

**SALINI S.P.A.**

**DIRECTORS' REPORT  
AND FINANCIAL STATEMENTS  
AT 31 DECEMBER 2012**

## **MISSION**

*The Salini Group is a general contractor specialising in the construction of major, complex works throughout the world. Inspired by the principles of sustainable development, the Group uses technological and organisational innovation as well as its extraordinary human and professional resources to develop construction solutions capable of enhancing the resources of communities and contributing to the economic and social improvement of nations.*

## SUMMARY

<b>DIRECTORS' REPORT</b> .....	<b>4</b>
<b>CORPORATE BODIES</b> .....	<b>5</b>
<b>FINANCIAL HIGHLIGHTS</b> .....	<b>8</b>
<b>Key income and financial position figures of the Group</b> .....	<b>9</b>
<b>Sustainable development</b> .....	<b>16</b>
<b>Quality, Safety and the Environment</b> .....	<b>18</b>
<b>Corporate Governance</b> .....	<b>19</b>
<b>Human resources</b> .....	<b>21</b>
<b>Creating a “National Champion”</b> .....	<b>23</b>
<b>Research and development</b> .....	<b>25</b>
<b>OPERATING PERFORMANCE</b> .....	<b>26</b>
<b>Analysis of income, financial position and cash flow</b> .....	<b>27</b>
<b>Introduction</b> .....	<b>27</b>
<i>Summary of consolidated financial information</i> .....	<i>27</i>
<i>Economic and operating performance</i> .....	<i>29</i>
<b>Business performance by geographical area</b> .....	<b>377</b>
<i>Abroad</i> .....	<i>377</i>
<i>Italy</i> .....	<i>466</i>
<b>Main companies of the Salini S.p.A. Group</b> .....	<b>50</b>
<i>Salini S.p.A. (parent company)</i> .....	<i>50</i>
<i>Todini Costruzioni Generali S.p.A.</i> .....	<i>54</i>
<b>Reclassified income statement</b> .....	<b>54</b>
<b>OTHER INFORMATION</b> .....	<b>57</b>
<b>Treasury shares</b> .....	<b>58</b>
<b>Management and coordination</b> .....	<b>58</b>
<b>Statutory audit</b> .....	<b>58</b>
<b>Alternative performance indicators</b> .....	<b>58</b>
<b>Information on related-party transactions</b> .....	<b>59</b>
<b>Exercise of the tax consolidation option for IRES (corporate income tax)</b> .....	<b>60</b>
<b>Branch offices</b> .....	<b>60</b>
<b>Salini Group risk management</b> .....	<b>61</b>
<b>Subsequent events</b> .....	<b>61</b>
<b>Conclusions</b> .....	<b>65</b>
<b>FINANCIAL STATEMENTS AT 31 DECEMBER 2012</b> .....	<b>66</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b> .....	<b>75</b>
<b>ANNEXES TO THE NOTES TO THE FINANCIAL STATEMENTS</b> .....	<b>144</b>

# **DIRECTORS' REPORT**

## **CORPORATE BODIES**

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## Corporate bodies

(At 31 December 2012)

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### BOARD OF DIRECTORS

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<i>Chairman</i>	Simonpietro Salini
<i>CEO</i>	Pietro Salini
<i>Directors</i>	Simon Pietro Salini
	Luisa Todini
	Alessandro Salini
	Francesco Perrini*
	David Morganti*
	Roberto Cera*
	Gianluca Piredda*

\*Independent

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### EXECUTIVE COMMITTEE

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<i>Committee Members</i>	Simonpietro Salini
	Pietro Salini
	Simon Pietro Salini

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### INTERNAL CONTROL AND CORPORATE GOVERNANCE COMMITTEE

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<i>Committee Members</i>	David Morganti
	Roberto Cera
	Gianluca Piredda

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## REMUNERATION COMMITTEE

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*Committee Members*

David Morganti

Roberto Cera

Gianluca Piredda

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## BOARD OF STATUTORY AUDITORS

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*Chairman*

Roberto Parasassi

*Statutory Auditors*

Claudio Volponi

Federico Parasassi

*Alternate Auditors*

Roberto Melluso

Francesco Farina

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## INDEPENDENT AUDITORS

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*Independent Auditors*

Reconta Ernst & Young

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## **FINANCIAL HIGHLIGHTS**

## Key income and financial position figures of the Group

(Values in €/000)

**31-Dec-2012**

TOTAL INCOME	1,838,446
EBITDA	189,616
<b>EBITDA Margin</b>	<b>10.3%</b>
EBIT	97,003
<b>EBIT Margin</b>	<b>5.3%</b>
EBT (a)	369,542
<b>EBT Margin</b>	<b>20.1%</b>
NET PROFIT ATTRIBUTABLE TO THE GROUP	324,412

TOTAL FIXED ASSETS	919,211
OPERATING WORKING CAPITAL	(143,362)
RESERVES	(18,901)
<b>Uses</b>	<b>756,949</b>
SHAREHOLDERS' EQUITY	(593,723)
NET FINANCIAL DEBT	(163,225)
<b>Funding</b>	<b>(756,949)</b>

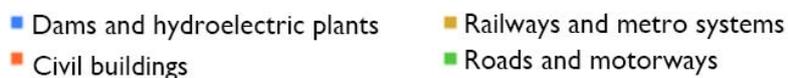
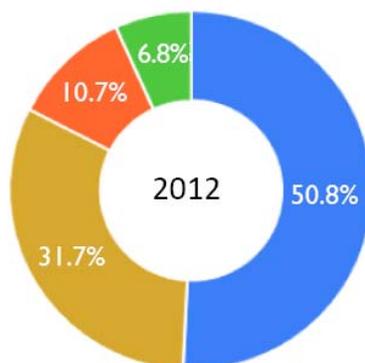
<b>Net Debt / Equity</b>	<b>0.27</b>
<b>Net Debt / EBITDA</b>	<b>0.86</b>

<b>ROS (Return on Sales)</b>	<b>5.3%</b>
<b>ROE (Return on Equity)</b>	<b>57.3%</b>
<b>ROI (Return on Investments)</b>	<b>12.8%</b>
<b>Current Asset Ratio</b>	<b>147.8%</b>

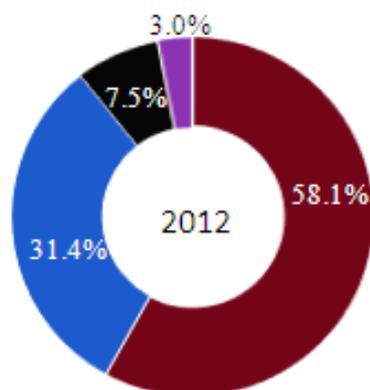
- (a) The result is significantly influenced by the economic effect equal to approximately €274 million resulting from the application of the net equity method in the evaluation of the subsidiary Impregilo S.p.A., which became an associate company during the year.

**Portfolio of work in hand by sector (€/000)**

Dams and hydroelectric plants	50.8%	<b>31-Dec-2012</b> 4,886,668
Railways and metro systems	31.7%	3,054,552
Civil buildings	10.7%	1,030,360
Roads and motorways	6.8%	652,415
		<b>9,623,995</b>

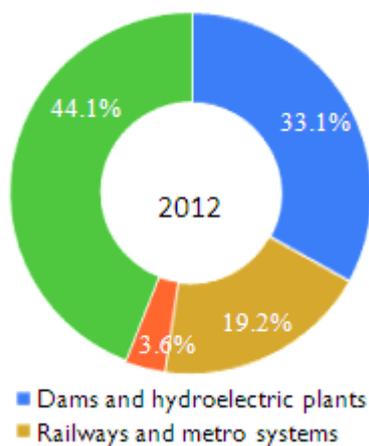
**Portfolio of work in hand by geographical area (€/000)**

Africa	58.1%	<b>31-Dec-2012</b> 5,588,462
EU	31.4%	3,024,094
Asia	7.5%	718,503
Non-EU	3.0%	292,936
		<b>9,623,995</b>

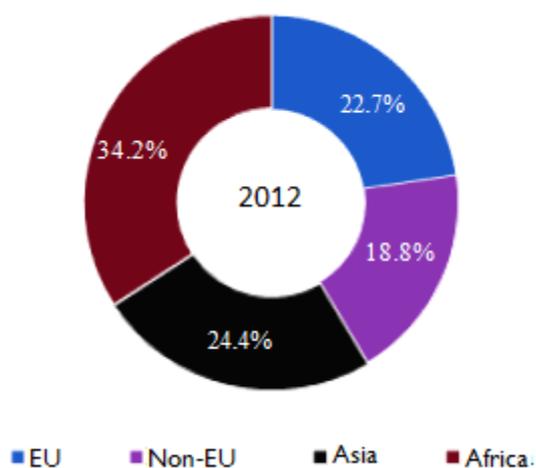


**Operating income by sector (€/000)**

Dams and hydroelectric plants	33.1%	586,656
Railways and metro systems	19.2%	339,828
Civil buildings	3.6%	63,323
Roads and motorways	44.1%	780,059
		<b>1,769,866</b>

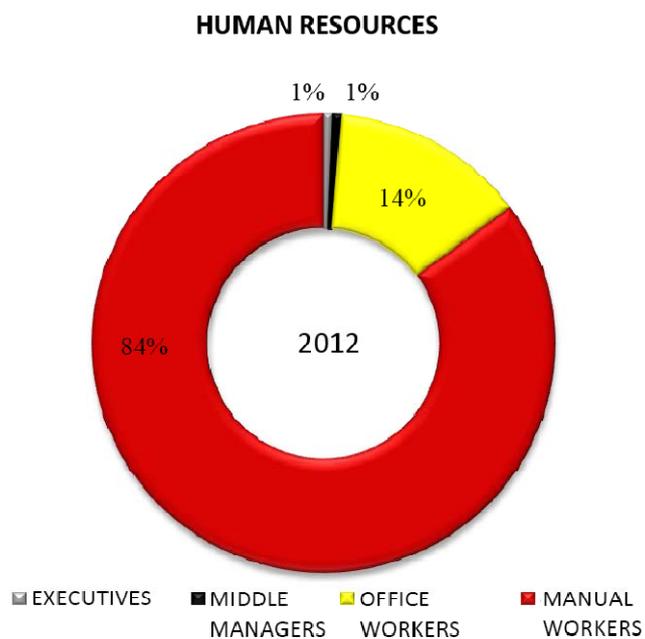
**31-Dec-2012****Operating income by geographical area (€/000)**

EU	22.7%	401,433
Non-EU	18.8%	332,172
Asia	24.4%	431,143
Africa	34.2%	605,118
America	0.0%	-
		<b>1,769,866</b>

**31-Dec-2012**

**Summary personnel figures****31-Dec-2012**

PERSONNEL COSTS	195,701
NUMBER OF EMPLOYEES	19,531



## Macroeconomic scenario and reference markets

Over the last decade the global demand for complex and large-scale infrastructures remained strong despite the global economic slow-down which, especially in economically developed countries, has generated significant repercussions for the construction industry.

Concurrently, engineering companies and others in the sector operating at the global level have been the subject of a process of concentration aimed at achieving critical mass and acquiring specific skills necessary for the implementation of technologically complex and value added projects (“mega projects”).

The Salini Group estimates that the construction sector, in 2013-2015, will resume growth by as much as 9% with an average annual value of the global reference market estimated at over €600 billion.

The expected growth will be driven by emerging countries, with special reference to Latin America (+17% on average per year in the period 2012-15), Africa (+10% on average per year in the period 2012-15), Asia (+10% on average per year in the period 2012-15) and Oceania (+8% on average per year in the period 2012-15), while the most developed economies will present more modest average annual rates: Western Europe and North America (+5%).

Over the last few years, the Salini Group has been able to seize the opportunities offered by the market, selectively directing its commercial efforts towards segments of the business in which it has acquired distinctive competencies and references such as to be able to compete in a successful way, creating value for the benefit of all stakeholders. The results achieved during the year are part of a long-term strategy that has enabled the Company to further exploit the positive trend of the sector at the global level.

The Company has a consolidated presence in geographical areas such as Africa and Asia, but at the same time has had the ability to expand its reach into new countries that offer interesting prospects for development, such as Denmark and Latin America. The growth strategy, furthermore, was also developed by way of acquisitions with the twofold aim of achieving a similar size to that of large international groups in the sector and acquiring additional competencies required to better compete in the global construction market.

Falling within this scope is the strategic investment in Impregilo S.p.A., carried out with the aim of creating a “National Champion” characterised by:

- a global presence with a greater commercial strength;
- the scale of a market leader, due partly to significant foreseeable commercial and cost synergies;
- the combination and optimisation of the existing managerial skills of the two groups by creating an integrated management team with the determination and experience required to compete in large-scale and complex infrastructure projects;
- a solid financial structure supported by a healthy credit standing.

In September 2012, Salini Costruttori and Impregilo signed a strategic agreement for commercial and organisational cooperation in order to initiate a policy of collaboration between the two Groups aimed at seizing the market opportunities while achieving cost savings as a result of the related operating and industrial synergies. The relationship of strategic partnership will be based on a general principle of equal sharing (“50/50”) of the benefits and expenses related to the projects selected in accordance with the individuality, structure and consistency of individual firms, the effects of which began to appear mainly during 2013.

With regard to project management, from the time a project is brought in until it is completed and delivered, the Salini Group has continued to place the usual emphasis on assessing risks with the development of a complex methodology that makes it possible to monitor and manage the various aspects of country risk as well as risks connected with the execution of work, including the safety of its personnel in the latter.

As well as Italy, the Group works in politically stable and economically sound areas and countries, where it enjoys good relations with local administrations and on-site management and is not particularly affected by late-payment issues.

Africa accounted for 34% of business in 2012, compared with 19% for the non-EU area and 24% for Asia. The value of the portfolio of work in hand as at 31 December 12 was €9.6 billion, distributed in European, Asian and African areas and countries with high expected growth rates. Hydroelectric plants and dams accounted for 48.4% of these projects, railways and metro systems and for 31.7%, roads, motorways and bridges for 6.8% and other industrial and civil infrastructure for the remaining 10.7%.

In **Sub-Saharan Africa**, which represents 53% of the Group’s portfolio, there has been a steady and general improvement in many economic and socio-political indicators.

In **Ethiopia**, the political situation is stable and the economy is recovering thanks in particular to the agricultural and energy sectors, where the Group is making a significant contribution to developing investments in production from renewable sources. The Ethiopian economy is predicted to grow by 5%, and the World Bank has 25 projects in the country with a total commitment value of \$3.6 billion.

In **Nigeria**, the economy is benefiting from political stability with positive effects on expected economic development that is estimated to be more than 7%, due mainly to oil exports. The authorities have restructured the banking industry and initiated investments in transport and energy infrastructure, sectors in which the World Bank is financing over 20 projects.

The Group has a widespread presence in the **CIS region**, and the country where the most significant projects are located is **Kazakhstan**, which is rich in gas and hydrocarbons and has growth rate in excess of 5%. The World Bank, the European Bank for Reconstruction and Development (EBRD) and the Asian Development Bank (ADB) are active there in the transport, energy and environmental sectors.

Steel exports are the basis of predicted growth of 3% in **Ukraine**, which is benefiting from recent investment as a result of the European Football Championship as well as the presence of the World Bank and the EBRD.

In **Azerbaijan**, which connects Europe and Asia through oil and gas pipelines, the construction and infrastructure sectors are expanding as a result of the public-investment programme launched by the government and the expected GDP growth is approximately 3%.

**Malaysia** is characterised by the progressive development of investment projects that fall under the plan of economic transformation envisaged by the government, with substantial private contributions.

A considerable degree of trade openness and a solid banking system combine to determine a projected growth of 4.4%.

In **Turkey**, which is an important new market for the Group, significant investment is planned in transport and energy infrastructure, supported partly by an efficient banking system. The government has recently approved a new investment incentive scheme. GDP growth is forecast at 2.3%.

Finally, **Denmark**, where the Group has the privilege of leading the Copenhagen Metro Team, one of the most important urban transport projects in Europe, is one of the most stable and solid economies, with public debt among the lowest in the EU.

## **Sustainable development**

Over the years sustainable development has become an integral part of corporate strategy, developing into programs aimed at providing the necessary tools to operate in numerous and diversified environments, interpreting and complying with the expectations of institutions, customers, local communities, consumers and technical and operational counterparties with many different histories and cultures among them.

The Company firmly believes that proper management of sustainability allows not only to mitigate operational, financial and “reputational” risks through an optimisation of the non-financial variables, but also to create new opportunities and competitive advantages in a market that is increasingly focused on the afore-mentioned sustainability issues.

The Group has translated these requirements into a vision and style of work based on the value of people, attention to the environment, the principles of social responsibility and corporate citizenship.

The projects we carry out – energy from renewable sources, infrastructures to reduce urban traffic congestion, public metro systems with a low environmental impact, development and upgrading of regional infrastructures to boost regional development – create lasting value for the communities involved and are a catalyst for further growth.

The Company has formalised its working philosophy in a coordinated set of policies, procedures and organisational structures aligned with major international benchmark standards. In particular, since 2010, we have been a member of the United Nations Global Compact, a worldwide initiative for sustainable development, which requires a commitment to aligning our strategies and operations with ten universal principles relating to human rights, labour, the environment and the fight against corruption.

At the national level, we are also part of the “Italy Global Compact Network”, which provides, with the cooperation of other organisations and member companies, for the execution of specific projects and initiatives aimed at advancing the priorities set forth in the Global Compact.

The Group’s sustainability strategy is implemented by maximising the benefits generated in the areas in which it works, benefiting local stakeholders. Our priorities include creating new jobs, using on-site suppliers, investing and engaging in initiatives in favour of local communities, and conforming rigorously to high environmental standards.

The commitment to use local workers and suppliers has a positive impact on the development of national economies, especially in emerging markets, by increasing workers’ skill levels and suppliers’ qualitative standards, while at the same time improving infrastructure and environmental conditions in the areas where we execute our projects.

Our complete dedication to human resources is especially concentrated in the areas of health, safety and human rights, through the adoption of widely shared standards and codes of conduct that are supported by a commitment to training and regular dialogue with employees.

The Company's commitment is also characterised by thorough consideration of the needs of local communities. The Head Office divisions, as well as on-site management, analyse and assess community requirements and, often in partnership with institutions and other organisations on site, develop investment projects in the areas of education, health, culture and recreation.

In recent years, significant resources have been allocated to construct buildings, schools, hospitals and roads. Furthermore, energy and water distribution as well as health care have been provided for local communities. During projects, these local communities have been granted access to some work site facilities, such as medical clinics, classrooms, wells, roads and bridges, which are often turned over to the communities and institutions when the project is complete.

Our daily commitment extends from people to the conservation of the environment and natural resources, which are crucial aspects of our business model.

For this purpose, the Company structures and conducts its work while guaranteeing the best possible environmental protection, and is committed to continuously improving environmental services, considered an integral part of the Company's financial and operating performance. Our work sites are focused on reducing energy and water consumption by developing innovative projects to re-use and recycle natural resources and scrap generated while works are being conducted. Mitigating the impacts of work site activities on communities is another priority to which the Salini Group dedicates the utmost attention, by monitoring and closely managing aspects relating to noise, vibrations, dust and road conditions.

Since the environmental aspect includes strategic objectives within a globalised and extremely competitive market, besides human resources and in-house professionals, clients, suppliers, authorities and other stakeholders are invited to take part in environmental processes and initiatives.

The commitment to constantly maintaining an open dialogue with stakeholders, in order to understand their legitimate expectations and create opportunities for involvement and cooperation, is implemented through tools and highly diversified methods both at central level and at the individual work site, generating positive interactions with increasingly broader groups of internal and external stakeholders.

