
IAS 21 - Foreign exchange effect	B	2,906	1,030	181
Valuation of equity investments at cost	C	1,708	(9,368)	(10,544)
Intangible assets	D	(369)	(12)	357
Works in progress under contract	E	(8,716)	(5,546)	4,231
Employee benefits	F	(190)	(379)	6
Tax effect on the reconciling items		(13,465)	(11,550)	(74)
Total net IAS/IFRS adjustments		(3,160)	(15,727)	(10,710)
Amounts according to the IFRS		**226,858**	**261,203**	**34,334**

Comments on the statement of reconciliation between the shareholders' equity at 1 January 2012 and at 31 December 2012 and the 2012 profit or loss

The comments on the main IFRS adjustments are provided below:

A. Finance Leases (IAS 17). Finance leases, which substantially transfer to the Company all risks and rewards incidental to ownership of the leased asset, are capitalised under tangible fixed assets on inception of the lease at the fair value of the leased asset, or at the present value of the lease payments, whichever is lower. This will be offset by a payable for an equal amount, which is gradually reduced based on the lease repayment plan. Lease payments are divided between the principal and interest, so as to obtain the application of a constant interest rate on the residual balance (principal amount). Interest is charged to the statement of income. The assets are depreciated over their estimated useful life. The application of this standard has resulted in:
   a) at 1 January 2012 an increase in shareholders' equity of €14,965, before the related tax effect of €(4,699).
   b) At 31 December 2012 an increase in shareholders' equity of €10,097, before the related tax effect of €(3,181), with an effect on the 2012 income statement of €(4,868), before the related tax effect of €1,518.

B. The adoption of IAS 21 required the preparation of financial statements of foreign branches using a single functional currency that, with the exception of branches in Dubai and Abu Dhabi, was the Euro. The application of this standard has resulted in:
   a) at 1 January 2012 an increase in shareholders' equity of €2,914, before the related tax effect of €(6,743).
   b) At 31 December 2012 an increase in shareholders' equity of €765, before the related tax effect of €(7,117), with an effect of €1,434 on the 2012 income statement, before the related tax effect of €(374).

C. Investments accounted for using the cost method and elimination of deferrals on intercompany sales. The adoption of IAS 27 has resulted in the measurement of investments in subsidiaries, associates and joint ventures at cost. In the financial statements prepared in accordance with Italian accounting standards, equity investments in subsidiaries were measured at equity and, in

accordance with this approach, asset sales with those companies, which generated gains/losses, were recognized according to the duration of the depreciation of the assets sold. The application of these standards has resulted in:

a) at 1 January 2012 an increase in shareholders' equity of €1,708, before the related tax effect of €(1,528).
b) At 31 December 2012 a decrease in shareholders' equity of €(9,485), before the related tax effect of €(1,715), with an effect of €(11,194) on the 2012 income statement, before the related tax effect of €321.

D. Intangible assets. Some types of deferred costs are not capitalised in accordance with IAS 38. This approach has resulted:

c) at 1 January 2012, in a decrease in shareholders' equity of €369, before the related tax effect of €(331).
d) at 31 December 2012, in a decrease in shareholders' equity of €(12), before the related tax effect of €49, with an effect of €357 on the 2012 income statement, before the related tax effect of €380.

E. Works in progress under contract. The adoption of the international accounting standards has resulted in adjustments on the work in progress measured according to the "cost-to- cost" method, in order to incorporate the following effects: (i) inclusion in the final contract costs of building site start-up costs, previously classified under intangible assets according to the Italian accounting standards; (ii) restatement of the work in progress in order to take account of IAS 17 for leased assets (accordingly, the depreciation of the assets, rather than the lease payments, is considered in the final costs), and subsequent valuation of the work in progress in foreign currency at stratified billing exchange rates. This approach has resulted:

a) at 1 January 2012, in a decrease in shareholders' equity of €8,716, before the related tax effect of €(1,297).
b) at 31 December 2012, in an increase in shareholders' equity of €(5,527), before the related tax effect of €785, with an effect of €3,189 on the 2012 income statement, before the related tax effect of €(511).