Our commitment to transparency is further demonstrated by the attainment of application level A+ of the GRI-G3 in the Group's Sustainability Report, a document which annually reports on practices and performance achieved in terms of sustainability. As a further guarantee to its stakeholders, additionally, the Company also voluntarily submits its Sustainability Report for external certification. Please see the Report for further details.

## **Quality, Safety and the Environment**

Senior management created the Quality, Health, Safety and Environment (QHSE) System to ensure that relevant activities are planned, developed and improved consistently and to the full satisfaction of all stakeholders.

The three year renewal of ISO 9001, ISO 14001 and BS 18001 certifications confirms the efficacy and efficiency of the implementations carried out.

The review of the QHSE System, which was carried out during 2012 on the basis of the 2011 results of the Salini Costruttori Group, identified quantifiable goals to be pursued with the help of central and on-site Business Units.

On a local level, systems have been defined that are adapted to the new needs of the branches in Dubai and Abu Dhabi, as well as the newly established company Salini Australia Pty Ltd, which was awarded ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certifications.

Key personnel, notably managers and executives, received the required training, organised by the Health, Safety and Environment (HSE) Department together with Human Resources, in compliance with applicable regulations, and with Particular reference to Legislative Decree 81/08.

The findings on the performance of the Quality, Environment, Health and Safety Systems was carried out both by running internal checks as well as through the analysis of reports from the construction sites, indicating a satisfactory level of implementation of activities provided by the same.

The QHSE System of the newly formed Salini S.p.A. complies with the highest international standards.

Finally, there are plans to develop and integrate certain operating procedures, with the combined aim of standardising certain executive aspects of projects and further improving the overall service of the System in question.

## Corporate Governance

The Salini Group has approached the issue of Corporate Governance with a broad vision and range, and though not listed on the stock exchange, it has adopted a model that is dynamically consistent with the principles enshrined in the Code of Conduct for Listed Companies, in response to the recommendations made by the Consob and the best practices observed at the national and international level.

Its corporate governance policies are continually updated and documented in its Annual Corporate Governance Report. That document describes the corporate governance model in detail. It defines the Company's organisation, specifying the roles and responsibilities of each Corporate Body and of senior management, and provides information on the implementation of the provisions of the Code of Conduct.

The Internal Control System monitors the practical implementation of governance policies and works effectively to promote their actual and constant execution.

The Salini S.p.A. Board of Directors was re-elected by the Board meeting of 16 October 2012. At that time, the number of directors was increased from seven to nine members, including three with specific roles and six non-executive directors (including four independent directors). The Board will remain in office until the approval of the financial statements at 31 December 2014.

The first financial year ended on 31 December 2012, while the duration of the company is scheduled to expire on 31 December 2050.

During the year that just ended, the Board met 9 times, and its major deliberations regarding corporate governance concerned the examination and/or approval of:

- Group interim reports;
- the acquisition of strategic equity investments;
- economic forecasts.

With regard to the Internal Control System, the Internal Audit Department conducted the audits set forth in the Audit Plan defined at the beginning of the year in order to monitor the suitability of the applicable procedures, as well as the compliance of processes with local and international regulations.

During the year, the inspections requested by the Regulatory Authority were carried out in Italian and foreign operating areas in order to assess the effectiveness of the Organisation, Management and Control Model.

Following the incorporation of "Salini S.p.A." on 6 December 2011, the new Company's Supervisory Body was appointed and the relative Code of Ethics and Organisation, Management and Control Model were drawn up pursuant to Legislative Decree 231/2001. The Board of Directors approved the documents on 21 December 2011.

The recent issuance of Legislative Decree 109/2012 and Law 190/2012 introduced new types of offences into the Italian regulatory provisions, broadening the conditions and the provisions of Legislative Decree 231/2001. The Company has initiated a task to update the Models in order to adapt them to the new regulatory requirements.

At the same time, the training activities continued for all Group personnel.

During the year, the company aligned itself with the regulations in force on IT data security (pursuant to Legislative Decree 196/2003) and updated its “Data Security Policy” as required by the regulations in force.

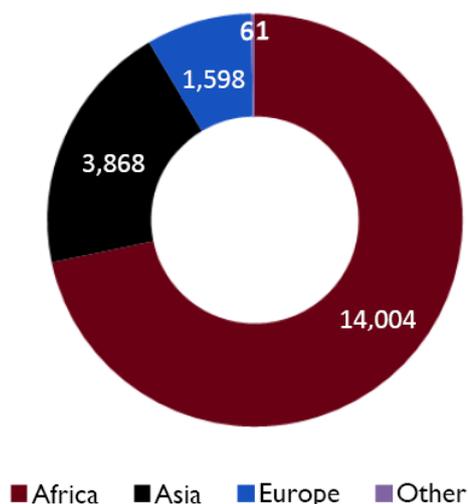
## Human resources

As at 31 December 12, Salini Group has 19,531 employees, of whom 2.6% are located in Italy and the remaining 97.3% abroad.

The Company's multinational and multi-ethnic characteristics are emphasised by its presence in 47 countries and its employment of 82 different nationalities, distributed as follows based on continent of origin:

Africa	14,004	(71.71%)
Europe	1,598	(8.18%)
Asia	3,868	(19.80%)
Americas	60	(0.30%)
Oceania	1	(0.001%)

### Origin of Group's workforce



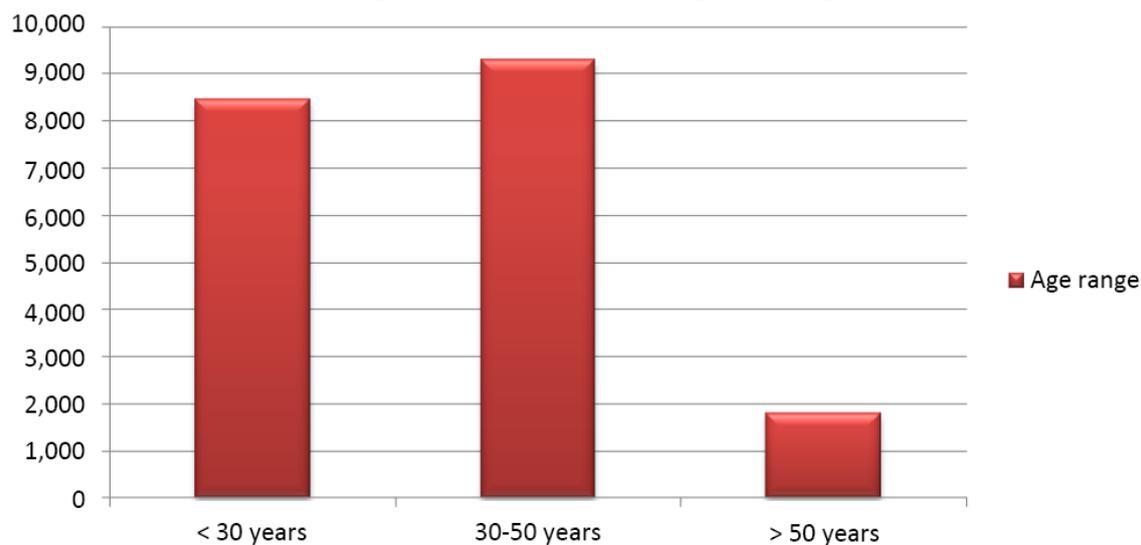
During the financial year, the work force increased to an extent equal to 25.9% (+ 4,023 employees), with a trend that has benefited, in particular, from the full operability of projects in Ethiopia and the Ulu Jelai project in Malaysia.

The number of female employees continues to grow, rising by 28% compared with 1 January 2012, and women now represent 8.1% of the total workforce.

The breakdown of employees by age range is as follows:

< 30 years old	8,461	(equal to 43.32%)
30-50 years old	9,291	(equal to 47.58%)
> 50 years old	1,779	(equal to 9.10%)

## Group Personnel by Age Range



Taking the period 2010 – 2012 as a reference , it is evident that the distribution of the workforce was strengthened both in the younger age range, with an increase of 7,303 employees, as well as in the “expertise” resources (30-50 years old) where a growth of 39% is recorded.

This situation is confirmation of the Group’s strong appeal for new generations of workers and at the same time reveals the success of the research process and the inclusion of high-profile professional resources that can strengthen the critical skills of the technical and service structures, guaranteeing an adequate and gradual generational change.

## Creating a “National Champion”

Over the course of the 2012 financial year, the Salini Group consolidated its own investment strategy into Impregilo S.p.A. (“Impregilo”), a company listed on the Italian Stock Exchange, with the aim of creating a “National Champion”, that is, a world leader with the expertise, skills, track record and scale required to compete in the global construction industry through more efficient and effective business management.

The project is a unique opportunity for both Salini and Impregilo to grow and make the most out of their complementary specific areas of expertise and reputations acquired by building complex, large-scale works in their respective geographical markets.

Although prolonged global economic instability is severely affecting some segments of the construction industry (particularly residential and commercial construction), large-scale infrastructure continues to be a priority for the growth of national economies, especially in high-growth areas.

Competition among the main market players increasingly hinges on testimonials, qualified expertise and adequate funding. The ability to attract new resources and talent, through acquisitions if necessary, is therefore becoming a critical factor for success.

In such an environment, creating a “National Champion” (Impregilo and Salini) adds more value in the form of significant additional advantages such as:

- a broader geographical presence globally, founded on expert knowledge of the individual countries where the two groups have been successfully operating for decades;
- scale on a par with global industry leaders, providing possible access to large-scale and technologically complex infrastructure projects;
- a solid financial structure, supported by a healthy credit standing;
- commercial and cost synergies that can be achieved by pooling specific expertise and reputations acquired in other market segments, and by striving for greater efficiency through integrated resource management;
- the creation of value for all shareholders and stakeholders by significantly increasing the value of production and operating margins.

In light of the above, therefore, on 17 July 2012 the Ordinary Shareholders’ Meeting of Impregilo, upon proposal of the shareholder Salini S.p.A. (“Salini”), resolved by majority vote and with the presence of well over 80% of the share capital to remove the directors in office and appoint a new Board of Directors consisting of 15 directors, of which 14 are from the list presented by Salini.

In addition, on 27 September 2012, Impregilo and Salini Costruttori (Salini’s parent company) signed a strategic agreement for the organisational and business-related cooperation between the Impregilo Group and the Salini Group, with the aim of initiating a collaboration strategy aimed at capitalising on opportunities to grow and add value for both groups, as well as achieving cost savings and operating and industrial synergies, subject to the individuality, the structures and the consistency of individual companies.

Following the end of the 2012 financial year, on 6 February 2013, Salini S.p.A., by way of the appropriate communication in accordance with Article 102(I) of Legislative Decree 98/58 (“Consolidated Finance Act”) and Article 37 of Consob Regulation no. 11971/99 (“Issuer Regulation”), gave notice of its own decision to promote a voluntary takeover bid, pursuant to and by effect of Article 106(4) of the Consolidated Finance Act, concerning the totality of the ordinary shares in Impregilo S.p.A. not held by Salini S.p.A., at a price of €4.00 per share.

Consequently, on 16 March 2013, the Offer Document was published in accordance with the law, accompanied by supporting documentation including, in particular, the Issuer’s Notice (Impregilo), prepared pursuant to Article 103 of the Consolidated Finance Act and Article 39 of the Issuer Regulation.

Taking into account the shares offered during the acceptance period (from 18 March to 12 April 2013) and the subsequent reopening of the terms (from 18 to 24 April 2013) Salini S.p.A., as of 2 May 2013, now holds a total of 370,575,589 ordinary shares, equal to approximately 92.08% of the total ordinary shares in Impregilo S.p.A.. The transaction has been successful thanks to the support of the banking sector and the consultants.

In light of the offer outcomes, as the same was not finalised upon the delisting of the Impregilo shares, Salini S.p.A. announced its decision to restore a float sufficient to ensure regular trading of its shares. On 16 May 2013, the Company completed the transactions in order to come to hold an ordinary share capital of less than 90%, down to 89.7%.

Following the positive outcome of this takeover bid of Impregilo S.p.A. promoted by Salini with the aim of establishing a “National Champion”, Salini’s Board of Directors, on 14 May 2013, made preliminary investigations of the merger by incorporation of Salini S.p.A. into Impregilo S.p.A.

To this end, to initiate all the preparatory activities for the rapid completion of the aforementioned merger, the Company’s Board of Directors has resolved to:

- a) appoint Vitale & Associati as an independent expert in charge of drawing up the skill assessment to support the Board of Directors in determining the exchange ratio of the shares of the merger between Salini S.p.A. and Impregilo S.p.A., as well as BancaIMI and Natixis in their capacities as advisor to assist the Company in all aspects of the transaction;
- b) identify from within Pricewaterhousecoopers S.p.A., Impregilo’s Statutory Auditor, the person in charge of carrying out the audit of the accounts for the purpose of preparing the report as per Article 2501-*bis*, paragraph 5, of the Italian Civil Code;
- c) to authorise the Managing Director to formulate, at the Court of Milan, the instance of the appointment of the expert who will prepare the report on the fairness of the exchange ratio as per arts. 2501-*sexies* of the Italian Civil Code.

## **Research and development**

Research, development and technological innovation have always been essential to the Company's success in the realisation of large-scale projects.

If, today, the Group is one of the most advanced in terms of technologies used, project and work site management procedures and security measures adopted, it is thanks to the continuous and increasing commitment of the economic and human resources invested in research and development.

In close partnership with qualified professionals and engineering companies at an international level, highly innovative techniques and solutions have been developed to be used on projects of any type, size and complexity.

This approach is one of the strengths that make the Group competitive worldwide, even in the most demanding working conditions.

The constant bid for innovation has made a significant contribution to the evolution of the entire construction and plant engineering sector, with the Fast Track Implementation method specifically designed to construct large-scale 'turnkey' hydroelectric power plants. This method, which is based on the concurrent start-up of all the most significant operating phases, allows for a drastic reduction (at least 50%) in the project completion period. Therefore, a hydroelectric plant begins to generate benefits and revenue streams much sooner than it would with a traditional organisation, delivering a faster return on investment.

The "Fast Track Implementation" method, already applied successfully by Salini in various large hydroelectric plants, can be used for many project types that require swift completion times, anywhere in the world.

# **OPERATING PERFORMANCE**

## **Analysis of Group results**

## **Analysis of income, financial position and cash flow**

### **Introduction**

The Company, as part of its first financial year, prepared its first statutory financial statements in accordance with the provisions of the Italian Civil Code and the Accounting Standards prepared by the Italian National Council of Accountants and Chartered Accountants, while the Group's consolidated financial statements were prepared in accordance with the International Financial Reporting Standards adopted by the European Union on a voluntary basis.

Article 40 of Legislative Decree 127/91 (Implementing Directive 78/660/EEC and Directive 83/349/EEC on companies' annual and consolidated accounts), as amended by Legislative Decree 32 of 2 February 2007, allows companies producing consolidated financial statements to present the directors' report on the consolidated financial statements and the statutory financial statements of the Parent Company in a single document, giving "greater prominence, where necessary, to matters that are significant for the enterprises included in the consolidation as a whole".

Salini S.p.A., given the significance of the production activities carried out by its subsidiaries and based on the criterion of evaluation of the same in the financial statements, has elected to present a single document.

There follows, therefore, a representation of the management analysis referring to the entire Salini S.p.A. Group, whose data have been prepared in accordance with International Financial Reporting Standards.

See the paragraph below for the "Main Companies of the Group", the analysis of the parent company's policy statements and the main subsidiaries, drawn up in compliance with the current provisions of the Italian Civil Code and the Accounting Standards prepared by the Italian National Council of Accountants and Chartered Accountants.

### **Summary of consolidated financial information**

On 30 November 2011, the Board of Directors of parent company Salini Costruttori S.p.A. resolved to establish a wholly owned joint-stock company named Salini S.p.A., the purpose of which would be to design and build infrastructural works.

The same meeting also approved the contribution in kind by the sole shareholder Salini Costruttori S.p.A. – effective as of 1 January 2012 – to the aforementioned Salini S.p.A. of the infrastructure construction business unit, inclusive of all associated contracts undertaken directly or indirectly in Italy and abroad.

That transaction, to be considered an essential component of the Parent Company's corporate reorganisation project, was completed through the establishment of Salini S.p.A. on 6 December 2011 and the subsequent contribution of the business unit, including its equity, assets and liabilities, examined in the report of the independent expert, appointed pursuant to the procedure set forth in Article 2343-ter, paragraph 2, letter b, of the Italian Civil Code.

The contribution in question, configurable as a business combination under common control, does not fall within the scope of IFRS 3, and therefore the assets and liabilities

originally conferred on the basis of “ITAGAAP” values have been restated for the purposes of this report, with values which comply with IFRS accounting standards.

More details on the effects of this contribution on the statement of financial position and income statement can be found in the relevant sections of the notes to the financial statements.

Pursuant to letter G) of the Company’s deed of incorporation, the first financial year ends on 31 December 2012, and therefore a comparison with the values and margins of the previous year cannot be reported in the summary tables.

For the purpose of understanding the dynamics of the operating results, however, the comments shall make reference to the previous year’s figures of Salini Costruttori S.p.A.’s infrastructure construction business unit, which, being the subject of the contribution in kind, had the same structure as Salini S.p.A.

The first consolidated financial statements for the year ended 31 December 2012 show a pre-tax profit equal to €369.6 million and a net result equal to €332.9 million, compared with a total revenue value equal to €1,838.4 million.

With sole reference to the consolidated income statement of Salini’s construction infrastructure branch, the increase in production value compared to 31 December 2011 would have been equal to 29.7%, with significant growth in EBITDA (+€21.1 million) and EBIT (+€7.6 million), which amounted to €189.6 million and €97.0 million.

The significant growth in production volumes, together with the gradual improvement in profit margins, represents a confirmation of the Group’s preparation in seizing international market development activities, backed by a proven ability to deliver complex projects, maximising cost synergies with a service consisting of high technical skills.

The pre-tax profit was significantly affected by the trend in net finance management, which, in addition to expressing the costs incurred to support investments and production activities and to report the results of the exchange rate component, is characterised by the positive effect – equal to €274 million – resulting from the application of the equity method in the evaluation of the subsidiary Impregilo S.p.A., which became an associate company during the year (for more details refer to the paragraph “investments on equity shares” in the notes to the financial statements).

The portfolio of work in hand, despite the considerable increase in the value of production activities for the year, reached €9.6 billion, which represents more than five years of production perspective, taking as constants the volumes of the typical revenue recorded in the income statement of 2012.

The consolidated net financial position, equal to (€163.2) million after an investment in Impregilo S.p.A. shares for an amount equal to €174 million in 2012 is a significant improvement when compared to that observed in the first half of the year (€231.4 million) and in line with the expectations of the Business Plan.

The Group continued to increase its staff levels, as a direct result of the expansion of industrial operations. Staff rose by 4,023 employees (+25.9%), growing to 19,531 employees.

## Reclassified income statement

<i>(Values in €/000)</i>	<b>31-Dec-2012</b>	
Income	1,769,866	96.3%
Other income	68,581	3.7%
<b>Total Income</b>	<b>1,838,446</b>	<b>100.0%</b>
Costs of production	(1,443,547)	78.5%
<b>Value Added</b>	<b>394,900</b>	<b>21.5%</b>
Personnel costs	(195,757)	10.6%
Other operating costs	(9,526)	0.5%
<b>EBITDA</b>	<b>189,616</b>	<b>10.3%</b>
Depreciation and amortisation	(81,800)	4.4%
Allocation to provisions	(5,678)	0.3%
Write-downs	(5,417)	0.3%
(Capitalised costs)	281	0.0%
<b>EBIT</b>	<b>97,003</b>	<b>5.3%</b>
Financial income and expenses (net)	272,539	14.8%
<b>Pre-tax profit/(loss)</b>	<b>369,542</b>	<b>20.1%</b>
Taxes	(36,617)	2.0%
<b>Net profit</b>	<b>332,925</b>	<b>18.1%</b>
Profit/(loss) attributable to minorities	8,513	0.5%
<b>Profit/(loss) attributable to the Group</b>	<b>324,412</b>	<b>17.6%</b>

## Economic and operating performance

<b>Key consolidated income figures €/000</b>	<b>31-Dec-12</b>
Total Income	1,838,446
EBITDA	189,616
EBIT	97,003
EBT	369,542
Net Profit	324,412
Net Profit/Total Income	17.6%

### *Production*

At 31 December 2012, the total consolidated income of Salini S.p.A. was equal to €1,838.4 million, and sole reference to the consolidated income statement of Salini's construction infrastructure branch, which was the subject of the contribution in kind

mentioned in the opening paragraph, would have revealed a growth of €421.4 million compared to same period of the previous year.

The ratio of the total foreign projects of the year is equal to 88%, reflecting the Group's strong competitive position in high potential geographical areas, such as Africa and Asia, which alone represent 59% of overall production value.

Operating income amounted to €1,769.9 million, accounting for 96.3% of turnover.

There was a significant contribution from the Gibe III and Grand Ethiopian Renaissance Dam (GERD) hydroelectric projects in Ethiopia, the Zhytomyr and Kyzylorda road projects in Ukraine and Kazakhstan respectively, and the Copenhagen metro system project in Denmark.

<b>Operating income by geographical area (€/000)</b>	<b>31-Dec-12</b>	<b>%</b>
Italy	204,589	11.6%
EU (excluding Italy)	196,844	11.1%
Non-EU	332,172	18.8%
Asia	431,143	24.4%
Africa	605,118	34.2%
America	-	0.0%
<b>TOTAL OPERATING INCOME</b>	<b>1,769,866</b>	<b>100%</b>

The roads and motorways sub-fund remains the most significant with 44% of the income for the period, mainly due to the performance of the reconstruction of the “Western Europe - Western China International Transit Corridor” in Kazakhstan and the completion of works for the reconstruction of the Kiev-Zhytomyr motorway section along the Kiev-Chop route in Ukraine.

The dams and hydroelectric plants sector, in addition to representing about half of the portfolio of work in hand, constitutes an important element of operating income for the period, especially for the contribution of the Ethiopian projects Gibe III and the Grand Ethiopian Renaissance Dam, as well as the Ulu Jelai commission in Malaysia.

As part of the transport infrastructure, production volumes are mainly characterised by the activity of implementing the Rome Metro, line B1, and the new “Cityringen” metropolitan ring in Copenhagen.

Civil construction income refers almost exclusively to projects being completed within national territory.

<b>Operating income by sector (€/000)</b>	<b>31-Dec-2012</b>	<b>%</b>
Dams and hydroelectric plants	586,656	33.1%
Railways and metro systems	339,828	19.2%
Civil buildings	63,323	3.6%
Roads and motorways	780,059	44.1%
<b>TOTAL OPERATING INCOME</b>	<b>1,769,866</b>	<b>100%</b>

The other non-operating income, in the amount of €68.6 million, basically refers to areas that by their nature are not included in the “core” activities (e.g. recovery of costs incurred on behalf of subsidiaries and recharged thereto, technical and administrative services to third parties, sales of materials, insurance refunds).

## Costs

The *direct production costs* amount to €1,443.5 million and constitute 78.5% of total income.

Charges for services, which represent the direct cost with a greater weighting, primarily relate to the activities incurred for production volumes and are impacted in proportion to the exponential growth of turnover.

The *personnel costs*, amounting to €195.7 million, absorb 10.6% of production value. Taking as a reference the equivalent cost at 31 December 2011 of only the construction infrastructure branch of Salini S.p.A., it can be seen how the relative incidence in the last 12 months has fallen from 11.4% to the 10.6% previously mentioned, which confirms the Group's policy aimed at the creation of a structure of high professionalism and effectiveness both in management and the workers.

## Results of operations

The operating results for the year demonstrate the important profitability of the projects in progress and in the portfolio of work in hand.

The financial ratios such as ROI (13%) and the turnover of net invested capital (2.4), attest to the positive trend of return on investment, both in terms of profitability and the ability to generate sales revenue.

Of importance, also, is EBITDA performance, which reached €189.6 million, with an EBITDA margin equal to 10.3%.

Comparing the profit or loss margins at 31 December 2011 from the income statement for only the construction infrastructure branch of Salini S.p.A., EBITDA growth would have been equal to €21.1 million.

Similar considerations can be made with regard to EBIT, its value of €97.0 million constituting a ROS of 5.3%, and a theoretical increase of €7.6 million compared to only the construction infrastructure branch of Salini S.p.A. recorded in the previous year.

## Period results

EBT (earnings before tax) is equal to €369.5 million, with a margin on revenue of 20.1%, largely due to the effects (+€274 million) of the evaluation of equity in Impregilo S.p.A., which became an associate company during the financial year (as further detailed in the notes to the financial statements).

The provision for taxes for the year (€36.6 million) includes a current portion, equal to €18.5 million, a portion comprised of deferred tax equal to €12.4 million and expenses related to prior years in the amount of €5.7 million.

For additional information on the calculation of taxes, see the section on "Income taxes" in the notes to the financial statements.

**Reclassified statement of financial position**

<i>(Values in €/000)</i>	<b>31-Dec-2012</b>
Intangible fixed assets	2,706
Tangible fixed assets	329,956
Equity investments	581,672
Other fixed assets	4,877
<b>Total fixed assets (A)</b>	<b>919,211</b>
Inventories	167,838
Amounts due from clients	625,014
Amounts due to clients	(1,098,254)
Trade receivables	556,089
Other assets	212,156
Tax receivables	81,320
	<b>sub-total</b>
	<b>544,162</b>
Trade payables	(571,867)
Other liabilities	(115,657)
	<b>sub-total</b>
	<b>(687,524)</b>
<b>Operating Working capital (B)</b>	<b>(143,362)</b>
Employee benefits	(4,506)
Provisions for risks and charges	(14,394)
<b>Total reserves (C)</b>	<b>(18,901)</b>
<b>Net invested capital (D=A+B+C)</b>	<b>756,949</b>
<i>(Values in €/000)</i>	2012
Cash and cash equivalents	411,703
Current financial assets	0
Non-current financial assets	25,086
Current financial liabilities	(299,106)
Non-current financial liabilities	(300,908)
<b>Net financial payables/receivables</b>	<b>(163,225)</b>
Shareholders' equity	566,133
Minorities	27,590
<b>Shareholders' equity</b>	<b>593,723</b>
<b>Total funding</b>	<b>756,949</b>

**Financial results**

<b>Key consolidated income figures €/'000</b>	<b>31-Dec-12</b>
Fixed assets	919,211
Operating working capital	(143,362)
Reserves	(18,901)
<i>Net invested capital</i>	756,949
<i>Shareholders' equity</i>	593,723
<i>Net financial payables/receivables</i>	(163,225)

The statement of financial position as at 31 December 2012 reflects the positive dynamic in production volumes for the period whose important growth is to be considered functional to a balanced use of investments and the careful management of working capital.

*Net fixed assets* amount to €919.2 million and mainly consist of technical equipment assigned to the work sites and the value of the investment in Impregilo S.p.A., valued at approximately €570 million.

In particular, tangible fixed assets, including the machinery being leased, reach €659.9 million, which is – net of accumulated depreciation – 36% of total investments at 31 December 2012.

(€/'000)	<b>DEC 2012</b>
<b>NET INVESTMENTS</b>	<b>329,901</b>
<i>Plant and equipment</i>	659,886
<i>Accumulated depreciation</i>	(329,985)

*Operating Working capital*, equal to €(143.4) million, is the result of the important growth in production revenue, which has proportionally affected jobs, with particular reference to the inventories of work in progress, certifications to the clients and exposure to suppliers.

**Net Financial Position**

The net financial position as at 31 December 2012 amounted to €(163.2) million and, in line with management's expectations, is significantly improved with respect to the values recorded at the end of the first half of the year in the amount of €(231.4) million.

This trend assumes greater significance in terms of the soundness of the financial structure when compared to the investment strategy made for the purchase of shares in Impregilo S.p.A, for a value of approximately €174 million in the 2012 financial year alone, and to the use of resources to support current production volumes, which grew approximately 30% in the last 12 months.

Financial structure and liquidity ratios remain balanced, especially with regard to leverage ability and interest coverage.

<i>(Values in €/000)</i>	<b>31-Dec-2012</b>
Cash and cash equivalents	411,703
Current financial assets	0
Current financial liabilities	(299,106)
<b>NET FINANCIAL DEBT, current portion</b>	<b>112,597</b>
Non-current financial assets	25,086
Non-current financial liabilities	(300,908)
<b>NET FINANCIAL DEBT, non-current portion</b>	<b>(275,822)</b>
<b>NET FINANCIAL DEBT</b>	<b>(163,225)</b>
<b>Net Debt / Equity</b>	<b>0.27</b>
<b>Net Debt / EBITDA</b>	<b>0.86</b>

## Portfolio of work in hand

At 31 December 2012 the consolidated portfolio of work in hand stood at approximately €9.6 billion, a value of excellence for the Group in terms of commercial positions, especially considering the significant increase in production volume over the course of the period.

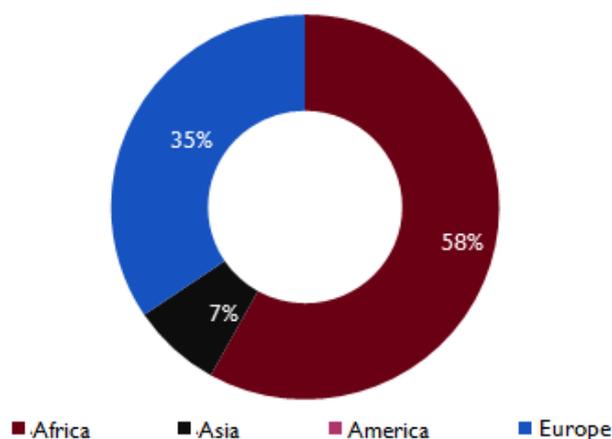
Most of the €607 million of new business secured in the last 12 months came from the ‘Roads and motorways’ and ‘Hydroelectric plants’ segments, with particular developments in Countries such as Nigeria, Ukraine, Tunisia and Georgia.

The sizes and trends of the “backlog”, together with the new acquisitions recorded in the first months of 2013, confirm the high growth potential of the value of production expected in the coming years, as well as the strategic ability to operate in markets which are less exposed to the economic downturn, by focusing on competitive sectors of excellence such as dams, hydroelectric plants and transport infrastructures.

The total portfolio of work in hand is comprised of 17% domestic activity (€1.6 billion), and 83% foreign activity, of which Europe represents 21% (€1.7 billion), Africa 70% (€5.6 billion), and Asia 9% (€0.7 billion).

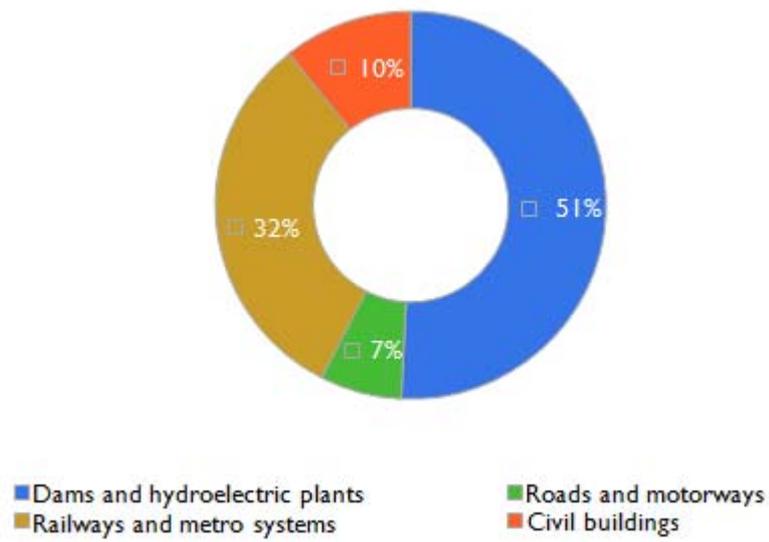
Africa, driven by Ethiopia and Nigeria, confirms the positive trend over the last few years and is the Group’s main market, especially for the “dams and hydroelectric plants” sector. Also of significant interest is the development of the business in Europe, for which new acquisitions represent 29% of the portfolio of work in hand generated in the past 12 months.

### *Portfolio of work in hand by geographical area*



The dams and hydroelectric plants sector (€4,886 million) accounts for 51% and is therefore the Group’s core business, although the impact of railway and metro system initiatives is increasing, and, with a value of €3,055 million, they represent 31.7% of the total work to be executed.

*Portfolio of work in hand by sector*



## Business performance by geographical area

### Abroad

The Group's global mission is particularly apparent from its presence in foreign countries through permanent offices, branches and local companies which, due to their integration within the various markets, are ready to take advantage of the strategic potential and business opportunities to be found there.

Within the portfolio of work in hand, the value of international business (€7.977 million) accounts for 83% of the total. The sectors concerned are summarised below (€/million):

Dams and hydroelectric plants	4,887	50.8%
Railways and metro systems	1,507	15.7%
Civil buildings	954	9.9%
Roads and motorways	649	6.7%
	<b>7,997</b>	

International market operations, totalling €1,621.9 million, account for 88% of the value of production as at 31 December 2012.

The sectors that contributed to operating income abroad are Roads and Motorways (44.2%), Dams and Hydroelectric Plants (37.5%), Railways and Metro Systems (14.9%) and Civil Buildings (3.4%).

Below is a brief description of the key events relating to the main projects of 2012.

### AFRICA

#### *Ethiopia*

Work on the Gibe III project continues. The contract for this work, signed on 19 July 2006 and with a value of €1,525 million, involves building a hydroelectric plant with a capacity of 1,870 MW, consisting of an RCC (roller-compacted concrete) dam which is 243 metres high, with a surface powerhouse. Other permanent works include a total of 75 km of access roads, a new bridge over the Omo river and camps and facilities for the client.

In 2010, an agreement was signed with the client for the construction of a 66 kV power line from the Wolayta Sodo substation to the Gibe III site. This line and the relative substations will remain the property of the client, EEPCo (Ethiopian Electric Power Corporation), but in exchange Salini will be supplied with discounted electricity.

On 30 December 2010, Salini Costruttori and EEPCo entered into an agreement to construct the GERD, which will be the largest dam in Africa (1,800 m long, 170 m high and with an overall volume of 10 million cubic metres), along with two powerhouses located on the banks of the Blue Nile, equipped with a total of 16 turbines each with installed capacity of 375 MW.

The project is valued at over €3.6 billion.

The foundation is currently being dug for the main and central dams, while the new bridge over the Nile was completed and opened to traffic in September.

At the same time, work proceeds on the construction of the plants, the permanent camp and roads at the work sites, as well as work to divert the river.

On 12 March 2012 addendum no. 2 was signed to formalise the client's request to increase the voltage of the power line between Beles and the GERDP, from the 132 kv originally requested to 400 kv. This change has led to an increase in the value of the contract equal to €42 million, resulting in an overall value of the work at €3.377 million.

The Gibe II (420 MW) and Beles (460 MW) hydroelectric projects, with contractual values of €387 million and €467 million respectively, were completed and the relevant taking-over certificate issued.

### ***Nigeria***

The work relating to the "Gurara Dam and Water Transfer Project, Lot A – Dam and Associated Works" project is in progress. The current value of the job, inclusive of the various contract addenda issued over the years (the contract was signed on 30 January 2001) is approximately €545 million. The 9-million m<sup>3</sup> earth and rockfill dam, the intake structure and the 30 MW hydroelectric plant are complete; the power transmission line, the irrigation perimeter and some road works still need to be finished. The project should be completed by 31 December 2014.

Work continues on the "Development of Idu Industrial Area Engineering Infrastructure" project (the contract is worth around €237 million), involving the primary urbanisation of a new district in the capital, Abuja, destined for industrial use. The sewage and drainage systems are complete, the road network (including four viaducts) is 60% tarmacked and the construction of water and power supply networks is under way.

Work is also continuing on the design and execution of the Nigeria Cultural Centre and Millennium Tower (the contract is worth around €421 million). The tower structure has reached its final height of 170 m and fittings for the architectural components are under way, the car park underneath the square is nearing completion, the artificial tunnel linking the two project lots has been completed and the structures of 7 buildings that comprise the Cultural Centre and the Auditorium are at an advanced stage of construction.

The section of urban motorway pertaining to the Extension of Inner Southern Expressway (ISEX), a project with a value of around €65 million awarded by the Federal Capital Development Authority on 13 January 2010, is at an advanced stage of construction. Three of the four main viaducts are complete, drainage works are nearing completion and most of the road section has been tarmacked.

The "Dualisation of Suleja Minna Road in Niger State" project acquired in November 2010, worth approximately €50 million, is currently under way. Currently nearing completion are the earth-moving process and the drainage works, paving has begun and construction of the 2 bridges is almost complete.

Similarly, the "Development of District 1 Abuja North Phase IV West" project is being developed. This project's overall value is approximately €250 million, and the awarding process was carried out in two steps (phase 1 on 30 December 2010 and phase 2 on 5 March 2012). Currently nearing completion is the construction of one of the project's main viaducts.

On 12 September 2012 the “Adiyan Waterworks Phase II” project was acquired, with a value of €250 million, and consisting of the planning and construction of a water purification plant with a capacity of 320,000 m<sup>3</sup>/day, intended to cover part of the water needs of the population of Lagos. Currently under way are the mobilisation of the site and plant design.

### ***Sierra Leone***

Activities relating to the management and ordinary maintenance of the Bumbuna hydroelectric power plant and the related transmission line are progressing steadily.

Power generation takes place in coordination with the National Power Authority, which is responsible for the country’s electricity distribution.

The contract value, originally €10.2 million, was increased to €22.3 million as a result of an addendum signed on 18 November 2011.

The same applies to the “Rehabilitation of 21.2 km of urban town roads” project for the rehabilitation of several sections of main roads located in the four main cities of Sierra Leone. When four new contract addenda were signed, in June and October 2011 and March 2012, the project’s value increased from the original €10.3 million to €27.2 million.

On 16 March 2010, work on the “Rehabilitation of the Masiaka-Bo highway (164 km)” contract was completed. The final acceptance certificate was issued on 9 August 2012.

From a commercial standpoint it must be noted how negotiations with the Sierra Leone Road Authority are under way for the rehabilitation of approximately 70 Km of road as part of the Sefadu roads rehabilitation project, section 1.

### ***Uganda***

The fifth and final turbine of the Bujagali Hydroelectric Power Project was fully commissioned in June 2012.

Civil works have been completed, and all that remains is some minor finishing and environmental-restoration works.

The Bujagali project to build a dam with a 265-MW hydroelectric station on the White Nile, with a total value of around US\$284 million, has considerably increased the amount of energy available in Uganda, satisfying domestic demand and ending a long and troublesome energy shortage, while also contributing to sharp growth in the local economy.

A clause for extension of time and additional costs was also negotiated with the client, which, together with the completion certificate, resulted in a bonus of around US\$17 million.

Growing awareness of the importance of adopting best practice pursuant to the major international treaties and conventions, such as the Universal Declaration of Human Rights, the Kyoto Protocol, the United Nations Convention against Corruption and the Rio Declaration on Environment and Development, saw Salini receive the prestigious URI award in the engineering and construction sector.

Uganda Responsible Investment (URI) awards this prize to companies, such as Salini, that have shown themselves to be the most responsible investors in areas such as workers’ rights, product quality, protecting the environment, and fighting discrimination and corruption.