F. Employee benefits. The negative adjustments to shareholders' equity of €(435) at 1 January 2012 and €(471) at 31 December 2012 (before the tax effect of €118) referred to the application of actuarial methods to the post-employment benefits and the recognition of the loyalty bonus not posted for the under the Italian accounting standards.

Breakdown of the IFRS statement of financial position at 1 January 2012 and at 31 December 2012 and the ifrs income statement for the year ended at 31 December 2012

In addition to the reconciliations of the shareholders' equity at 1 January 2012 and at 31 December 2012 and the profit for the year 2012, a breakdown is provided below of the statements of financial position at 1 January 2012 and at 31 December 2012 and the income statement for the year 2012 showing the following in separate columns for each item: (a) the amounts according to the Italian accounting standards;(b) the amounts according to the Italian accounting standards reclassified according to the IFRS;(c) the adjustments for the transition to the IFRS that had an effect on shareholders' equity; (d) the total of the effects; (e) the amounts according to the IFRS.

1 January 2012

(Values in €/000)	ITA GAAP Reclassified	Adj IAS/IFRS	IAS/IFRS
ASSETS	**Reclassified**		
Property, plant and equipment	74,780	72,771	147,551
Investment property	0	0	0
Intangible assets	1,074	(793)	281
Investments in associates, subsidiaries and joint ventures	51,095	(3,089)	48,006
Other equity investments	122,873	0	122,873
Non-current financial assets	3,598	32	3,629
Other non-current assets	1,717	0	1,717
Deferred tax assets	9,103	(5,924)	3,179
Total non-current assets	**264,239**	**62,997**	**327,236**
Inventories	90,342	(130)	90,211
Amounts due from clients	185,028	(8,438)	176,590
Trade receivables	318,833	0	318,833
Current financial assets	0	0	0
Tax receivables	1,296	0	1,296
Other current assets	93,717	(7,809)	85,909
Cash and cash equivalents	211,375	0	211,375
Total current assets	**900,592**	**(16,377)**	**884,215**
Non-current assets held for sale	0	0	0
Total assets	**1,164,831**	**46,620**	**1,211,451**

(Values in €/000)	ITA GAAP Reclassified	Adj IAS/IFRS	IAS/IFRS
Shareholders' equity			
Total Share capital	62,400	0	62,400
(Treasury shares)	0	0	0
Legal reserve	0	0	0
Retained earnings (losses)	0	0	0
Other reserves	167,618	(3,160)	164,458
Other components of comprehensive income	0	0	0
Total capital and reserves	**230,018**	**(3,160)**	**226,858**
Net profit/(loss)	0	0	0
Total shareholders' equity	**230,018**	**(3,160)**	**226,858**

(Values in €/000)	ITA GAAP Reclassified	Adj IAS/IFRS	IAS/IFRS
Liabilities			
Non-current financial liabilities	4,218	38,697	42,915
Provisions for risks and charges	6,953	0	6,953
Other non-current liabilities	5,943	0	5,943
Employee benefits	1,535	240	1,775
Deferred tax liabilities	0	2,672	2,672
Amounts due to clients after 12 months	475,220	0	475,220
Total non-current liabilities	**493,868**	**41,609**	**535,476**
Amounts due to clients within 12 months	163,857	(770)	163,088
Trade payables	127,240	0	127,240
Current financial liabilities	127,143	8,941	136,084
Tax payables	14,513	0	14,513
Other current liabilities	8,191	0	8,191
Total current liabilities	**440,945**	**8,171**	**449,117**
Non-current liabilities held for sale			0
Total liabilities	**934,813**	**49,780**	**984,593**
Shareholders' equity and liabilities	**1,164,831**	**46,620**	**1,211,451**

31 December 2012

(Values in €/000)	ITA GAAP Reclassified	Adj IAS/IFRS Reclassifications	IAS/IFRS	Note
Assets				
Property, plant and equipment	96,045	112,443	208,488	[1]
Investment property	0	0	0	
Intangible assets	1,294	(1,039)	255	[2]
Investments in associates, subsidiaries and joint ventures	372,728	(16,875)	355,853	[3]
Other equity investments	1,261	0	1,261	
Non-current financial assets	3,070	1,289	4,358	
Other non-current assets	2,670	1,732	4,402	
Deferred tax assets	7,460	(3,558)	3,902	[4]
Total non-current assets	**484,527**	**93,992**	**578,519**	
Inventories	111,148	298	111,446	
Amounts due from clients	227,668	(51)	227,617	[5]
Trade receivables	434,778	(240,833)	193,945	
Current financial assets	0	241,848	241,848	
Tax receivables	12,628	(0)	12,628	
Other current assets	86,005	(5,129)	80,875	[6]
Cash and cash equivalents	71,632	(0)	71,632	
Total current assets	**943,860**	**(3,868)**	**939,992**	
Non-current assets held for sale	0	0	0	
Total assets	**1,428,387**	**90,124**	**1,518,511**	

(Values in €/000)	ITA GAAP Reclassified	Adjustments IAS/IFRS Reclassifications	IAS/IFRS	Note
Shareholders' equity				
Total Share capital	62,400	0	62,400	
(Treasury shares)	0	0	0	
Legal reserve	0	0	0	
Retained earnings (losses)	0	(0)	(0)	
Other reserves	169,486	(10,783)	158,703	
Other components of comprehensive income	0	5,765	5,765	
Total capital and reserves	**231,886**	**(5,017)**	**226,869**	
Profit/(loss) for the year	45,044	(10,710)	34,334	
Total shareholders' equity	**276,930**	**(15,728)**	**261,203**	

(Values in €/000)	ITA GAAP Reclassified	Adjustments IAS/IFRS Reclassifications	IAS/IFRS	Note
Liabilities				
Non-current financial liabilities	194,314	77,720	272,034	[7]
Provisions for risks and charges	9,467	(614)	8,852	
Other non-current liabilities	5,957	896	6,853	
Employee benefits	1,432	429	1,861	[8]
Deferred tax liabilities	0	5,838	5,838	[9]
Amounts due to clients after 12 months	416,500	0	416,500	
Total non-current liabilities	**627,670**	**84,268**	**711,939**	
Amounts due to clients within 12 months	130,061	2,675	132,736	[10]
Trade payables	282,110	(17,687)	264,423	
Current financial liabilities	79,444	22,440	101,885	[7]
Tax payables	10,833	(0)	10,833	
Other current liabilities	21,338	14,155	35,493	
Total current liabilities	**523,786**	**21,583**	**545,369**	
Non-current liabilities held for sale			0	
Total liabilities	**1,151,457**	**105,851**	**1,257,308**	
Shareholders' equity and liabilities	**1,428,387**	**90,124**	**1,518,511**	

31 December 2012

Income statement (Values in €/000)	ITA GAAP Reclassified	Adj IAS/IFRS Reclassifications	IAS/IFRS	Note
Revenues	685,022	1,033	686,054	[11]
Other Revenues and Earnings	58,542	1,173	59,715	
Total Revenues	**743,564**	**2,206**	**745,769**	
Cost of Sales	93,056	976	94,032	
Service costs	502,723	(18,571)	484,152	[12]
Personnel costs	82,386	(228)	82,157	
Amortisation, Depreciation and Write-downs	25,405	23,767	49,172	[13]
Other operating costs	7,672	348	8,021	
Total Costs	**711,242**	**6,292**	**717,534**	
Costs capitalised for internal work	0	0	0	
Operating Profit (Loss) (EBIT)	**32,322**	**(4,087)**	**28,235**	
Total financial income	45,656	13,999	59,655	[14]
Total Interest and Other Fin. Expenses	32,369	5,726	38,094	[15]
Income/(expenses) from equity-accounted investments	16,002	(14,674)	1,329	[16]
Profit (loss) before tax	**61,612**	**(10,487)**	**51,125**	
Income tax for the year	16,568	223	16,791	
Profit (loss) from Continuing Operations	**45,044**	**(10,710)**	**34,334**	
Profit (loss) from Discontinued Operations	0	0	0	
Net profit	**45,044**	**(10,710)**	**34,334**	

Comments on the main changes in the statement of financial position and the income statement

Brief comments are provided below on the main changes in the items of the statement of financial position shown in the column “Adj IAS/IFRS”.