In terms of commercial initiatives, it is noted that the Company participated in a tender for the Karuma hydroelectric project, valued at \$1.5 billion, and a study is currently under way regarding the feasibility of the Isimba project over the Nile.

Finally, Salini Hydro Ltd (a wholly owned subsidiary), which was awarded the “Bujagali Hydroelectric Power Project - Engineering, Procurement and related services” contract with a value of approximately US\$330 million, has finished the activities it was assigned for the execution of electromechanical works.

### ***Algeria***

The maintenance period for the “Autoroute Est-Ouest, tronçon Bouira-El Adjiba” project (27-km motorway section), carried out by the “Groupement Todini Enaler”, came to an end in 2011.

The documentation needed to issue the avenant de clôture (final acceptance certificate) was submitted to the client and is currently being assessed. The issue will be defined by the end of the first half of 2013.

With regard to the Algiers Inter-City Collector, the completion of the intermediate section between the railway and the Omar Rahsim High School commenced, which enabled surface links to be made with the old sewer network.

Restoration work was also completed in the urban areas of Rue Lallouche, Meslem and Benadouda.

Upstream there are geotechnical issues related to well no. 5 due to the particular composition of the soil on the axis of the survey.

Upon agreement with the client, and following a survey campaign which ended in December 2012, a better technical solution is being sought for the completion of the wellworks in question.

### ***Tunisia***

The “La Marsa” road project was completed in the first few months of the year by widening both directions of a 6-km section of the existing road to four lanes.

Provisional approval was given without reservation, and we are waiting for the client to sign off the final approval.

In 2010, we were awarded a contract to build the Sfax-Gabès motorway as part of the Maghreb highway.

This work, fully financed by the European Investment Bank (EIB), involves building two motorway lots of approximately 25 km each in southern Tunisia and has a value of approximately €81 million.

Work, which began in March 2010, has been significantly delayed due to the social unrest that led President Ben Ali to flee the country and also due to the revolutionary uprisings that occurred in bordering Libya.

As a result of this scenario and in accordance with the other successful tenderers of Sfax-Gabès lots, a claim was presented to the Committee for the increase in costs incurred.

B.E.I., and later the Customer, accepted the principle for reimbursement for companies that presented reservations due to the disturbances caused by the “Arab spring” for the years 2011 and 2012. Specifically, the criteria was determined for calculating the “compensation”, which should lead to a benefit for the Group in the amount of

approximately 22.5 million dinars (equivalent to €11 million). Currently, the dossier is being examined by the Commission Supérieure des Marchés, and a possible resolution on the same is expected by the end of the first half of 2013.

The service order to begin work on the Oued Zarga - Bou Salem stretch of motorway was received in May 2012. The project, which is worth around €44 million in total, is located in the north-west of the country. It is part-financed by FADES and involves the construction of 18 km of new motorway.

The two orders are part of the major Maghreb highway project, which will boost trade and economic growth in the area by connecting Mauritania and Egypt via Morocco, Algeria, Tunisia and Libya.

It is lastly noted that during the month of March 2013 the reserve offered for the M'Saken – Sfax project was approved and liquidated due to raw material price changes. The amount provided was approximately 4.1 million dinars (equivalent to €2 million).

### ***Zimbabwe***

The addendum to complete the Tokwe Mukorsi dam was signed on 8 April 2011 with the Zimbabwean government, represented by the Ministry of Water Resources Development and Management. The addendum, valued at approximately €66 million, also provided for the full collection of delayed receivables owed by the customer for prior addenda, equal to approximately €11 million, the amount of which will be fully deposited during the year.

In 2012 three new contractual changes were also recognised, with a total value of €13.2 million, lending the new contract to a value of approximately €88 million.

Also being analysed with the client is the feasibility study to add a 15 MW power plant to the project.

The work, which will be the highest dam in the Country and create the biggest artificial lake in Zimbabwe, provides for the construction of a rockfill embankment reaching up to 90 m high, with a capacity of 1.8 billion metres cubed and the potential to irrigate approximately 25.000 hectares of agricultural terrain.

During the first year of activity, the site completed the road system by building around 43 kilometres, and the senior and junior fields, as well as the workshop and the warehouse, were completely rebuilt. The dam facilities were prepared, excavation work on both sides is under way and the rock quarry on the main dam was opened.

### ***Libya***

In 2010, a contract awarding the rehabilitation of the Kufra airport runways was signed, worth around €53 million.

The guarantees required under the contract have been submitted, and we are currently waiting for the contract advance.

The commercial activities aimed at formalising the contracts relating to the Kufra Urbanisation project and Tripoli Airport were suspended due to the civil disorder during 2011 and the political uncertainty in the country.

It is expected, however, that at least for the first of the two afore-mentioned projects the signed documents will be received by the end of the first half of 2013.

## ASIA

### *United Arab Emirates*

In Dubai, the works related to the “R800-6 Ras Al Khor Crossing – Improvement of interchange no. 1 on Sheikh Zayed Road” commission were completed and opened to traffic. The main structures built are three underpasses with a total length of 1,128 metres and 20 concrete bridges. The client issued the taking-over certificate in June, which will soon be followed by the completion certificate. In addition, an agreement has been drawn up with the client, adding AED 45 million to the order for extension of time and other additional charges.

The “R881 Comprehensive Improvements of the parallel roads” project, involving the construction of a stretch of motorway (lots 2C and 3A) in the city of Dubai, was delayed as a result of the continuing financial and liquidity crisis which has affected the emirate’s economy.

With renewed financial capacity owing to payment by the client of some claims for lot 2C (AED 40 million) and further advances for lot 3A, the sites recommenced the contractual work, which includes building 30 bridges, resurfacing around 200,000 square metres of road and providing a large number of underground works.

Also under expansion are the commercial initiatives taken in the “Middle East” market, with particular regard to tenders for civil works to be completed in Countries such as Kuwait, Qatar, Saudi Arabia and Abu Dhabi.

### *Malaysia*

In Malaysia, the Ulu Jelai hydroelectric project is currently under way, which includes a first lot relating to the access roads (CW1) and a second lot (CW2+EM1) that involves building an RCC (roller-compacted concrete) dam 90 metres high, an underground powerhouse with 372 MW installed capacity, complete with hydro-electromechanical equipment with intake works, and approximately 25 km of tunnels. The contractual value is €474 million. The construction works, carried out by the subsidiary Salini Malaysia in a consortium with a local partner, TMSB (Salini 90%, TMSB 10%), will continue until 2016. The first lot of the Project consisting of the access road was completed and delivered. With regard to the main lot, consisting of the dam and the hydroelectric plant, dam excavations and underground excavations of the underground powerhouse and the tunnels that make up the plan supply and return system are at an advanced stage of completion.

At the same time, business development activities are being conducted in other countries in the region, which have so far been focused on the prequalification for the Hanoi underground in Vietnam, the prequalification for the Xepian hydroelectric plant in Laos and the offer presentation for the Don Sahong hydroelectric plant, also in Laos.

### *Kazakhstan*

Work continues on the project awarded in December 2009 for the rebuilding of the “Western Europe - Western China” International Transit Corridor, one of the most important sections of road in Kazakhstan’s road infrastructure.

The contract is divided into 11 lots and has a total value of approximately €633 million. It involves building and rehabilitating the existing road corridor over a total distance of 630 km.

The favourable climactic conditions found in the second half of the year, together with a reorganisation of the subcontracted works, has provided a significant boost to the project's development. Lots 12-13-14 can therefore be considered complete, and the rest of the activities are at advanced stages.

### ***Azerbaijan***

During the period in question, activities were pursued for the realisation of the new stretch of motorway called "Alat – Masalli Highway", divided into two separate lots.

The works have mainly included the production of the road embankments and the works of art, the laying of the first layers of stabilised base as well as the start of construction on the bridges.

During the month of November 2012, the Ministry of Transport of the Republic of Azerbaijan recognised the grounds for the increased budget request by subsidiary Todini Costruzioni, for the fluctuation in price of the raw materials used in the road projects "Baku – Shamakhi" and "Kurdemir – Ujar", which were concluded in 2011. The agreed amount, equal to AZN 15 million (equivalent to approximately €14.5 million), was fully dispensed by the Customer.

### ***Georgia***

Works for the Sveneti-Ruisi project are in the completion phase. This project is for the construction of a four-lane motorway section, and includes building a twin-tube tunnel of 800 m in length.

On 28 November 2011 the lot was opened to traffic. Still to be completed are the works related to the electromechanical installations in the tunnel, the execution of which was delayed by the client's late authorisation for the suspension of traffic.

It was therefore agreed that the contract would be extended until the end of the first half of 2013.

Mobilisation and initial production activities began in the opening months of 2012 relating to the construction of the new Kutaisi bypass along the East-West Highway on the Zestafoni-Kutaisi-Samtredia section. Land removal by way of excavator and the paving of embankments are in progress, while the base and sub-base are still under way.

The project, which is worth around €45 million, is being managed by a subsidiary in which Japanese company Takenaka has a minority stake.

A ground-breaking ceremony was held in Kutaisi in February 2012, attended by the President of Georgia, the financing institution JICA and the local authorities.

A new contract was secured in March 2012, worth around €45 million and again in partnership with Takenaka, for the construction of a 27-km two-lane fast-flowing arterial road on the Kutaisi-Samtredia section. On 18 July 2012, we received instruction to begin work, and this started with the initial mobilisation of people and equipment. In the second half of the year paving began, along with construction of the discharge channels.

### ***India***

Salini India Private Ltd has been operating in India since the end of 2011, with headquarters in New Delhi, 95% owned by Salini S.p.A. and 5% by the subsidiary Cogema S.p.A. To date, different pre-qualifications and offers have been presented for hydroelectric plants in the country, and currently an offer is being prepared for the Pakal Dul (1000 MW) hydroelectric plant in Kashmir.

### **Singapore**

On 14 November 2012, Salini Singapore Pte Ltd. was established, entirely owned by Salini S.p.A., with the aim of acquiring orders for big infrastructural projects provided for in the country's development plans. To date, the pre-qualification has been presented and the offers related to different lots for the new "Thomson Line" underground line are being prepared.

## **SOUTH AMERICA**

Upgrades continue on the Santiago de Chile structure with the aim of achieving increased operating capacity both in the coordination of the projects being assigned as well as in preparing the documents for the tenders offered by the country, and more generally, throughout South America.

Noteworthy in this regard are commercial initiatives in Ecuador, Peru, Argentina, Colombia and the Dominican Republic.

On 11 February 2013, Empresa de Transporte de Pasajeros Metro Santiago S.A. awarded the joint venture comprised of Salini S.p.A. and Impregilo S.p.A. with the realisation of lots 1 and 2 of line 6 of the Santiago de Chile underground.

The work involves the excavation and lining of 8,515 metres of tunnel with six stations.

## **CENTRAL AMERICA**

The Panama subsidiary was established in June 2012 to promote the Group's presence in Central America and the Caribbean.

## **NORTH AMERICA**

On 5 October 2012 Salini USA was incorporated in Delaware, with the aim of carrying out activities related to scouting and expansion in the eastern United States.

At the same time and with the same aims, Salini Canada was established in the beginning of 2013.

## **AUSTRALIA**

On 13 June 2012 Salini Australia Pty Ltd was established, with headquarters in Brisbane in Queensland, entirely owned by Salini S.p.A.. Offers are being prepared for the urban railways of Brisbane (Moreton Bay Rail Link) and Sydney (North West Rail Link) and business development activities are being established for the acquisition of other orders in the scope of the large public and private infrastructures, with particular reference to the mining sector.

## EUROPE

### *Denmark*

On 7 January 2011 the subsidiary Copenhagen Metro Team I/S, a company established under Danish law, of which Salini S.p.A., Tecnimont Civil Construction and S.e.l.i. are members, signed the contract for the realisation of the new Copenhagen metro, one of the most modern transport infrastructures in the world.

The “Copenhagen Cityringen Project” consists of the planning and construction of the new circular metro line located in the city centre, which includes 17 stations and two tunnels of approximately 16 km, with an expected traffic of 240,000 passengers per day.

The original contract value of €1,497 million was increased to €1,657 million following five addenda made this year, on top of the three optional extras already exercised by the client in 2011.

Beyond station and underground planning activities, construction works are currently under way on all of the 21 sites provided for in the contract (17 stations and 4 shafts).

### *Ukraine*

The works to rehabilitate the road section along the Kiev-Chop motorway are complete, the road has been opened to traffic and the taking-over certificates have been received. The guarantee period expired on 30 June 2012 and at the same time, the client delivered the final certificate.

On 5 August 2011, the joint venture comprising Salini Costruttori, subsidiary Todini Costruzioni and Azerbaijani company Akkord won the tender to rehabilitate the Kiev-Zhytomyr motorway section, along the same route as the Kiev-Chop contract. The contractual value of the four lots assigned amounts to roughly €285 million and the works, which according to the contract should take 15 months to carry out, began immediately after the award documents were signed.

The contract was part of the activities in preparation for the recent European Football Championship, also known as Poland-Ukraine 2012, and therefore the relevant timescales and especially the execution procedures were strongly influenced by this sporting event.

As expressly requested by the client (State Road Administration of Ukraine), partial delivery was made on 31 May 2012 with the completion of the binder course and the opening of the arterial road to traffic in order to enable the road system required for participation in the European Football Championship.

At the end of the “Euros” the site became fully operational again, completing the last coat of pavement with the subsequent receipt of the “taking over certificate”.

On 21 December 2012 the State Road Agency received an acceptance letter from the subsidiary Todini Costruzioni to realise the “Capital repair of M03 Kiev – Kharkiv – Dovzhansky road” project.

The order, valued at approximately €178 million, is financed by the World Bank, and provides for the rehabilitation and lengthening of six road lots at a length of 63 km.

The worksite is in the phase of mobilisation with subsequent monitoring, along with the selection of subcontractors and personnel.

**Albania**

Works related to the construction of the Levan Dames trunk road have been completed.

On 2 August 2012 the road was opened to traffic, while the related works were finished in October.

**Turkey**

On 17 November 2011, subsidiary SKG, owned by Salini, local company Kolin and Generali Costruzioni Ferroviarie, received an order to begin works for the “Rehabilitation and reconstruction of the Kosekoy-Gezbe section of the Ankara-Istanbul high-speed train project”.

This initiative, a symbol of the modernisation of Turkey’s transport system, includes dismantling the existing railway as well as building a new double-track railway of 55.6 km in length, which will link the country’s two “capitals”.

The new railway will have an operating speed of 160 km/h.

The project also involves building the railway superstructure and carrying out signalling, electrification and telecommunications works.

The contract’s value is approximately €147 million.

In March, a ceremony was held to lay the first stone at Kosekoy Station, attended by representatives from senior government, Salini management and the Italian Consul of Istanbul.

The dismantling of the existing railway line is almost complete, while landworks, railway works and electromechanic works have begun.

On 26 March 2013 the Ministry of Health of the Republic of Turkey assigned to Salini, in JV with the Korean company Samsung, the Dutch company Simed and the local company Kayi Insaat, an order for the construction and management of an important hospital complex in the city of Gaziantep, for a total of 1,875 beds to be developed over a space slightly bigger than 550,000 square metres.

The initiative will be carried out as a PPP (public private partnership) through a special purpose vehicle (SPV) of which Salini holds 28%. The SPV will in turn entrust to a JV comprised of Salini (33%), Samsung and Kayi the activities related to planning, construction and provisions for a total value of approximately €510 million.

During the management phase – planned to last 25 years - SPV will receive a retainer fee in the amount of approximately €52.7 million per year (current), in addition to a fee for services at approximately €9 million per year (current).

**Belarus**

On 19 July 2011, a contract was signed to carry out resurfacing work on the M5 Minsk-Gomel road section.

Work physically began in November 2011 after the client handed over the four lots assigned. Over the course of the year landworks and the execution of bituminous pavements were largely completed, while at the same time works of art such as manholes and bridges were begun.

The proposed term of the contract is 600 days, and its value is approximately €88 million.

**Italy**

Within the portfolio of work in hand, the value of the domestic business (€1,627 million) accounts for 17% of the total and the sectors concerned are summarised below (€/million):

Railways and metro systems	1,548	95.1%
Civil buildings	76	4.7%
Roads and motorways	3	0.2%
	<b>1,627</b>	

Domestic market activity, totalling €216.5 million, represented 12% of the value of production at 31 December 2012.

The sectors that contributed to operating income in Italy are Railways and Undergrounds (51.7%), Roads and Motorways (43.0%) and Civil Construction (5.3%).

The most significant events regarding these activities in 2012 are described below.

### ***Rome metro, B1 line***

The new section of the B1 line linking Piazza Bologna and Piazza Conca d'Oro was introduced into service on 13 June 2012, in the presence of the Mayor of Rome and the major municipal authorities.

We still need to establish with the client the final cost of the order, submitted in October, the dissolution of the residual reserves and the compliance of related additional works with prescriptions and various requests.

Provisional inspection activities remain ongoing.

At the same time, excavations were completed for the tunnel for the line from Piazza Conca d'Oro to Jonio station, while fitting activities and those related to the installation of the technological systems are still under way.

Mostly complete are the works related to supply shafts and the construction activity for the parking lots.

Currently being negotiated with the Customer is a new Expert Opinion that implements not only the additional requirements that emerged but also an extension of the contractual terms, already extended in the month of June 2013 by virtue of a previous Service Order submitted by the Contracting Authority.

The Group also won the tender to extend the Rome metro B line from Rebibbia to Casal Monastero. The project, assigned by Roma Metropolitane to a consortium including Vianini and Ansaldo, will be conducted using the property development technique, and its value is calculated at around €948 million.

The major works will be the dead-end track at Rebibbia, the station at San Basilio and the station at Torraccia/Casal Monastero with around 3.8 km of tunnel, a junction and car parks with 2,500 spaces.

On 21 December 2012 the Services Conference approved the final design and the variations formulated during the tender stage.

On 31 December 2012 the commission was issued with which the Mayor approved the preliminary integrated draft, defined the zoning and approved the expropriation plan related to the construction project.

Over the course of 2013, then, activities related to the project got under way.

### ***Milan-Naples A1 Motorway, upgrading of the Apennine section between Sasso Marconi and Barberino di Mugello, the La Quercia-Aglio section***

This initiative is for works to extend and modernise the A1 Motorway base tunnel – Lot 9-11 – Valico Bypass. This job is part of the larger project being carried out by Autostrade per l'Italia S.p.A. to develop the A1 by building the Valico Bypass, in order to improve road conditions and reduce the time it takes to travel between Bologna and Florence. The most distinctive part of the Valico Bypass is the Galleria di Base: a tunnel with divided carriageways (160-m<sup>2</sup> section, approximately 8.6 km long), which will connect the Emilia-Romagna and Tuscany regions, linking the future Badia Nuova service area in the north with the new Poggiolino junction to the south.

The last production activities were completed in the tunnel during the year, while with regard to external works, the Castiglione dei Pepoli junction at Badia Nuova remains to be completed, though its advancement remains on schedule.

### ***Construction of road infrastructure to replace the Capo Boi-Terra Mala S.S.125 trunk road***

The construction of the road infrastructure to replace the S.S.125 trunk road from the junction at Capo Boi to the junction at Terra Mala in Sardegna is almost entirely completed.

Still to be completed are some minor works such as road signs and green areas.

As at 31 December 2012, the physical progress of the project was approximately 98%.

On 28 March 2012, through an amicable agreement procedure pursuant to Article 240 of Legislative Decree 163/2006, amounts totalling €22.6 million were recognised for reserves recorded until IPC 12, for works carried out until 19 September 2011, inclusive.