Note 1 – Property, plant and equipment – Non-current financial assets

The increase of €38,010 in this item at 1 January 2012 and €25,603 at 31 December 2012 it is attributable to the net effect of the following changes: (i) application of IAS 17 - Leased assets, which led to the inclusion in the financial statements of the assets on financial lease; (ii) effect of the translation of the financial statements of foreign subsidiaries prepared in multi-currency accounting, to a single functional currency, as required by IAS 21.

Note 2 – Intangible assets

The decrease in this item at 1 January 2012 and at 31 December 2012 of €793 and €1,039 respectively, is mainly attributable to the elimination of intangible assets (tender expenses and advertising expenses) not capitalised in accordance with IAS 38, part of which have been included in the measurement of the contract work in progress (building site start-up and contract acquisition costs).

Note 3 – Equity investments

The decrease in this item at 1 January 2012 and at 31 December 2012 is €3,089 and €16,875 respectively; the Company, in accordance with IFRS 1.31, has used the carrying amount at 31 December 2011 (determined in accordance with ITA GAAP) as the deemed cost for the equity investments in subsidiaries; accordingly for the year 2012 effects from measurement using the equity method have been eliminated.

Note 4 – Deferred tax assets

The decrease in the item at 1 January 2012 and at 31 December 2012 of €5,924 and €3,558 respectively, is attributable to the calculation of the deferred taxes on the adjustments recognised, upon conversion to IFRS of the individual items concerns, net of the reabsorption arising from the change in the tax rates at 31 December 2012 compared to those in force at 1 January 2012.

Note 5 – Amounts due from clients

The increase in the item is mainly due to the following effects: (i) inclusion in the final contract costs of building site start-up costs, previously classified under intangible assets according to the Italian accounting standards; (ii) restatement of the work in progress in order to take account of IAS 17 for leased assets (accordingly, the depreciation of the assets, rather than the lease payments, is considered in the final costs); (iii) valuation of the work in progress in foreign currency at stratified billing exchange rates.

Note 6 – Other current assets

The change in the items is due to reclassifications of lease prepayments under current/non-current financial liabilities.

Note 7 – Non-current/current financial liabilities

The change in the items is attributable to the inclusion of the payables to other lenders in relation to finance leases.

Note 8 – Employee benefits

The positive adjustments of €240 at 1 January 2012 and €429 at 31 December 2012 referred to the application of actuarial methods to the post-employment benefits and the recognition of the loyalty bonus not posted for the under the Italian accounting standards.

Note 9 – Deferred tax liabilities

The adjustments (€2,672 at 1 January 2012 and €5,838 at 31 December 2012) are attributable to the calculation of the deferred taxes on IFRS adjustments recognised, net of the reabsorption arising from the change in the tax rates at 31 December 2012 compared to those in force at 1 January 2012.

Note 10 – Amounts due to clients

The increase in the item at 1 January 2012 and at 31 December 2012 is attributable to the following changes: restatement of the work in progress in order to take account of IAS 17 for leased assets (accordingly, the depreciation of the assets, rather than the lease payments, is considered in the final costs), and subsequent valuation of the work in progress in

foreign currency at stratified billing exchange rates; enlargement of the consolidation scope.

Note 11 – Revenues

The increase in revenues of €1,033 is mainly due to the net effect of the following changes: (ii) restatement of the work in progress in order to take account of IAS 17 for leased assets (accordingly, the depreciation of the assets, rather than the lease payments, is considered in the final costs); (i) inclusion in the measurement of the contract work in progress of building site start-up and contract acquisition costs, posted under intangible assets according to the previous Italian accounting standards.

Note 12 – Service costs

The decrease of €18,571 in service costs is due to the elimination of the costs for lease fees, in accordance with IAS 17.

Note 13 – Amortisation, depreciation, provisions and impairment losses

The adjustment of €23,767 in the item it is due entirely to the effect arising from the reversal of the amortisation of intangible assets that can no longer be capitalised.

Note 14 – Financial Income/Expense

The adjustments to financial income and expense are attributable to the effects of the application of amortised cost, as well as the application of IAS 21, which have resulted in the recognition in the income statement of exchange differences arising during the year and recognized in a reserve for the translation of financial statements of foreign branches with multi-currency accounting.

Note 15 – Income/(expenses) from equity-accounted investments

The decrease of €14,674 in this item is attributable to the effect of the application of IFRS 1.31, as reported in Note 3 above..

38. Subsequent events

For significant events occurring after the end of the 2013 reporting period, see the Directors' report.

The Board of Directors

Annex 1 - Changes in equity investments

The equity investments of Salini S.p.A. are shown below:

	31 December 2012					
(Values in €/000)	Original Cost	Revaluations	Write-downs	Balance	Reclass./Acq./ Disp.	Dividends
a) Equity investments in subsidiaries						
JV Todini - Akkord - Salini	2,055	0	0	**2,055**	0	0
Salini Australia PTY LTD	8	0	0	**8**	2,813	0
CO.GE.MA. SPA	2,059	0	0	**2,059**	0	0
CMT I/S	1,922	0	0	**1,922**	15,000	0
Impregilo SpA	0	0	0	**0**	1,253.318	0
Hemus Motorway AD	338	0	0	**338**	0	0
Salini India Private Limited	240	0	0	**240**	(240)	0
Metro B1 Scarl	1,953	0	0	**1,953**	0	0
Metro B s.r.l.	10,504	0	0	**10,504**	0	0
Risalto S.r.l. RM in liquidation	0	0	0	**0**	80	0
RIMATI SCARL	699	0	0	**699**	0	0
SAMA Scarl in liq.	41	0	0	**41**	0	0
Salini Hydro Ltd	2,692	0	0	**2,692**	0	0
Salini Kolin Cgf Joint Venture	0	0	0	**0**	0	0
Sa.Co.Lav. S.c.a r.l.	10	0	0	**10**	0	0
Salini Malaysia SDN	610	0	0	**610**	0	0
Salini Polska Sp. Z.o.o.	55	0	0	**55**	0	0
Salini RUS OOO	74	0	0	**74**	(74)	0
Todini Costruzioni Generali SpA	34,964	237	0	**35,201**	(35,201)	0
TB METRO SRL	173	0	0	**173**	(138)	0
Variante di Valico Scarl in liq.	0	0	0	**0**	38	0
Empresa Constructora Metro 6 Ltd	0	0	0	**0**	21	0
Impregilo Salini (Panama), S.A.	0	0	0	**0**	4	0
Salini USA, INC	0	0	0	**0**	15	0
Consorzio Mina de Cobre	0	0	0	**0**	5	0
Salini Canada Inc.	0	0	0	**0**	7	0
Salini Ins.taah.san.ve Tik. Anonim Sirketi	0	0	0	**0**	18	0
Third parties	2	0	0	**2**	0	0
Total	**58,401**	**237**	**0**	**58,638**	**1,235.666**	**0**

Change during the year 2013						31 December 2013		
Revaluations/ writedowns.	Provision Reclassification	Provision Accrual	Release/Use Provisions	Other changes	Total	Original Cost	Write-downs	Balance
0	0	0	0	0	0	2,055	0	**2,055**
0	0	0	0	0	2,813	2,820	0	**2,820**
0	0	0	0	0	0	2,059	0	**2,059**
0	0	0	0	0	15,000	16,922	0	**16,922**
0	0	0	0	0	1,253,318	1,253,318	0	**1,253,318**
0	0	0	0	0	0	338	0	**338**
0	0	0	0	0	(240)	0	0	**0**
0	0	0	0	0	0	1,953	0	**1,953**
0	0	0	0	0	0	10,504	0	**10,504**
0	0	0	0	0	80	80	0	**80**
0	0	0	0	0	0	699	0	**699**
0	0	0	0	0	0	41	0	**41**
0	0	0	0	0	0	2,692	0	**2,692**
0	0	0	0	0	0	0	0	**0**
0	0	0	0	0	0	10	0	**10**
0	0	0	0	0	0	610	0	**610**
0	0	0	0	0	0	55	0	**55**
0	0	0	0	0	(74)	0	0	**0**
0	0	0	0	0	(35,201)	0	0	**0**
0	0	0	0	0	(138)	36	0	**36**
0	0	0	0	0	38	38	0	**38**
0	0	0	0	0	21	21	0	**21**
0	0	0	0	0	4	4	0	**4**
0	0	0	0	0	15	15	0	**15**
0	0	0	0	0	5	5	0	**5**
0	0	0	0	0	7	7	0	**7**
0	0	0	0	321	339	339	0	**339**
0	0	0	0	0	0	2	0	**2**
0	0	0	0	321	1,235,987	**1,294,624**	**0**	**1,294,625**