### ***Rome-Fiumicino motorway, construction of parallel roads and access roads***

Construction work on the Roma-Fiumicino motorway section was completed in June 2011. The completion of some finishings, not interfering with the road bed, was postponed owing to a delay in receiving approval from the regional archaeological authority. Finally, on 21 March 2012 the client prepared the final completion report. Final testing should be completed by the end of financial year 2013.

### ***Naples, construction of a railway section for heavy underground transport, Piscinola-Secondigliano section***

Activities to carry out civil engineering works on the Piscinola-Secondigliano railway, as part of the modernisation and upgrading of the Naples-Alifana line, were suspended during the second half of 2011 due to the client's failure to make contractual payments, with the consequence that, during 2012, the only activities carried out consisted of securing the safety of the construction sites.

The client, given the strategic value of the work in completing the railway ring in Naples, could no longer meet its commitments due to financial difficulties that defined the financial statements of the Region of Campania, which in fact provoked a lack of funds in the subsidiary Metrocampania Nordest S.r.l., making it extremely difficult to disburse the amounts due.

In light of the situation, the Ministry of Infrastructure and Transport, based on the provisions laid down in decree law no. 83 of 22 June 2012 (converted in Law no. 134 of 7

August 2012), appointed a Committee to execute the task of recognising the amounts of payables and receivables of the companies conducting regional rail transport, in order to prepare a plan to reduce the deficit.

Given that, in order to ensure the performance of the Committee's activities, the aforementioned decree law established that executive actions may not be initiated or pursued against regional companies exercising rail transport, the subsidiary Todini Costruzioni has in any case begun all the initiatives known to be necessary for obtaining its vested rights, at the same time maintaining a non-conflictual relationship with the Committee which, however, considers the lot in question a priority for the effective functioning of the metropolitan railway ring.

***Terni, public works as part of activities to complete the detailed "Zona Corso del Popolo" plan***

In the concession department, activities relating to the execution of public works in the Municipality of Terni to complete the detailed "Zona Corso del Popolo" plan continue. The contract signed with the local council involves managing the public car park, which is almost completely finished, for a period of 30 years.

Furthermore, the concession grantor also approved the executive design for the architectural, structural and engineering upgrade of the municipal building, the value of which is approximately €2.1 million. The afore-mentioned building was delivered to the City in August.

General approval and the start of the concession are scheduled for May 2013.

***Terni, planning, realisation and management of the multi-purpose sporting complex called "the stadium pools"***

On 1 March 2012 a concession agreement was entered into with the Municipality of Terni, with a 29-year term, for the design, construction and management of a multi-purpose sports complex called "Le Piscine dello Stadio". This initiative, which involves building indoor and outdoor swimming pools, fitness facilities, a commercial and refreshment area and an outdoor green space with public footpaths, is based on the use of modern technologies with a low environmental impact, as well as the rational and targeted use of alternative energy sources.

In the month of June, a preliminary subcontracting contract was signed for the future management of the sports complex, and a consortium was established for the execution of the works.

The demolition and construction site works have been completed, and the landworks are currently under way.

## Main companies of the Salini S.p.A. Group

For the sake of completeness, below is a brief analysis of the consolidated data as at 31 December 2012 of Salini S.p.A. and of Todini Costruzioni Generali S.p.A. which, due to their size, are the main companies in the Salini S.p.A. Group.

The financial statements in question are consistent with the current provisions of the Italian Civil Code and the Accounting Standards prepared by the National Council of Accountants and Chartered Accountants.

### Salini S.p.A. (parent company)

The first statutory financial statements of Salini S.p.A. for the year 2012, which are submitted for approval by the Shareholders' Meeting, show pre-tax profit of €60.3 million and a net profit of €45.0 million compared to a value of production of €743.8 million.

If the economic situation as at 30 June 2012 had been taken as a reference, it would have been possible to show how revenues and profit margins improved considerably, especially with reference to production volumes, which grew 130% from the previous half.

Pre-tax profit reflects the optimum performance of the non-core business, with special emphasis on the financial component, which benefited from dividends received from the subsidiary Impregilo S.p.A. (€10.2 million), and on the valuation of equity investments, which show the good performance of the foreign subsidiaries.

Please see the details in the appropriate paragraphs of the notes to the financial statements for additional information on these two items.

### Reclassified income statement

(€'000)

<b>Value of production</b>	<b>743,808</b>	<b>100.0%</b>
Purchases for the period	(93,056)	(12.5%)
Cost of services	(453,759)	(61.0%)
Lease and rental expense	(49,573)	(6.7%)
Misc. operating expenses	(1,355)	(0.2%)
<b>Value Added</b>	<b>146,064</b>	<b>19.6%</b>
Personnel costs	(82,386)	(11.1%)
<b>EBITDA</b>	<b>63,679</b>	<b>8.6%</b>
Amortisation, depreciation and write-downs	(31,047)	(4.2%)
<b>EBIT</b>	<b>32,632</b>	<b>4.4%</b>
Financial income (loss)	17,784	2.4%
Exchange gains/losses	(4,417)	(0.6%)
Income (loss) on equity investments	16,002	2.2%
Non-operating income (loss)	(1,667)	(0.2%)
<b>EBT</b>	<b>60,334</b>	<b>8.1%</b>
Taxes	(15,289)	(2.1%)
<b>NET PROFIT</b>	<b>45,044</b>	<b>6.1%</b>

### Production

As at 31 December 2012, Salini S.p.A.'s total revenues amounted to €743.8 million, with foreign projects accounting for 84%.

Operating income represented 96.6% of revenues and totalled €718.6 million. The Ethiopian hydroelectric projects, Gibe III and the Grand Ethiopian Renaissance Dam, as well as the Kyzylorda road project located in Kazakhstan, provided a significant contribution to that result.

<b>Operating income by geographical area (€/000)</b>	<b>31-Dec-12</b>	<b>%</b>
Italy	90,846	13%
Non-EU	373	0%
Asia	172,113	24%
Africa	455,218	63%
<b>TOTAL OPERATING INCOME</b>	<b>718,550</b>	<b>100%</b>

The dams and hydroelectric plants sector continues to be the most important, since with the substantial contribution of the above-mentioned Gibe III and Grand Ethiopian Renaissance Dam orders, accrued revenues account for 61% of the annual total.

Also extremely important is the performance of the road and motorways segment due mainly to the full operation of the lots for the reconstructions of the “International Transit Corridor Western Europe - Western China” in Kazakhstan and due to the resumption of the work for the execution of the motorway section “R881 Comprehensive Improvements of the Parallel Roads” in the city of Dubai.

<b>Operating income by sector (€/000)</b>	<b>31-Dec-12</b>	<b>%</b>
Dams and hydroelectric plants	435,539	61%
Railways and metro systems	91,219	13%
Civil buildings	504	0%
Roads and motorways	191,289	27%
<b>TOTAL OPERATING INCOME</b>	<b>718,550</b>	<b>100%</b>

Other non-operating income, amounting to €25.2 million, refers basically to the provision of goods and services which, by their very nature, are not part of the core business, and to the provision of services for the benefit of the Group (e.g. technical and administrative services for Group companies, sales of materials, and insurance reimbursements).

### *Costs*

*Direct production costs* stood at €597.7 million and accounted for 80.4% of total revenues.

*Personnel costs*, totalling €82.4 million, absorbed 11.1% of the value of production and were substantially in line with Group-wide percentages.

### *Results of operations*

Results of operations reflect the positive considerations mentioned in the previous paragraphs.

The profitability and liquidity ratios demonstrate the Company's considerable ability to generate profit in terms of the remuneration of both venture capital and activities in which it has invested.

EBITDA reached the amount of €63.7 million, with an EBITDA margin of 8.6%, which represents an increase of 102% from what was shown by the interim income situation at 30 June 2012.

Similar considerations can be applied to EBIT, which at €32.6 million constitutes an ROS of 4.4%.

### *Period result*

EBT (pre-tax profit) amounted to €60.3 million, or 8.1% of total revenue.

The provision for taxes for the year (€15.2 million) includes a current portion of €13.6 million and a portion for deferred taxes of €1.6 million.

For additional information on the calculation of taxes, please see the details in the dedicated paragraph "Income taxes E22" of the notes to the financial statements.

### *Reclassified statement of financial position*

(€'000)	<b>31-Dec-12</b>
Intangible fixed assets	4,952
Tangible fixed assets	93,494
Equity investments	373,989
Other net fixed assets	2,670
<b>Total fixed assets (a)</b>	<b>475,105</b>
Inventories	111,148
Pending contracts	179,422
Advances from clients	(498,316)
Trade receivables	121,486
Tax receivables	20,088
Other assets	409,372
	<b>subtotal</b>
	<b>343,201</b>
Trade payables	(156,346)
Other liabilities	(164,938)
	<b>subtotal</b>
	<b>(321,283)</b>
<b>Operating working capital (b)</b>	<b>21,917</b>
Provisions for risks and charges	(9,467)
TFR	(1,432)
<b>Total reserves (c)</b>	<b>(10,898)</b>
<b>Net invested capital (d) = (a) + (b) + (c)</b>	<b>486,124</b>
Cash and cash equivalents	71,632
Financial receivables	3,070
Current financial liabilities	(81,269)
Non-current financial liabilities	(202,626)
<b>Net financial payables/receivables (e)</b>	<b>(209,194)</b>
Shareholders' equity	276,930
<b>Shareholders' equity (f) = (d) + (e)</b>	<b>276,930</b>
<b>Funding (g) = (f) - (e)</b>	<b>486,124</b>

*Fixed assets* stood at €475.1 million and consisted mainly of the value of the equity investment in Impregilo S.p.A., amounting to approximately €297 million, and the technical equipment assigned to work sites, the specific weight of which accounts for 20% of total fixed assets.

*Net invested capital*, totalling €486.1 million, reflects the evolving trend in production, the significant growth of which has influenced the Company's commitments and, in general, its capital structure in a balanced manner.

### *Net financial position*

(€/000)	<b><u>31-Dec-2012</u></b>
Cash and cash equivalents	71,632
Financial receivables	3,070
Payables to banks	(78,253)
Payables to other lenders	(3,016)
<b>Total current position</b>	<b>(6,567)</b>
Payables to banks	(190,063)
Payables to other lenders	(12,563)
<b>Total non-current position</b>	<b>(202,626)</b>
<b>Net financial position</b>	<b>(209,194)</b>

The net financial position at 31 December 2012 amounted to (€209.2) million and is the result of scheduled investments both to sustain the growth of the production volume from orders and to continue the implementation of the "Campione Nazionale" (National Champion) project through the strategic acquisition of shares of Impregilo S.p.A., which accounted during the year for an amount of approximately €174 million.

Due to the foregoing, the liquidity and financial structure ratios may be considered balanced also in view of the mix of maturities which are structured mostly toward the long term.

## Todini Costruzioni Generali S.p.A.

The statutory financial statements of the subsidiary Todini Costruzioni Generali S.p.A. for the year 2012 show a net profit of (€7.7) million, with a value of production of €438.7 million.

The profit margins, albeit suffering from the completion of some important orders in Azerbaijan and Ukraine, remain positive, showing an EBITDA of €16.3 million and an EBIT of €0.6 million.

### Reclassified income statement

(€ 000)	31-Dec-2012		31-Dec-2011	
<b>Value of production</b>	<b>438,723</b>	<b>100.0%</b>	<b>539,717</b>	<b>100.0%</b>
Purchases for the period	(91,039)	20.8%	(120,746)	22.4%
Cost of services	(238,159)	54.3%	(275,276)	51.0%
Lease and rental expense	(31,507)	7.2%	(28,259)	5.2%
Misc. operating expenses	(4,651)	1.1%	(3,479)	0.6%
<b>Value Added</b>	<b>73,367</b>	<b>16.7%</b>	<b>111,957</b>	<b>20.7%</b>
Personnel costs	(57,087)	13.0%	(64,585)	12.0%
<b>EBITDA</b>	<b>16,280</b>	<b>3.7%</b>	<b>47,372</b>	<b>8.8%</b>
Amortisation, depreciation and write-downs	(15,613)	3.6%	(27,371)	5.1%
<b>EBIT</b>	<b>667</b>	<b>0.2%</b>	<b>20,001</b>	<b>3.7%</b>
Financial income (loss)	(13,397)	3.1%	(7,205)	-1.3%
Exchange gains/losses	(2,202)	0.5%	(4,696)	-0.9%
Income (loss) on equity investments	5,937	-1.4%	468	-0.1%
Non-operating income (loss)	(1,352)	0.3%	(2,905)	0.5%
<b>EBT</b>	<b>(10,347)</b>	<b>-2.4%</b>	<b>5,663</b>	<b>1.0%</b>
Taxes	2,579	0.6%	(6,254)	-1.2%
<b>NET PROFIT</b>	<b>(7,768)</b>	<b>-1.8%</b>	<b>(591)</b>	<b>-0.1%</b>

### Production

As at 31 December 2012, the subsidiary's total revenue amounted to €438.7 million, with foreign projects accounting for 75.4%.

Operating income totalled €424.1 million, accounting for 96.7% of turnover.

Geographically, 22% of operating income came from Italy and 78% from abroad, with the specific weight of international operations growing by 7.3% compared to the previous year.

Noteworthy was the contribution by the non-EU area, which grew by €14.4 million compared to 31 December 2011, due primarily to the commencement of the order for the resurfacing of the M5 road section from Minsk to Gomel in Belarus.

The Asia area, contributing a value of production of €178.7 million, remains the most significant, particularly with regard to the continuation of the Kazakh order for the reconstruction of the "Western Europe - Western China" International Transit Corridor and the full operation of the work for the "Alat – Masalli highway" in Azerbaijan.

<b>Operating income by geographical area (€/000)</b>	<b>31-Dec-2012</b>	<b>%</b>	<b>31-Dec-2011</b>	<b>%</b>
Italy	93,507	22%	156,135	29%
EU (excluding Italy)	1,269	0%	571	0%
Non-EU	121,835	29%	107,413	20%
Asia	178,711	42%	233,517	44%
Africa	28,760	7%	35,513	7%
<b>TOTAL OPERATING INCOME</b>	<b>424,084</b>	<b>100%</b>	<b>533,149</b>	<b>100%</b>

The roads and motorways sector is the Company's absolute core business, accounting for 96.8% of income (96.2% in 2011), while the other sectors contributed only marginally to production volumes.

<b>Operating income by sector (€/000)</b>	<b>31-Dec-2012</b>	<b>%</b>	<b>31-Dec-2011</b>	<b>%</b>
Dams and hydroelectric plants	6,263	1%	9,641	2%
Railways and metro systems	1,350	0%	620	0%
Civil buildings	5,997	1%	9,922	2%
Roads and motorways	410,474	97%	512,965	96%
<b>TOTAL OPERATING INCOME</b>	<b>424,084</b>	<b>100%</b>	<b>533,149</b>	<b>100%</b>

Other non-operating income, totalling €14.6 million, was mainly from services provided for the Group.

### *Costs*

*Direct costs* accounted for 83.3% of the value of production and amounted to €365.4 million (€427.8 million in 2011).

Personnel costs stood at €57.1 million, decreasing by 11.6% compared to the previous year, when costs were €64.6 million.

### *Non-core business*

The non-core business, though showing a positive result from the valuation of equity investments, was significantly influenced by impact of financial expenses incurred to support production activities and by negative foreign exchange trends, attributable largely to the fluctuation of the Kazakh tenge, the Tunisian dinar and the Belarus ruble.

### *Period result*

Pre-tax profit stood at (€10.3) million, suffering decidedly from the fact that some important projects completed in the previous year no longer contributed profit margins.

The new initiatives for the year, both because they are in a commencement phase and because of the size of the contracts, did not manage to generate comparable profitability to the motorway projects in Azerbaijan (Shamakhi, Ujar and Samur) and Ukraine (Kiev-Chop) completed in 2011, being therefore less able to contribute to covering operating costs and overheads.

The loss for the year has meant a positive tax result of €2.6 million, generated by the combined effect of the balance of current taxes, amounting to €5.3 million, and that for deferred taxes, which stood at (€2.7) million.

## **OTHER INFORMATION**

## Treasury shares

The Company held no treasury shares as at 31 December 2012.

## Management and coordination

Salini S.p.A. is managed and coordinated by its sole shareholder, Salini Costruttori S.p.A. Transactions with the parent and with other companies subject to the same direction and coordination activity, including Todini Costruzioni Generali, Co.Ge.Ma. S.p.A., Metro B1 s.c.a.r.l. and Rimati s.c.a.r.l., are part of the company's ordinary business and have been conducted at arm's length conditions.

The direction and coordination activities of Salini Costruttori S.p.A. have not had significant effects on results for the year.

The transactions carried out refer almost exclusively to the centralised cash management service carried out by Salini S.p.A. for the benefit of the Salini Costruttori Group in order to optimise the dynamics of financial resources. This service generated financial income on the Company income statement of approximately €1.04 million.

As far as details on the nature and amount of the most significant transactions made with other companies subject to the same direction and coordination activity, please refer to what is stated in the paragraph in the Notes to the Financial Statements concerning related parties, except for transactions with the subsidiary Todini Costruzioni Generali, the details of which are summarised below:

### INCOME

- Financial expenses due to centralised cash management amounting to €4.2 million;
- Activity of coordinating engineering, procurement, legal activities, human resources, and general and administrative services in the amount of €7.0 million.

### EXPENSES

- Activity of administrative and technical service amounting to €2.0 million

## Statutory audit

The Company appointed independent auditing firm Reconta Ernst & Young S.p.A. to perform the statutory audit and verification activities pursuant to Article 14 of Legislative Decree 39/2010 for the three-year period from 2012 - 2014.

## Alternative performance indicators

The Company's management assesses the financial and operating performance of the Group and business lines based on certain indicators not covered by IFRS. Below is a

description, as required by the CESR/05-178b recommendation, of the components of each of these indicators.

**EBITDA:** is obtained by adding the following elements to EBIT, as defined below: (i) depreciation and amortisation of tangible and intangible fixed assets, (ii) write-downs and provisions, (iii) costs capitalised for internal work.

**EBIT** (net operating profit): means earnings before interest and taxes, unadjusted. EBIT also excludes income and expenses deriving from the management of non-consolidated equity investments and securities, in addition to the proceeds from any disposals of consolidated shareholdings, classified in the financial statements under financial income and expenses or, for the proceeds from equity-accounted investments, under the heading “Effects of measuring equity investments according to the equity method”.

**EBT** (earnings before taxes): is calculated as EBIT net of financial income and expenses, in addition to the effects of measuring equity investments according to the equity method.

**Net Debt/Equity ratio:** this is obtained from the ratio between net financial position – according to the CESR (Committee of European Securities Regulators) – as the numerator and net equity as the denominator, excluding treasury shares.

**Net fixed assets:** means total non-current assets; specifically it refers to tangible fixed assets, intangible assets, investments and other non-current items.

**Operating Working Capital:** is obtained from the algebraic sum of receivables and payables from the core business (trade receivables and payables, inventories, work in progress, tax credits, advances from clients, residual components of current assets and liabilities).

**Net Invested Capital:** is the sum of total fixed assets, operating working capital, provisions for risks and provisions for employee benefits.

**ROS** (Return on Sales): this indicator is calculated as the ratio between EBIT and Total Income.

**ROE** (Return on Equity): this is calculated as the ratio between earnings for the period and Group equity.

**ROI** (Return on Investment): this is calculated as the ratio between EBIT and Net Invested Capital.

**Current Asset Ratio:** this is calculated as the ratio between current assets and current liabilities.

**Invested capital turnover:** this is calculated as the ratio between sales revenue and net invested capital.

## Information on related-party transactions

Please see the relevant section of the notes to the financial statements for details of transactions with related parties.