(Values in €/000)	31 December 2012 Original Cost	Revaluations	Write-downs	Balance	Reclass./Acq./ Disp.	Dividends
b) Equity investments in associates						
Forum S.c.a r.l.	10	0	0	**10**	0	0
Groupment Italgisas (Morocco) In liq.	186	0	186	**0**	0	0
Group d'entreprises Salini Strabag (Guinea)	5	0	0	**5**	0	0
Ital.Sa.Gi. Sp.Z.O.O. (Poland)	325	0	325	**0**	0	0
Impregilo SpA	297,141	0	0	**297,141**	(297,141)	0
Risalto Srl	30	0	0	**30**	(30)	0
Joint Venture Salini-Acciona (Ethiopia)	9	0	0	**9**	0	0
Con.Sal. S.c.n.c. in liq.	5	0	5	**0**	0	0
S.Ruffillo S.c.a.r.l.	21	0	0	**21**	0	0
Variante di Valico Scarl (In liq.)	30	0	0	**30**	(30)	0
Gaziantep Hastane Saglik	0	0	0	**0**	1,129	0
Total	**297,763**	**0**	**516**	**297,247**	**(296,072)**	**0**
c) Other equity investments						
Autostrade Torino- Milano S.p.A.	1,126	0	0	**1,126**	(1,126)	0
Consorzio Iricav Due	70	0	0	**70**	0	0
C.R.R. GG.OO. SPA 0.5%	26	0	0	**26**	(26)	0
I.S.V.E.U.R.-SPA (1%)	34	0	0	**34**	0	0
Pantano S.C.R.L.(10.5%)	4	0	0	**4**	0	0
Total	**1,261**	**0**	**0**	**1,261**	**(1,152)**	**0**
Provisions for risks on equity investments						
Groupment Italgisas (Morocco) in liq.	0	0	0	**842**	0	0
Ital.Sa.Gi. Sp.Z.O.O. (Poland)	0	0	0	**222**	0	0
Risalto srl	0	0	0	**2**	0	0
Salini Bulgaria AD	0	0	0	**1,425**	0	0
Tokwe Mukorsi Dam	0	0	0	**121**	0	0
Con.Sal. S.c.n.c. in liquidation	0	0	0	**12**	0	0
Sede	0	0	0	**0**	0	0
Variante di Valico Scarl in liquidation	0	0	0	**5**	0	0
Third parties	0	0	0	**10**	0	0
Total	**0**	**0**	**0**	**2,640**	**0**	**0**

Change during the year 2013						31 December 2013		
Revaluations/ writedowns.	Provision Reclassification	Provision Accrual	Release/Use Provisions	Other changes	Total	Original Cost	Write-downs	Balance
0	0	0	0	0	0	10	0	10
0	0	0	0	0	0	186	186	0
0	0	0	0	0	0	5	0	5
0	0	0	0	0	0	325	325	0
0	0	0	0	0	(297,141)	0	0	0
0	0	0	0	0	(30)	0	0	0
0	0	0	0	0	0	9	0	9
0	0	0	0	0	0	5	5	0
0	0	0	0	0	0	21	0	21
0	0	0	0	0	(30)	0	0	0
0	0	0	0	0	1,129	1,129	0	1,129
0	**0**	**0**	**0**	**0**	**(296,072)**	**1,691**	**516**	**1,175**
0	0	0	0	0	(1,126)	0	0	0
0	0	0	0	0	0	70	0	70
0	0	0	0	0	(26)	0	0	0
0	0	0	0	0	0	34	0	34
0	0	0	0	0	0	4	0	4
0	**0**	**0**	**0**	**0**	**(1,152)**	**109**	**0**	**109**
0	0	0	0	0	0	0	0	842
0	0	0	0	0	0	0	0	222
0	0	0	0	0	0	0	0	2
0	0	0	0	0	0	0	0	1,425
0	0	0	0	0	0	0	0	121
0	0	0	0	0	0	0	0	12
0	0	33,799	0	0	33,799	0	0	33,799
0	0	0	0	0	0	0	0	5
0	0	0	0	0	0	0	0	10
0	**0**	**33,799**	**0**	**0**	**33,799**	**0**	**0**	**36,439**