These transactions essentially concern the exchange of goods, the provision of services, funding and the use of financial resources with the Company’s subsidiaries, associates and other investee companies, in addition to optimising the Group’s centralised cash management activities.

The aforementioned transactions are part of the Company’s ordinary business and are conducted under normal market conditions, that is, at arm’s length.

On 27 September 2012, an organisational and commercial cooperation agreement was signed between Impregilo S.p.A. and Salini Costruttori S.p.A. (parent of Salini), in order to begin a strategy of cooperation aimed at seizing market and value-creation opportunities for both Groups, as well as achieving cost savings as a result of operational and industrial

synergies, notwithstanding the individuality, structures and make-up of the individual companies.

## Exercise of the tax consolidation option for IRES (corporate income tax)

The Company has exercised the tax consolidation option for IRES pursuant to Article 117 *et seq.* of the Consolidated Law on Income Tax (TUIR) and to the Ministerial Decree of 9 June 2004.

Exercise of the option is valid for the three-year period from 2012-14, and enables the Company's IRES-taxable income to be charged to the parent Company Salini Costruttori S.p.A..

The legal, economic and financial implications deriving from acceptance of the consolidated tax regime are governed by a special agreement signed between the parties.

## Branch offices

Shown below is a list of the Company's branch offices:

Country	Address
Bulgaria	Sofia, Vitosha Blvd 180, Triaditza Region
Chile	Santiago, Av. Libertador B. O'Higgins 949
United Arab Emirates – Abu Dhabi	Al Murror Area 179 St. 2/19 Saif Ali Mirz. PO BOX 32594, United Arab Emirates
United Arab Emirates – Dubai	Suite one level 4, Tameem House, Off. 401 United Arab Emirates. PO BOX 213676
Ethiopia	Addis Abeba Kirkos, Kebele 17, House n. 62 PO Box 101463
Jordan	P.O. Box 925885 Amman
Guinea	B.P. 3485 Conakry
Iraq	Gulan Street, Vital Village, Vila # 30, Erbil, Kurdistan Region, Iraq.
Kazakhstan	Kyzylorda 120000, G. Muratbaeva Street N/N Business Centre Building, Fourth
Libya	Tripoli, Hammamet Street Gargaresh 1
Morocco	Rabat, Mahaj Riad, Immeuble 5 Hay Riad
Panama	2nd floor, Calle 53 Este, Marbella Apartado postal 0819-09132 Panama, Republic of Panama
Sierra Leone	PMB 191 Freetown
Sudan	P.O. Box 3013 Khartoum
Turkey	Istanbul, Suleyman Seba cad. Bjk Plaza n.48
Uganda	Kampala Nakawa House
Zimbabwe	44A Ridgeway North, Highlands, Harare

## Salini Group risk management

The Group's structures are particularly alert in identifying and monitoring risks typical of the core business, with the two-fold objective of providing management with the right tools for proper management and for safeguarding company assets to the utmost.

The main types of risks to which the Company may be exposed include:

- *Interest rate risk*, tied to the fluctuation of the cost of different external sources of financing and the relative composition between fixed-rate and variable-rate debt.
- *Foreign-exchange risk*, deriving from the fluctuation of the exchange rate between the euro and the other currencies in which the Group operates.
- *Liquidity risk*, represented by the possibility that the resources generated by operating activities will not be able to meet obligations with the scheduled time periods and maturities.
- *Credit risk*, determined by the eventuality of potential losses caused by clients' non-performance of the obligations assumed with the Group.

## Subsequent events

On 6 February 2013, in a special announcement in accordance with current regulations on the subject, Salini S.p.A. disclosed its decision to launch a voluntary public take-over tender offer, pursuant to and in accordance with Article 106, paragraph four, of the Consolidated Finance Act, involving all of the ordinary shares of Impregilo S.p.A. not held by Salini S.p.A., at a price of €4.00 per share.

On 16 March 2013, the Offer Document prepared by Salini S.p.A. was published, together with the respective supporting documentation, including, in particular, the Statement by the Issuer (Impregilo), prepared in accordance with Article 103 of the Consolidated Finance Act and Article 39 of the Issuers' Regulations.

At the end of the voluntary Public Take-over Tender Offer, completed on 2 May 2013, Salini S.p.A. came to hold a total of 370,575,589 ordinary shares, or approximately 92.08% of the total ordinary shares of Impregilo S.p.A.. The transaction was financed using lines of credit disbursed for a total of €1,217 million by Banca IMI S.p.A. and Natixis S.A., secured with a pledge on all the Salini S.p.A. shares held by Salini Costruttori S.p.A. and on all the Impregilo S.p.A. shares held by Salini S.p.A.

In light of the outcome of the offer, which was not intended to remove the shares of Impregilo from trading, Salini S.p.A. announced its decision to restore a sufficient float to ensure regular trading of the shares. On 16 May 2013, the Company completed the transactions to arrive at holding a stake in the ordinary share capital below 90%, dropping to a percentage of 89.7%.

Lastly, on 14 May 2013, the Company Board of Directors, during a preliminary examination of the merger by incorporation of Salini S.p.A. into Impregilo S.p.A., resolved to:

- a) appoint the firm Vitale & Associati as the independent expert in charge of preparing the appraisal in support of the Board of Directors in the determination of the share exchange ratio between the two entities involved in the merger, as well as

- Banca IMI and Natixis as advisors to assist the Company in all aspects of the transaction;
- b) appoint Pricewaterhousecoopers S.p.A., independent auditing firm of Impregilo S.p.A., as the party in charge of the auditing of the financial statements for the purposes of preparing the report pursuant to Article 2501-*bis*, paragraph 5, of the Italian Civil Code;
  - c) give a power of attorney to the Chief Executive Officer to file a petition before the Court of Milan for the appointment of the expert who is to prepare the report on the adequacy of the exchange ratio pursuant to Article 2501-*sexies* of the Italian Civil Code.

As far as sales activity is concerned, of particular relevance is the award in the early months of 2013 of important projects in the roads, dams and metropolitan segments, sectors in which the Group excels due to its technical expertise and presence on the market of reference.

Acquiring significance thus are three new motorway projects in Ukraine, Georgia and Poland, the awarding of which is clear evidence of the Group's leadership in the road transport sector.

In Poland, Salini Polska, together with Impregilo S.p.A. and the local company Kobylarnia, will execute a motorway segment of approximately 75 Km on motorway A1 "Torun – Strykow" for an overall amount of approximately €250 million.

The initiative, sponsored by Poland's Directorate General of National Road and Motorways and co-financed by the European Community, constitutes full application of the strategic sales agreement signed with the Impregilo Group in September 2012.

On 4 April 2013, the client Ukravtodor (the state road agency of Ukraine) gave the authorisation for the commencement of the work for the rehabilitation and extension of six motorway stretches with an overall length of 83 Km along the Kyiv-Kharkiv-Dovzhansky route. The project, acquired through the subsidiary Todini Costruzioni Generali, has a value of approximately €219 million and is part of the vast infrastructure programme that aims to improve the efficiency of Ukrainian transport within the multimodal pan-European corridors.

Similar considerations apply to Georgia, where the ability to play a key role in the execution of the country's infrastructure has been further demonstrated through the awarding, in a consortium with Japanese-based Takenaka, of the "Zestafoni – Kutaisi" project.

The new project, worth around €54 million, consists of building a 27 km, two-lane expressway as the main corridor of the country linking Europe with Asia.

This project will be in addition to the "Kutaisi bypass" order awarded in 2011 and the "Samtredia" one acquired in 2012, already under way in the same section of the E-60 Highway, reaching a total amount of €145 million, of which €132 million are yet to be executed.

At the end of March, the official ceremony was held in Keetmanshoop awarding the Company the construction of the Neckartal dam, the largest in Namibia, with the attendance of the Minister of Water, Agriculture and Forestry, the project client, the Region's Governor and the main local authorities.

The project, valued at approximately €230 million, will be executed in roller-compacted concrete (RCC), and will be approximately 80 metres high and, exploiting the waters of the Fish River, will create a water reservoir with a capacity of 857 million cubic metres, intended for the irrigation of 5,000 hectares of land for the area's agricultural development.

In the metro segment, lastly, the Salini Group, together with the Impregilo Group, has experienced new success with the strategic sales agreement, being awarded two stretches of the Santiago, Chile metro's new line 6, the total amount of which is approximately €120 million.

The award in question is an important first milestone in the Company's expansion in South America and reinforces its expertise in the execution of transport infrastructure.

## **Business outlook**

The Group's business performance in the first few months of 2013 is consistent with the main assumptions set out in the 2013-2015 business plan, and therefore confirms the expectation that the growth targets, in terms of production volumes and operating margins, can be achieved even in periods after the one being examined.

The sustained level of global demand for complex infrastructures, together with recently acquired significant initiatives, particularly in the roads and motorways sector (Belarus, Georgia and Ukraine) and the transportation sector (Denmark and Turkey), becoming fully operational, will help significant growth margins to be achieved.

In addition, the size and growth of the portfolio of work in hand, together with new motorway project awards in Ukraine, Georgia and Plan, the Neckartal dam in Namibia and the metro in Santiago, Chile, are a further sign of convergence with the results expectations outlined by management.

Finally, the realisation of the "National Champion" project, with the merger of the Salini and Impregilo Groups, will create an industrial unit with the necessary skills and scale to compete worldwide, the benefits of which, albeit currently not specifically quantifiable, will improve the Company's capacity and efficiency both in operating on its traditional markets and in seeking new opportunities, with the goal of establishing itself as a leading operator in the infrastructure construction sector.

## Conclusions

*Dear Shareholders,*

The Salini S.p.A. financial statements for the financial year 2012, which are submitted for your approval, show pre-tax profit of €60.3 million and net profit of €45.0 million, with a value of production of €743.8 million.

As we thank you for the confidence you have shown in us, we invite you to approve the financial statements as submitted. Lastly, we note that the Board of Directors resolved on 21 March 2013 to defer the Shareholders' Meeting for the approval of the 2012 financial statements, as permitted by the By-Laws and Article 2364 of the Italian Civil Code, in view of the procedural complexities of producing the consolidated financial statements.

### **RESOLUTION ON THE ALLOCATION OF THE PROFITS FOR THE YEAR OF SALINI S.P.A.**

The profit for the year amounts to €45,044,300.

We propose that the Shareholders' Assembly resolves as follows:

- a) in accordance with the provisions of Article 2430 of the Italian Civil Code, allocate €2,252,215 to the "Legal Reserve";
- b) in accordance with the provisions of Article 2426 no. 4 of the Italian Civil Code, allocate €18,619,572 to the "Non-distributable reserve pursuant to Article 2426 no. 4 of the Italian Civil Code";
- c) in accordance with the provisions of Article 2426 no.8 bis of the Italian Civil Code, allocate €993,971 to the "Non-distributable reserve pursuant to Article 2426 no.8 bis of the Italian Civil Code";
- d) distribute a single dividend of €0.208 per eligible share and allocate the remainder of the profits for the year to "Retained Earnings".

Therefore, we hereby submit the 2012 financial statements to the scrutiny and approval of the Shareholders, as set out in the statement of financial position, income statement and notes to the financial statements, and propose the adoption of the consequent resolutions.

*The Board of Directors*

**FINANCIAL STATEMENTS  
AT 31 DECEMBER 2012**

**SALINI S.p.A. - FINANCIAL STATEMENTS as at 31/12/12**

<b>ASSETS</b>		<b>FINANCIAL STATEMENTS</b>
		<b>31/12/2012</b>
<b>A)</b>	<b>RECEIVABLES FROM SHAREHOLDERS FOR PAYMENTS STILL DUE</b>	<b>0</b>
<b>B)</b>	<b>FIXED ASSETS</b>	
<b>B I</b>	<b>Intangible fixed assets</b>	
	1) Start-up and expansion costs	2,622
	2) Research, development and advertising costs	814,789
	3) Industrial patent and intellectual property rights	125,359
	4) Concessions, licences, trademarks and similar rights	67,118
	5) Goodwill	0
	6) Fixed assets under construction and advances	0
	7) Other assets	3,941,781
<b>B I</b>	<b>Total intangible fixed assets</b>	<b>4,951,669</b>
<b>B II</b>	<b>Tangible fixed assets</b>	
	1) Land and buildings	14,068,983
	2) Plant and machinery	
	a) plant and machinery	72,551,455
		(40,256,037)
		32,295,418
	b) vehicles	50,997,552
		(24,540,346)
		26,457,206
	Total plant and machinery	58,752,624
	3) Industrial and commercial equipment	39,582,384
		(28,269,878)
		11,312,506
	4) Other assets	
	a) office furniture and equipment	10,398,883
		(6,612,312)
		3,786,571
	b) other assets	280,616
		(280,616)
		0
	Total other assets	3,786,571
	5) Fixed assets under construction and advances	5,573,328
<b>B II</b>	<b>Total tangible fixed assets</b>	<b>93,494,012</b>
<b>B III</b>	<b>Long-term investments</b>	
	1) Equity investments in:	
	a) subsidiaries	75,481,661
	b) associates	297,246,642
	c) other companies	1,260,823
		373,989,126
	2) Receivables	
	a) From subsidiaries	
	(within 12 months)	1,383,161
	(beyond 12 months)	1,658,000
		3,041,161
	b) From associates	
	(within 12 months)	28,384
	(beyond 12 months)	0
		28,384

		<b>FINANCIAL STATEMENTS</b>
		<b>31-Dec-12</b>
	c) From parents	
	(within 12 months)	0
	(beyond 12 months)	0
		0
	d) From others	
	(within 12 months)	24,556
	(beyond 12 months)	2,645,660
		2,670,216
	Total receivables	5,739,761
	3) Other securities	0
	4) Treasury shares	0
	5) Other long-term investments	0
<b>B III</b>	<b>Total long-term investments</b>	<b>379,728,887</b>
	<b>TOTAL FIXED ASSETS</b>	<b>478,174,568</b>
<b>C)</b>	<b>CURRENT ASSETS</b>	
<b>C I</b>	<b>Inventories</b>	
	1) Raw materials, ancillary materials and consumables	111,148,192
	2) Works under construction	0
	3) Works in progress under contract	3,198,633,716
	4) Finished products and goods	0
	5) Payments on account and services in progress	0
<b>C I</b>	<b>Total inventories</b>	<b>3,309,781,908</b>
<b>C II</b>	<b>Receivables</b>	
	1) From clients	
	a) Contractors	
	(within 12 months)	116,966,643
	(beyond 12 months)	3,518,209
		120,484,852
	b) Other clients	
	(within 12 months)	1,001,180
	(beyond 12 months)	0
		1,001,180
	Total receivables from clients	121,486,032
	2) From subsidiaries	
	(within 12 months)	221,544,347
	(beyond 12 months)	16,245,883
		237,790,230
	3) From associates	
	(within 12 months)	6,841,129
	(beyond 12 months)	289,521
		7,130,650
	4) From parents	
	(within 12 months)	65,264,418
	(beyond 12 months)	0
		65,264,418
	4-bis) Tax receivables	
	(within 12 months)	12,628,073
	(beyond 12 months)	0
		12,628,073
	4-ter) Prepaid tax	
	(within 12 months)	688,474
	(beyond 12 months)	6,771,283
		7,459,757
	5) From others	
	a) Branch current accounts	0
	b) Others (within 12 months)	69,775,894
	(beyond 12 months)	466,423
	Total receivables from others	70,242,317
<b>C II</b>	<b>Total receivables</b>	<b>522,001,477</b>

		<b>FINANCIAL STATEMENTS</b>
		<b>31-Dec-12</b>
<b>C III</b>	<b>Financial assets not comprising fixed assets</b>	
	1) Investments in subsidiaries	0
	2) Equity investments in associates	0
	3) Other equity investments	0
	4) Treasury shares	0
	5) Other securities	0
<b>C III</b>	<b>Total non-fixed financial assets</b>	<b>0</b>
<b>C IV</b>	<b>Cash and cash equivalents</b>	
	1a) Non-restricted bank and post office deposits	71,305,271
	1b) Restricted bank and post office deposits	253
	2) Cheques	0
	3) Cash in hand	326,853
<b>C IV</b>	<b>Total cash and cash equivalents</b>	<b>71,632,377</b>
	<b>TOTAL CURRENT ASSETS</b>	<b>3,903,415,762</b>
<b>D)</b>	<b>ACCRUALS AND DEFERRALS</b>	
	- discount on loans	0
	- misc.	28,944,410
	<b>TOTAL ACCRUALS AND DEFERRALS</b>	<b>28,944,410</b>
	<b>TOTAL ASSETS (A+B+C+D)</b>	<b>4,410,534,740</b>



		<b>FINANCIAL STATEMENTS</b>
		<b>31-Dec-12</b>
9) Payables to subsidiaries		
	(within 12 months)	97,554,621
	(beyond 12 months)	0
		<b>97,554,621</b>
10) Payables to associates		
	(within 12 months)	21,611,363
	(beyond 12 months)	0
		<b>21,611,363</b>
11) Payables to parents		
	(within 12 months)	7,097,243
	(beyond 12 months)	0
		<b>7,097,243</b>
12) Tax payables		
	(within 12 months)	10,833,067
	(beyond 12 months)	0
		<b>10,833,067</b>
13) Payables to social security and welfare institutions		
	(within 12 months)	3,215,806
	(beyond 12 months)	0
		<b>3,215,806</b>
14) Other payables		
	(within 12 months)	10,521,263
	(beyond 12 months)	5,957,221
		<b>16,478,484</b>
		<b>4,114,559,120</b>
<b>E) ACCRUALS AND DEFERRALS</b>		
- discount on loans		0
- misc.		8,146,953
<b>TOTAL ACCRUALS AND DEFERRALS</b>		<b>8,146,953</b>
<b>TOTAL LIABILITIES (B+C+D+E)</b>		<b>4,133,604,432</b>
<b>TOTALE SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>4,410,534,740</b>
<b>MEMORANDUM ACCOUNTS:</b>		
<b>Direct guarantees</b>		
- to subsidiaries and associates		667,069,907
- to third parties		1,432,861,479
<b>Total guarantees</b>		<b>2,099,931,386</b>
<b>OTHER MEMORANDUM ACCOUNTS:</b>		
- leased assets		87,915,122
<b>MEMO ACCOUNTS</b>		
- other memo accounts		78,509,185

**INCOME STATEMENT****A) VALUE OF PRODUCTION**

1) Income from sales and service provisions	36,332,839
2) Change in stocks under processing, semi-finished and finished products	0
3) Change in works in progress under contract	678,999,226
4) Increase of fixed assets for internal works	609,180
5) Other income and earnings	
- misc.	27,866,457
- revenue grants	0
Total other income and earnings (5)	27,866,457

**TOTAL VALUE OF PRODUCTION (1+2...5)**

743,807,702

**B) PRODUCTION COSTS**

6) For raw materials, ancillary materials and consumables	114,719,419
7) For services	453,759,495
8) For the use of third party assets	49,572,862
9) For the personnel	
a) wages and salaries	70,439,360
b) social security and welfare contributions	10,068,302
c) termination benefits	53,899
d) pension and similar liabilities	1,824,166
e) other costs	0
Total personnel costs (9)	82,385,727
10) Amortisation, depreciation and write-downs	
a) amortisation of intangible fixed assets	1,806,546
b) depreciation of tangible fixed assets	22,466,601
c) other write-downs of fixed assets	0
d) write-downs of current receivables and cash and cash equivalents	1,210,172
Total amortisation, depreciation and write-downs (10)	25,483,319
11) Change in raw materials, ancillary materials and consumables	(21,663,706)
12) Reserves for risks	5,563,320
13) Other reserves	0
14) Sundry management charges	1,355,213

**TOTAL PRODUCTION COSTS (6+7...14)**

711,175,649

**BALANCE BETWEEN VALUE AND COSTS  
OF PRODUCTION (A-B)**

32,632,053

		<b>FINANCIAL STATEMENTS</b>
		<b>31-Dec-12</b>
<b>C)</b>	<b>FINANCIAL INCOME AND EXPENSES</b>	
15)	Income from equity investments	
	- due to subsidiaries	0
	- due to associates	0
	- other	10,175,187
	Total income from equity investments (15)	10,175,187
16)	Other financial income	
	a) from receivables recorded under fixed assets	
	- due to subsidiaries	65,055
	- due to associates	0
	- due to parent companies	0
	- other	6,913
	b) from non-current securities	
	not comprising equity investments	0
	c) from current securities	
	not comprising equity investments	0
	d) earnings other than the above	
	- due to subsidiaries	11,494,209
	- due to associates	0
	- due to parent companies	1,034,680
	- other	7,204,145
	Total other financial income (16)	19,805,002
	Total financial income (15+16)	29,980,189
17)	Interest and other financial expenses	
	- due to subsidiaries	149,754
	- due to associates	0
	- due to parent companies	0
	- other	12,046,727
	Total interest and other financial expenses (17)	(12,196,481)
17-bis)	Foreign exchange profits and losses	(4,417,226)
	<b>TOTAL FINANCIAL INCOME AND EXPENSES (15+16-17-17-Bis)</b>	<b>13,366,482</b>
<b>D)</b>	<b>VALUE ADJUSTMENTS ON FINANCIAL ASSETS</b>	
18)	Revaluations	
	a) of equity investments	25,600,453
	b) of long-term investments	
	not comprising equity investments	0
	c) of current securities	
	not comprising equity investments	0
	Total revaluations (18)	25,600,453
19)	Write-downs	
	a) of equity investments	9,598,147
	b) of long-term investments	
	not comprising equity investments	0
	c) of current securities	
	not comprising equity investments	0
	Total write-downs (19)	(9,598,147)
	<b>TOTAL VALUE ADJUSTMENTS (18-19)</b>	<b>16,002,306</b>

		<b>FINANCIAL STATEMENTS</b>
		<b>31-Dec-12</b>
<b>E)</b>	<b>EXTRAORDINARY GAINS AND LOSSES</b>	
20)	Extraordinary gains	
	- capital gains on disposals	0
	- misc.	365,190
	Total extraordinary gains (20)	365,190
21)	Extraordinary losses	
	- capital losses on disposals	0
	- previous years' tax	1,278,414
	- misc.	753,889
	Total extraordinary losses (21)	(2,032,303)
	<b>TOTAL EXTRAORDINARY GAINS AND LOSSES (20-21)</b>	<b>(1,667,113)</b>
	<b>PRE-TAX PROFIT</b>	
	<b>(A-B#C#D#E)</b>	<b>60,333,728</b>
22)	Income tax for the period	
	a) Current income tax	13,646,685
	b) Deferred/prepaid income tax	1,642,743
	Total income tax for the period (22)	15,289,428
23)	<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>45,044,300</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

**SALINI S.p.A.**

Financial Statements as at 31 December 2012

\* \* \* \* \*

**NOTES TO THE FINANCIAL STATEMENTS**

At its meeting on 30 November 2011, the Board of Directors of Salini Costruttori S.p.A. resolved to establish Salini S.p.A., the purpose of which would be to design and build infrastructural works.

The same meeting also approved the contribution in kind by the sole shareholder Salini Costruttori S.p.A. – effective as of 1 January 2012 and pursuant to Article 2342 *et seq.* of the Italian Civil Code – to the aforementioned Salini S.p.A. of the infrastructure construction business unit, inclusive of all associated contracts undertaken directly or indirectly in Italy and abroad as at 30 September 2011. As a result of this contribution in kind, Salini Costruttori S.p.A. controls 100% of Salini S.p.A.'s share capital.

That transaction, to be considered an essential component of the Parent Company's corporate reorganisation project, was completed through the establishment of Salini S.p.A. on 6 December 2011 and the subsequent contribution of the business unit, including its equity, assets and liabilities, examined in the report of the independent expert, appointed pursuant to the procedure set forth in Article 2343-*ter*, paragraph 2, letter b), of the Italian Civil Code.

As a result, 2012 is the first financial year of Salini S.p.A. This means that the notes to these financial statements are unable to compare with previous periods, and the statement of financial position and income statement show changes over the course of the year.

The financial statements for the year ended 31 December 2012, covering 13 months, were prepared, in ordinary format, in accordance with Articles 2423 and 2423-bis of the Italian Civil Code as interpreted by the accounting standards prepared by the National Council of Chartered Accountants, as amended by the Italian Accounting Organisation (OIC) and by the documents issued by the OIC. The financial statements as at 31 December 2012 are made up of the Statement of Financial Position and the Income Statement (presented according to the models set out, respectively, in Articles 2424, 2424-*bis*, 2425 and 2425-*bis* of the Italian Civil Code) and these notes to the financial statements (drawn up in accordance with Article 2427 of the Italian Civil Code), which form an integral part of the financial statements pursuant to Article 2423(1) of the Italian Civil Code. The Board of Directors has also drafted the Directors' Report, as per Article 2428 of the Italian Civil Code.

The financial statements observe the criterion of clarity and are a true representation of the Company's net worth, financial position and economic result for the period.

Over the year, no exceptional circumstances have arisen requiring recourse to the derogations set out in Article 2423, paragraph 4 of the Italian Civil Code.

The Statement of Financial Position and the Income Statement have been prepared using whole euros, as per Article 16 of Legislative Decree 213/1998 and Article 2423(5) of the Italian Civil Code. Unless otherwise specified, numbers in the comments on the Statement of Financial Position and the Income Statement in these notes to the financial statements are expressed in thousands of euro.

The Cash Flow Statement is included in Annex 1 to these notes to the financial statements.

No assets or funds are allocated to a specific transaction.

With regard to information on the progress of the Company's activities, the main events occurring during 2012 and those occurring after the closing date thereof, please refer to what is stated in the Directors' Report which accompanies these financial statements.

With regard to related-party transactions, we note that, pursuant to Article 2427(22-*bis*) of the Italian Civil Code, no significant transactions were carried out during the year that were not under normal market conditions both in terms of the “price” of the transaction and in terms of the reasons behind the decision to carry out such transactions.

## ACCOUNTING STANDARDS AND MEASUREMENT CRITERIA

The criteria applied in the valuation of financial statement items, valuation adjustments and in the valuation of amounts not originally expressed in local legal tender, are in line with the current provisions of the Italian Civil Code, including the valuation criteria contained in Article 2426 of the Italian Civil Code, interpreted by the accounting principles prepared by the National Council of Chartered Accountants, as amended by the Italian Accounting Organisation. These criteria have not been changed from those adopted in preparing the financial statements for the previous year of the parent making the contribution.

Specifically, in preparing the financial statements, the following principles have been observed, in line with Article 2423-*bis* of the Italian Civil Code:

- The measurement of items is made according to rules of prudence and from the standpoint of business continuity, as well as taking into account the economic function of the assets and liabilities considered;
- Only profits made on the closing date of the year have been indicated;
- Income and expenses accrued during the year have been taken into account, regardless of the date of collection or payment;
- Risks and charges for the year have been taken into account, even if known after its closing;
- Heterogeneous elements included in individual items have been measured separately.

Described below are the measurement criteria applied and/or applicable to the most significant financial statement items.

### Intangible fixed assets

Intangible assets are recognised, with the agreement of the Board of Statutory Auditors where necessary, at purchase or production cost, including directly attributable accessory charges, net of amortisation and depreciation.

Costs for studies, tenders and other commercial initiatives in progress are suspended during the year in which they are incurred if the outcome of the tender is not known or if it is not yet completed. If the initiative is unsuccessful such costs are charged against the income statement and, if successful, they are amortised in line with the progress of the work to which they refer (provided that the cost is recoverable from project profit) and, in any case, within a period of no more than five years.

Similarly, costs for multi-year utilisation of work sites are amortised according to the progress of the work and, in each case, in a period not to exceed five years.

If goodwill is recognised as a balance sheet asset upon approval of the Board of Statutory Auditors, it is acquired for consideration and amortised by the straight-line method over its expected useful life.

The cost incurred for the acquisition of software usage rights is amortised by the straight-line method over three years, advertising expenses meeting capitalisation requirements are amortised within a period of no more than five years, and expenses for leasehold improvements are amortised according to the duration of the contract.

Expenses incurred for the obtainment of loans are amortised using the straight-line method in keeping with the respective duration of the loans.

#### Tangible fixed assets

Tangible fixed assets are recognised at purchase or production cost, including directly attributable accessory charges, net of amortisation and depreciation. The cost determined in accordance with Article 2426 of the Italian Civil Code may be written down due to impairment losses. If the reasons for the write-down cease to exist, the original value is restored within the limits of the write-down made. For some income-producing assets, the cost has been revalued pursuant to Laws 72/83 and 413/91.

Tangible fixed assets are amortised by the straight-line method in relation to the residual possible use; the depreciation rates applied, per asset category, as summarised below, are deemed to appropriately reflect the assets' technical and economic duration.

The depreciation rates used per asset category are:

	<u>%</u>
Buildings	3
Vehicles	20 – 25
General machinery	10
Specific machinery	15
Light construction	12.5
Furniture and fixtures	12
Electronic machines	20
Miscellaneous equipment	40

Ordinary maintenance costs are expensed during the year. Maintenance costs of an incremental nature are attributed to the pertinent asset and amortised in relation to its useful life.

It is noted that the fixed assets recognised on the financial statements do not show amounts on 31 December 2012 that are “persistently” lower than those determined according to the purchase or production cost criteria, other than what may be reflected in the financial statements.

#### Long-term investments

Long-term investments comprised of equity investments in subsidiaries are recognised using the equity method: the original cost of the investment is changed to reflect the adjustments specific to that methodology and, in particular, to take into account the portion of profits and losses of the holding, made with third parties, in periods subsequent to the acquisition of the holding; this is regardless of whether the profits are distributed or not and whether the holding's capital is reduced by the losses. These equity investments are thus recognised at an amount equal to the corresponding portion of the shareholders' equity in the subsidiaries' most recent financial statements after deduction of dividends and after the adjustments required by the accounting standards for preparing the consolidated financial statements and those necessary for meeting the standards indicated in Articles 2423 and 2423-bis of the Italian Civil Code. Equity investments in associates and other equity investments are valued using the cost method, adjusted when necessary to take any permanent impairment losses into account. In subsequent financial statements, the adjustment made is not maintained if the reasons no longer apply.

The remaining long-term investments consist of receivables which are recognised at the nominal value coinciding with their presumed realisation value.

### Inventories

Inventories consisting of raw materials, ancillary materials and consumables at work sites are recognised at cost, calculated using the weighted average method and not exceeding the presumed market price.

The inventories consisting of work in progress on orders are recognised based on contractual payments accrued with reasonable certainty and valued according to the percentage of completion criterion on the basis of costs incurred (the cost-to-cost method). They are stated net of the contractual risk provision, allocated prudently in view of liabilities that are likely but for which the amount and timing are undefined.

Regardless of the measurement criterion used and the progress status of orders, expected losses for their completion are allocated entirely in the year in which they become predictable.

For contractual reserves, they are recognised limited to the amount for which the manifestation and quantification are reasonably certain.

Inventories for work in progress under contract are recognised either in current assets for works completed by the last day of the year or in liabilities, under payables, in the heading "Clients' prepayments" for amounts invoiced up to the date of delivery or acceptance.

### Receivables and Payables

Receivables are valued according to their presumed realisable value by setting up a provision recognised as a direct decrease from the balance of the said receivables. Their maturity is stated as short-term (within 12 months), medium-/long-term (over 12 months and within 5 years) and, only when present, the portion over 5 years is stated.

Payables are recognised at their nominal value expressing their extinguishment value.

### Securities

Securities are recognised at the lower of their purchase cost and their realisable value inferred from market performance.

### Accruals and deferrals

In application of the principle of accrual basis accounting, the former represent the portion due at 31 December 2012 of the positive/negative components that will have a financial manifestation in 2013 and the latter, the portion accrued during subsequent years, of costs/revenues for which the respective financial manifestation has already occurred in 2012.

Also recognised under deferred liabilities are the gains achieved on sales to subsidiaries, whose equity investments are valued using the equity method, for the share not yet realised with third parties, or not yet reflected in the income statements of the said subsidiaries.

### Provisions for risks and charges

Provisions for risks and charges include appropriate allocations intended to cover losses or payables of a given nature, whose existence is certain or likely, for which either the amount or the date of occurrence are still unknown at the end of the year.

### Stable foreign organisations

The financial statement balances for stable foreign organisations, expressed in currencies other than the euro, are converted into euros based on the current method provided for by the reference accounting standards. Specifically, financial position balances are converted at the spot exchange rate on the closing date of the financial statements, while income statement balances are converted at the average exchange

rate for the year. The net effect that emerges from the translation of such items into the currency of account is recognised in a specific reserve under shareholders' equity, known as translation loss/reserve.

#### Termination benefits

Termination benefits are calculated based on current laws on the subject and on the employment contracts in existence for all employees already in force on the date of closing of the financial statements. The amount recognised on the financial statements is net of the portions paid to the supplemental pension funds as a result of the options chosen by the workers.

#### Revenues and costs

These items are stated on the financial statements according to the principle of prudence and according to accrual basis accounting. The pertinent revenues from normal operations are recognised at the time of delivery of the work, whether completed directly, via consortia, consortium companies or equivalent foreign structures. Revenues for services are recognised based on the occurrence of the service and in accordance with the respective contracts.

Costs and expenses are indicated net of returns, discounts, allowances and premiums, as well as recoverable taxes directly associated with the acquisition of products or with the receipt of the performance of the respective services.

#### Transactions in foreign currency

In relation to transactions and items in foreign currency, pursuant to the provisions of Article 2426, paragraph 8-bis of the Italian Civil Code and as provided for by accounting principle no. 26, we note the following:

- assets and liabilities in foreign currency, except for tangible fixed assets, intangible fixed assets and long-term investments consisting of equity investments recognised at cost, are recognised at the spot exchange rate at the closing date of the year and the respective foreign exchange profits and losses are charged to the income statement, and any net profit is allocated to a special reserve that is not distributable until realisable. Fixed assets in foreign currency are recognised at the exchange rate at the time of their acquisition or at a lower one at the closing date of the year if the reduction is deemed long term;
- transactions made during the year, expressed originally in foreign currency, have been recognised at the exchange rate in force on the date when made.

The exchange rates in use at 31 December 2012 were as follows (source: Bank of Italy):

Country	Currency	Abbreviation	Exchange rate on 31.12.2012	Average exchange rate for period from 1/1/12 to 31/12/2012
Albania	Albanian Lek	ALL	139.686000	139.013714
Algeria	Algerian Dinar	DZD	103.384000	99.808622
Argentina	Argentine Peso	ARS	6.486410	5.840323
Australia	Australian Dollar	AUD	1.271200	1.240711
Azerbaijan	Azerbaijani New Manat	AZN	1.035070	1.008767
Belarus	Belarusian Ruble	BYR	11,307.300000	10,709.638285
Bulgaria	Bulgarian Lev	BGN	1.955800	1.955800
Chile	Chilean Peso	CLP	631.729000	624.800699
Denmark	Danish Krone	DKK	7.461000	7.443683
United Arab Emirates	Emirati Dirham	AED	4.846170	4.718994
Ethiopia	Ethiopian Birr	ETB	24.232600	22.756769
Georgia	Georgian Lari	GEL	2.185190	2.120595
Japan	Japanese Yen	JPY	113.610000	102.491875
Jordan	Jordanian Dinar	JOD	0.935455	0.910915
Guinea-Conakry	Guinean Franc	GNF	9,162.770000	8,964.351318
Kazakhstan	Kazakhstani Tenge	KZT	198.621000	191.598766
India	Indian Rupee	INR	72.560000	68.597348
Iraq	Iraqi Dinar	IQD	1,537.100000	1,497.018998
Libya	Libyan Dinar	LYD	1.665080	1.614070
Malawi	Malawian Kwacha	MWK	434.541000	315.795865
Malaysia	Malaysian Ringgit	MYR	4.034700	3.967245
Morocco	Moroccan Dirham	MAD	11.142400	11.097578
Moldova	Moldovan Leu	MDL	15.916500	15.557617
Nigeria	Nigerian Naira	NGN	206.104000	204.050825
Panama	Balboa	PAB	1.319400	1.284788
Poland	Polish Zloty	PLN	4.074000	4.184737
United Kingdom	British Pound	GBP	0.816100	0.810870
Romania	Romanian Leu	RON	4.444500	4.459308
Russia	Russian Ruble	RUB	40.329500	39.926173
Sierra Leone	Sierra Leonean Leone	SLL	5,718.420000	5,583.303930
Singapore	Singaporean Dollar	SGD	1.611100	1.605455
United States	US Dollar	USD	1.319400	1.284788
Sudan	Sudanese Pound	SDG	5.817240	4.593927
Switzerland	Swiss Franc	CHF	1.207200	1.205275
Tunisia	Tunisian Dinar	TND	2.045760	2.006446
Turkey	Turkish Lira	TRY	2.355100	2.313540
Zimbabwe	Zimbabwean Dollar	ZWD	477.491000	464.965020
Ukraine	Ukrainian Hryvnia	UAH	10.583600	10.352022
Uganda	Ugandan Shilling	UGX	3,546.320000	3,215.501424

Interest for late payment

Interest for late payment, calculated pursuant to law and contract, is recognised based on its actual accrual and prudentially adjusted within actual realisable limits through the special provisions for write-downs.

Leased assets

Leased operating assets are recognised in the financial statements in line with the accounting treatment set out in current legislation on the subject, which requires leasing fees to be recorded as operating costs (the “capital approach”). The statements required by Article 2427/22 of the Italian Civil Code are set out in a specific section of the notes to the financial statements. The memorandum accounts include details of payment commitments due in future years.

Income tax

Current income taxes for the year are ascertained pursuant to current tax regulations, and the respective payable is recognised in item D12 under liabilities as “Tax payables”.

Prepaid taxes are recognised in the financial statements only if recovery is reasonably likely. Deferred taxes are not recognised if chances are slim that the respective payable will arise.

Where legally offsettable, deferred tax liabilities and prepaid tax assets are recognised directly at their net value respectively in item B) of balance-sheet liabilities “Provisions for risks and charges – Provision for taxes, including deferred taxes”, when the amount of the former exceeds that of the latter and otherwise in item CII 4-ter of current assets “Prepaid taxes”.

When such legal offsetting is not possible, deferred tax liabilities and prepaid tax assets are recognised separately in the respective items.

“Provisions for risks and charges – Provision for taxes, including deferred taxes” are also intended for allowances for any taxes and assessments in dispute.

The company has exercised the option for group taxation, valid for the three-year period from 2011 to 2014, for IRES income tax purposes pursuant to and in accordance with Article 117 *et seq.* of the Consolidated Income Tax Law (TUIR) and Italian Ministerial Decree of 9 June 2004. The aforementioned provisions include the calculation of a total overall income corresponding to the algebraic sum of the net overall income of the participating companies.

The economic and financial relations deriving from acceptance of the group taxation in question are governed by special regulations signed by the parties.

Related-party transactions

For the definition of “related party”, reference has been made to the International Accounting Standards adopted by the European Union (Article 2427, paragraph 2, Italian Civil Code) and, in particular, to the definition provided for by IAS 24.

Memorandum accounts

Shown at the bottom of the statement of financial position are the guarantees provided, distinguishing between sureties and miscellaneous guarantees, indicating separately for each type the guarantees provided in favour of subsidiaries, associates and third parties.