The list of equity investments held at 31.12.2013 and related information required by Articles 2427 and 2429 (last paragraph) of the Italian Civil Code is as follows:

(Values in €/000)	Date of Establishment	Registered Office	Assets	Liabilities
Subsidiaries:				
CO.GE.MA. S.p.A.	07/04/1982	Rome (Italy)	12,091	9,896
Hemus Motorway AD (in liquidation)	05/08/2004	Sofia (Bulgaria)	660	2
J. V. Salini Impregilo Mukorsi (*)	20/09/1996	Mukorsi (Zimbabwe)	86,753	86,746
Metro b1 S.c.a r.l.	27/10/2004	Rome (Italy)	69,407	66,988
RI.MA.T.I. S.c.ar.l.	27/10/2004	Rome (Italy)	6,064	5,227
Sa.Co.Lav. S.c.ar.l.. (in liq.)	08/05/2000	Rome (Italy)	51	40
Sa.Ma S.c. a r.l. (in liq.)	12/01/1999	Rome (Italy)	73	21
Salini Hydro Limited	11/08/1993	Dublin (Ireland)	3,867	1,701
Salini Bulgaria EAD	06/08/2008	Sofia (Bulgaria)	91	2,039
Salini Nigeria Ltd.	03/01/2001	Abuja (Nigeria)	412,562	401,248
TB Metro S.r.l.	13/03/2008	Rome (Italy)	1,842	1,770
Salini Malaysia SDN	13/01/2009	Kuala Lumpur (Malaysia)	127,370	124,300
CMT Danimarca	28/02/2011	Copenhagen (Denmark)	256,796	225,152
Salini Polska Zoo	31/03/2011	Warsaw (Poland)	52,565	52,006
Metro B Srl	07/02/2012	Rome (Italy)	4,870	1,369
Salini Rus OOO	03/09/2012	Mosca (Russia)	198	612
Todini Akkord Salini JV Activity - Ucraina	29/09/2011	Rivne (Ukraine)	64,691	53,901
Salini Australia Pty Ltd.	13/06/2012	Brisbane	2,911	1,680
Salini India Private	24/11/2011	Haryana	204	574
Salini Singapore	06/12/2012	Singapore	6	27
Salini Kolin CFG JV - Turkey	14/10/2011	Kocaeli (Turkey)	20,062	13,611
Salini Inçaat taahhùt Sanayi ve Ticaret Anonim Sirketi	18/11/2013	Istanbul (Turkey)	10	0
Salini USA Inc.	04/10/2012	New Jersey (USA)	662	721
Salini Namibia Pty Ltd.	20/02/2013	Windhoek (Namibia)	26,761	26,570
Empresa Constructora Metro 6 Ltda	04/03/2013	Santiago del Chile (Chile)	32,025	31,713
Consorzio Mina de Cobre	30/01/2013	Milan (Italy)	13,476	3,476
Impregilo Salini (Panama) S.A.	21/01/2013	Panama	1,017	257
Consorzio Libyan Expressway Contractors	26/09/2013	Milan (Italy)	310	300
Risalto S.r.l. in liquidazione (**)	10/06/2002	Rome (Italy)	105	34
Variante di Valico S.c.ar.l. (in liq.) (**)	13/10/2004	Rome (Italy)	80	1
Subsidiaries total			**1,197,580**	**1,111,982**

(*) Costs and revenues divided pro-rata among the partners.
(**) Unconsolidated companies.

Shareholders' equity	Costs	Revenues	Profit (Loss)	% Holding	Profit/(loss) for the year, pro-rata	Shareholders' equity, pro rata	Salini carrying amount	Salini Financial Statements Risk Provision
2,195	7,518	8,679	1,161	100.00%	1,161	2,195	2,059	0
658	3	0	(3)	51.00%	(2)	336	338	0
7	66,322	66,322	0	99.90%	0	7	0	121
2,419	37,604	37,604	0	80.70%	0	1,952	1,953	0
837	3,799	3,799	0	83.42%	0	698	699	0
12	1	2	1	100.00%	1	12	10	0
52	2	4	2	99.00%	2	51	41	0
2,166	1,314	1,446	132	100.00%	132	2,166	2,692	0
(1,948)	349	50	(299)	100.00%	(299)	(1,948)	0	1,425
11,314	105,734	112,597	6,863	99.00%	6,794	11,201	0	0
72	34	8	(26)	51.00%	(13)	37	36	0
3,070	182,179	182,175	(4)	90.00%	(4)	2,764	610	0
31,644	306,997	324,127	17,130	99.99%	17,128	31,640	16,922	0
559	137,170	137,863	693	100.00%	693	559	55	0
3,501	2,897	1,990	(907)	52.52%	(476)	1,839	10,504	0
(414)	1,004	587	(417)	99.00%	(413)	(410)	0	0
10,790	27,418	18,331	(9,087)	40.00%	(3,635)	4,316	2,065	0
1,231	6,504	5,308	(1,196)	100.00%	(1,196)	1,231	2,820	0
(370)	588	96	(492)	95.00%	(467)	(352)	0	0
(21)	19	1	(18)	100.00%	(18)	(21)	0	0
6,451	62,910	67,877	4,967	38.00%	1,887	2,451	0	0
10	8	0	(8)	100.00%	(8)	10	339	0
(59)	73	0	(73)	100.00%	(73)	(59)	15	0
191	3,184	3,401	217	100.00%	217	191	1	0
312	23,629	23,972	343	51.00%	175	159	21	0
10,000	3,476	3,476	0	50.00%	0	5,000	5	0
760	3,704	4,493	789	50.00%	395	380	4	0
10	40	40	0	15.50%	0	2	1	0
71	1	0	(1)	66.66%	(1)	47	80	2
79	1	0	(1)	66.66%	(1)	53	38	5
85,599	**984,482**	**1,004,247**	**19,766**		**21,980**	**66,507**	**41,308**	**1,553**

(Values in €/000)	Date of Establishment	Registered Office	Assets	Liabilities
Associates:				
Con.Sal. S.c.n.c. in liq. (****)	10/05/1983	Rome (Italy)	555	608
Forum S.c.ar.l.	20/02/1996	Rome (Italy)	1,267	1,215
Group. d'entreprises Salini Strabag (**)	22/12/1995	Guinea	1,195	1,184
Groupement Italgisas (in liq.) (*)	03/06/1992	Kenitra (Morocco)	144	2,951
Ital.Sa.Gi. Sp.Zoo (***)	20/07/1994	Katowice (Poland)	0	0
J. V. Salini Acciona (**)	27/10/1998	Addis Abeba (Ethiopia)	178,225	172,413
S. Ruffillo - S.c.ar.l.	08/02/2000	Rome (Italy)	41,824	41,764
Associates total			**223,210**	**220,136**

(*) Final position at 31.12.2005.
(**) Costs and revenues divided pro-rata among the partners; final position at 31.12.2012.
(***) Final position at 31.12.2002.
(****) Final position at 31.12.2012.

Shareholders' equity	Costs	Revenues	Profit Costs (Loss)	% Holding	Profit/(loss) for the year, pro-rata	Shareholders' equity, pro rata	Salini carrying amount	Salini Financial Statements Risk Provision
(53)	22	10	(12)	30.00%	(4)	(16)	0	12
52	2	2	0	33.33%	0	17	10	0
10	382	486	103	50.00%	52	5	5	0
(2,807)	3	0	(3)	30.00%	(1)	(842)	0	842
0	0	0	0	33.00%	0	(221)	0	222
5,812	2,952	2,952	0	50.00%	0	2,906	9	0
60	208	208	0	0.00%	0	0	21	0
3,074	**3,569**	**3,658**	**88**		**47**	**1,849**	**45**	**1,076**