The memorandum accounts also include commitments deriving from financial leasing agreements.

The amounts of the memorandum accounts are:

- Excluded from the total amount of assets and liabilities
- Stated separately in a single column

Management and coordination

Salini S.p.A. is managed and coordinated by its sole shareholder Salini Costruttori S.p.A..

For purposes of comparing the balances stated on the financial statements as at 31 December 2012, shown below are the data of Salini S.p.A. on 1 January 2012 as a result of the contribution in kind:

**SALINI COSTRUTTORI S.p.A. - CONTRIBUTION IN KIND at 31/12/11**

**ASSETS**

		<b>Salini S.p.A.</b>
<b>A)</b>	<b>RECEIVABLES FROM SHAREHOLDERS FOR PAYMENTS STILL DUE</b>	<b>0</b>
<b>B)</b>	<b>FIXED ASSETS</b>	
<b>B I</b>	<b>Intangible fixed assets</b>	
	1) Start-up and expansion costs	0
	2) Research, development and advertising costs	700,902
	3) Industrial patent and intellectual property rights	187,718
	4) Concessions, licences, trademarks and similar rights	78,368
	5) Goodwill	0
	6) Fixed assets under construction and advances	0
	7) Other assets	3,814,828
<b>B I</b>	<b>Total intangible fixed assets</b>	<b>4,781,816</b>
<b>B II</b>	<b>Tangible fixed assets</b>	
	1) Land and buildings	13,993,390
	2) Plant and machinery	
	a) plant and machinery	57,940,255
		<u>(33,772,465)</u>
		24,167,790
	b) vehicles	33,606,131
		<u>(20,593,081)</u>
		13,013,050
	<b>Total plant and machinery</b>	<b>37,180,840</b>
	3) Industrial and commercial equipment	31,566,717
		<u>(25,057,740)</u>
		6,508,977
	4) Other assets	
	a) office furniture and equipment	9,296,895
		<u>(5,822,809)</u>
		3,474,086
	b) other assets	0
		<u>0</u>
	<b>Total other assets</b>	<b>3,474,086</b>
	5) Fixed assets under construction and advances	10,484,558
<b>B II</b>	<b>Total tangible fixed assets</b>	<b>71,641,851</b>
<b>B III</b>	<b>Long-term investments</b>	
	1) Equity investments in:	
	a) subsidiaries	50,989,791
	b) associates	105,562
	c) other companies	122,873,197
		<u>173,968,550</u>
	2) Receivables	
	a) From subsidiaries	
	(within 12 months)	485,997
	(beyond 12 months)	3,111,625
		<u>3,597,622</u>
	b) From associates	
	(within 12 months)	0
	(beyond 12 months)	0
		<u>0</u>



C	III	Financial assets not comprising fixed assets	
		1) Investments in subsidiaries	0
		2) Equity investments in associates	0
		3) Other equity investments	0
		4) Treasury shares	0
		5) Other securities	0
C	III	Total non-fixed financial assets	0
C	IV	Cash and cash equivalents	
		1a) Non-restricted bank and post office deposits	211,023,573
		1b) Restricted bank and post office deposits	173
		2) Cheques	0
		3) Cash in hand	231,559
C	IV	Total cash and cash equivalents	211,255,305
		TOTAL CURRENT ASSETS	3,285,967,477
D)		ACCRUALS AND DEFERRALS	
		- discount on loans	0
		- misc,	16,525,398
		TOTAL ACCRUALS AND DEFERRALS	16,525,398
		TOTAL ASSETS (A+B+C+D)	3,558,199,390

**SHAREHOLDERS' EQUITY AND LIABILITIES**

		Salini S.p.A.
<b>A)</b>	<b>SHAREHOLDERS' EQUITY</b>	
A I	Capital	62,280,000
A II	Capital contribution reserve	141,483,574
A III	Revaluation reserves	0
A IV	Legal reserve	0
A V	Statutory reserves	0
A VI	Treasury shares reserve	0
A VIIa	Reserve pursuant to Law 98/94, Art. 1 par.4	0
A VIIb	Translation loss/reserve	26,134,348
A VIIc	Other reserves	0
A VIII	Retained earnings (losses)	0
A IX	Current earnings (losses)	0
	<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>229,897,922</b>
<b>B)</b>	<b>PROVISION FOR RISKS AND CHARGES</b>	
	1) Pension and similar liabilities	0
	2) Tax provisions, including deferred tax liabilities	0
	3) Other provisions	6,952,890
	<b>TOTAL PROVISION FOR RISKS AND CHARGES</b>	<b>6,952,890</b>
<b>C)</b>	<b>TERMINATION BENEFITS</b>	<b>1,534,609</b>
<b>D)</b>	<b>PAYABLES</b>	
	1) Bonds	
	(within 12 months)	0
	(beyond 12 months)	0
		0
	2) Convertible bonds	
	(within 12 months)	0
	(beyond 12 months)	0
		0
	3) Payables to shareholders for loans	
	(within 12 months)	0
	(beyond 12 months)	0
		0
	4) Payables to banks	
	(within 12 months)	36,105,808
	(beyond 12 months)	10,347,030
		46,452,838
	5) Payables to other lenders	
	(within 12 months)	0
	(beyond 12 months)	0
		0
	6) Prepayments	
	a) Clients' advances	
	(within 12 months)	34,780,125
	(beyond 12 months)	564,188,956
		598,969,081
	b) Clients' prepayments	
	(within 12 months)	323,855,430
	(beyond 12 months)	2,101,362,431
		2,425,217,861
	<b>Total prepayments</b>	<b>3,024,186,942</b>
	7) Payables to suppliers	
	(within 12 months)	98,498,870
	(beyond 12 months)	4,974,297
		103,473,167
	8) Notes payable	
	(within 12 months)	0
	(beyond 12 months)	0
		0

9) Payables to subsidiaries		
	(within 12 months)	87,881,357
	(beyond 12 months)	0
		87,881,357
10) Payables to associates		
	(within 12 months)	23,767,150
	(beyond 12 months)	0
		23,767,150
11) Payables to parents		
	(within 12 months)	0
	(beyond 12 months)	0
		0
12) Tax payables		
	(within 12 months)	14,513,195
	(beyond 12 months)	0
		14,513,195
13) Payables to social security and welfare institutions		
	(within 12 months)	984,433
	(beyond 12 months)	0
		984,433
14) Other payables		
	(within 12 months)	6,543,117
	(beyond 12 months)	5,942,521
		12,485,638
<b>TOTAL PAYABLES</b>		<b>3,313,744,720</b>
<b>E) ACCRUALS AND DEFERRALS</b>		
- discount on loans		0
- misc.		6,069,249
<b>TOTAL ACCRUALS AND DEFERRALS</b>		<b>6,069,249</b>
<b>TOTAL LIABILITIES (B+C+D+E)</b>		<b>3,328,301,468</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>3,558,199,390</b>
		0
<b>MEMORANDUM ACCOUNTS:</b>		
<b>Direct guarantees</b>		
- to subsidiaries and associates		440,934,422
- to third parties		1,478,772,101
<b>Total guarantees</b>		<b>1,919,706,523</b>
<b>OTHER MEMORANDUM ACCOUNTS:</b>		
- leased assets		43,927,965
<b>MEMO ACCOUNTS</b>		
- other memo accounts		77,129,657

**COMMENTS ON THE CHANGE AND COMPOSITION OF THE ITEMS ON THE BALANCE SHEET AND THE INCOME STATEMENT**  
(values in €x 1,000)

Intangible assets B I - €4,951,669

The breakdown and change in intangible fixed assets appear in the following table:

<b>Intangible fixed assets</b>	Contribution	Increases	Amortisation	Allocations to cost and reclass.	Foreign exchange diff.	Balance at
	<u>01.01.12</u>	<u>at 31.12.12</u>	<u>2012</u>	<u>2012</u>	<u>2012</u>	<u>31.12.12</u>
<b>A) Start-up and expansion costs</b>						
> work site facilities	0	0	0	0	0	0
> start-up expenses	0	3	(1)	0	0	2
<b>Total A)</b>	<b>0</b>	<b>3</b>	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>2</b>
<b>B) Research and development costs</b>						
> sales initiatives	0	0	0	0	0	0
> tenders and studies	687	1,082	0	(964)	0	805
> research, development and advertising	14	0	(4)	0	0	10
<b>Total B)</b>	<b>701</b>	<b>1,082</b>	<b>(4)</b>	<b>(964)</b>	<b>0</b>	<b>815</b>
<b>C) Intellectual property rights</b>						
> Software (solely capital increases)	<b>188</b>	<b>93</b>	<b>(155)</b>	<b>0</b>	<b>0</b>	<b>126</b>
<b>D) Concessions, licences, trademarks and similar rights</b>						
> Concessions for use of real property and licences	78	0	(4)	0	(8)	67
> Trademarks	0	0	0	0	0	0
	<b>78</b>	<b>0</b>	<b>(4)</b>	<b>0</b>	<b>(8)</b>	<b>67</b>
<b>E) Goodwill</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>F) Under construction and advances</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>G) Other intangible fixed assets</b>						
> ancillary costs of loans/financing	0	1,186	(79)	0	0	1,107
> work site facilities	3,391	0	(429)	0	(1)	2,961
> improvement of third-party property	424	0	(162)	0	0	262
> (others) + improvement of property under concession	0	603	(973)	0	(19)	(389)
<b>Total G)</b>	<b>3,815</b>	<b>1,789</b>	<b>(1,643)</b>	<b>0</b>	<b>(20)</b>	<b>3,941</b>
<b>Total A+B+C+D+E+F+G</b>	<b>4,782</b>	<b>2,967</b>	<b>(1,807)</b>	<b>(964)</b>	<b>(28)</b>	<b>4,951</b>

Changes in fixed assets due to research and development costs refer to a great extent to expenses incurred during the year for acquiring work of €1082 thousand, of which €357 for tenders in Italy and €724 for foreign tenders, and to the reversal to the income statement of expenses incurred during the previous years for tenders not awarded, including €516 thousand for the Almaty Horgos (Kazakhstan) tender and €109 thousand for the Ratle Hydro Electric (India) tender, while the reversal to the income statement of expenses incurred during the year for tenders not awarded amounted to €338 thousand, mainly for the Bosphorus Bridge (Turkey) tender in the amount of €185 thousand and €99 thousand for Adana Health, and other lesser ones for €54 thousand.

Changes in software costs relate largely to the purchase of general accounting programmes, technical and management services, net of amortisation equal to one third of the purchase price.

The item “concessions for use of real property”, in the amount of €78 thousand, amortised by €1 thousand, recognises the concession acquired in Uganda for the use of land to build work site facilities. Another €3 thousand, fully amortised, is recognised for software licences for the project commenced in Kazakhstan.

The increase in “ancillary costs of loans and financing” is due mainly to the capitalisation of costs for charges incurred during the year for the ISPATO loan of €1,186 thousand. The decrease of €79 is due to annual amortisation.

Increases in “Work site facilities” were caused largely by the capitalisation of the costs incurred before productive activities commenced in new work sites. Specifically, these concern projects in Italy, Kazakhstan, Uganda, and Dubai. The decrease is due to annual amortisation totalling €429 thousand.

The decrease in “improvements to third-party property” is due to annual amortisation totalling €162 thousand.

Tangible fixed assets BII - € 93,494,012

The composition and change over the year in tangible fixed assets and the respective depreciation provisions appear in the table below:

Tangible fixed assets	Balances contributed	Increase 2012	Reclassifications and allocations to costs 2012	Disposals 2012	Foreign exchange diff. 2012	Balance at 2012
1a) Buildings	16,140	1,010	0	0	(453)	16,697
Buildings depreciation provision	(2,147)	(556)	0	0	75	(2,628)
	13,993	454	0	0	(378)	14,069
1b) Land	(0)	0	0	0	0	(0)
Total 1)	13,993	454	0	0	(378)	14,069
2) Plant and machinery:						
a) plant and machinery	57,939	18,562	(839)	(1,478)	(1,632)	72,552
a) plant and machinery depreciation provision	(33,773)	(9,047)	537	1,030	996	(40,257)
a) Total plant and machinery	24,166	9,515	(302)	(448)	(636)	32,295
b) vehicles	33,607	19,546	(90)	(1,127)	(939)	50,997
b) vehicles depreciation provision	(20,593)	(5,612)	67	1,073	525	(24,540)
b) Total vehicles	13,014	13,934	(23)	(54)	(414)	26,457
Total 2)	37,180	23,449	(325)	(502)	(1,050)	58,752
3) Industrial and commercial equipment	31,567	10,665	(1,256)	(1,262)	(130)	39,584
Industrial and commercial equipment depreciation provision	(25,059)	(5,841)	1,313	1,150	165	(28,272)
Total 3)	6,508	4,824	57	(112)	35	11,312
4) Other assets						
a) office furniture and electronic equipment	9,298	1,549	23	(283)	(188)	10,399
a) office furniture and electronic equipment depreciation provision	(5,823)	(1,143)	(9)	298	64	(6,613)
a) Total office furniture and electronic equipment	3,475	406	14	15	(124)	3,786
b) other non-depreciable assets	0	0	0	0	0	0
Total 4)	3,475	406	14	15	(124)	3,786
5) Fixed assets under construction	10,485	3,323	(2)	(7,743)	(490)	5,573
<u>GENERAL SUMMARY:</u>						
TOTAL GROSS TANGIBLE FIXED ASSETS	159,036	54,655	(2,164)	(11,893)	(3,832)	195,802
TOTAL DEPRECIATION PROVISIONS	(87,395)	(22,199)	1,908	3,551	1,825	(102,310)
TOTAL NET TANGIBLE FIXED ASSETS	71,641	32,456	(256)	(8,342)	(2,007)	93,494

The increase in the buildings item by €76 thousand is due to the net effect of the following changes:

- in Dubai, for the increase of €1,010 thousand, from depreciation for the period of €(493) thousand and €(221) thousand relating to exchange rate adjustment;
- in Uganda, from depreciation in the period for field operating costs for €(42) thousand and €(109) thousand relating to exchange rate adjustment;
- in Ethiopia, from depreciation in the period for €(20) thousand and €(47) thousand relating to exchange rate adjustment.

The increases and decreases of items relative to plant and machinery, equipment and other assets are due to acquisitions and/or incremental expenses and decommissioning for the year, prompted by investments for new work sites and the replacement of assets employed in the production process.

Specifically, the changes in plant and machinery, vehicles, equipment and other assets include:

- increase due to investment for the purchase of fixed assets in the amount of €50,589 thousand (of which €934 thousand in Italy, €20 thousand in Sierra Leone, €49,008 thousand in Ethiopia Branch, €249 thousand in Dubai, €77 thousand in Uganda, €278 thousand in Kazakhstan, €2 thousand in Turkey and €21 thousand in Chile);
- decommissioning due to disposals of €(4,152) thousand;
- losses on exchange rate adjustments of €(2,888) thousand;
- negative changes for reclassifications totalling €(2,148) thousand.

The plant and machinery, vehicles, equipment and other assets depreciation provision includes:

- increase due to depreciation for the period of €21,911 thousand (of which €522 thousand in Italy, €27 thousand in Libya, €340 thousand in Sierra Leone, €17,055 thousand in Ethiopia, €2,079 thousand in Dubai, €1,118 thousand in Uganda, €13 thousand in Turkey, €752 thousand in Kazakhstan, €1 thousand in Abu Dhabi and €4 thousand in Chile);
- changes due to asset disposals of €(3,553) thousand;
- gains on exchange rate adjustments totalling €1,750 thousand;
- positive changes due to reclassifications of €(1,894) thousand.

Changes in fixed assets under construction are due largely to new fixed assets and to the inclusion within the production cycle of operating assets intended for work sites in Ethiopia (€3,036 thousand), Kazakhstan (€7 thousand) and Italy for assets belonging to headquarters leased to Malaysia (€250 thousand).

Using the financial method in recognising lease transactions, compared to the so-called capital approach of subtracting the instalments paid from the income statement would have had the following effects:

	Contribution			FY to 31/12/2012			
	B II 2 Plant and machinery			B II 2 Plant and machinery			
	plant and machinery	vehicles	Total	plant and machinery	vehicles	equipment	Total
<b>Assets:</b>							
<b>Pending contracts</b>							
Leased assets at end of previous year	70,586	60,405	<b>130,991</b>	98,565	47,578	0	<b>146,143</b>
Depreciation provision at end of previous year	(31,106)	(41,766)	<b>(72,872)</b>	(39,405)	(31,630)	0	<b>(71,035)</b>
Net leased assets at end of previous year	<b>39,480</b>	<b>18,639</b>	<b>58,119</b>	<b>59,160</b>	<b>15,948</b>	<b>0</b>	<b>75,108</b>
Assets acquired during the year	31,602	5,629	<b>37,231</b>	44,488	15,171	1,522	<b>61,181</b>
Depreciation for the period	(11,674)	(6,546)	<b>(18,220)</b>	(16,510)	(5,855)	(365)	<b>(22,730)</b>
Assets paid-up during the year	(3,623)	(18,455)	<b>(22,078)</b>	(9,925)	(25,404)	(108)	<b>(35,437)</b>
Adjustments to depreciation provision for paid-up assets	3,376	16,682	<b>20,058</b>	9,953	25,399	46	<b>35,398</b>
Adjustments to asset carrying amount	0	0	<b>0</b>	0	0	0	<b>0</b>
Leased assets at end of year	98,565	47,578	<b>146,143</b>	133,128	37,345	1,414	<b>171,887</b>
Depreciation provision at end of year	(39,405)	(31,630)	<b>(71,035)</b>	(45,962)	(12,086)	(320)	<b>(58,368)</b>
Net leased assets at end of year	<b>59,160</b>	<b>15,948</b>	<b>75,108</b>	<b>87,166</b>	<b>25,259</b>	<b>1,094</b>	<b>112,425</b>
<b>Paid-up assets:</b>							
Higher amount of paid-up assets	0	0	<b>0</b>	0	0	0	<b>0</b>
Pre-paid expenses	(6,694)	(1,115)	<b>(7,809)</b>	(8,467)	(2,047)	(76)	<b>(10,590)</b>
<b>a) Total assets</b>	<b>52,466</b>	<b>14,833</b>	<b>67,299</b>	<b>78,699</b>	<b>23,212</b>	<b>1,018</b>	<b>101,835</b>
<b>b) Liabilities</b>							
Leasing liability at end of previous year	(20,931)	(12,222)	<b>(33,153)</b>	(40,036)	(13,370)	0	<b>(53,406)</b>
Leasing liability for the year	(29,299)	(5,246)	<b>(34,545)</b>	(39,976)	(13,620)	(1,351)	<b>(54,947)</b>
Reductions for principal and end-of-lease purchase payments	10,194	4,098	<b>14,292</b>	12,944	3,090	(5)	<b>16,029</b>
Leasing liability at end of year due within 12 months	(7,322)	(1,976)	<b>(9,298)</b>	(12,308)	(4,073)	(243)	<b>(16,624)</b>
Leasing liability at end of year due beyond 12 months	(33,000)	(11,559)	<b>(44,559)</b>	(56,312)	(19,362)	(1,037)	<b>(76,711)</b>
Accrued liabilities	286	166	<b>452</b>	1,553	(466)	(75)	<b>1,012</b>
Total leasing liability at end of year	<b>(40,036)</b>	<b>(13,369)</b>	<b>(53,405)</b>	<b>(67,067)</b>	<b>(23,901)</b>	<b>(1,355)</b>	<b>(92,323)</b>
<b>c) Total gross effect at end of year (a+b)</b>	<b>12,430</b>	<b>1,464</b>	<b>13,894</b>	<b>11,632</b>	<b>(689)</b>	<b>(337)</b>	<b>10,606</b>
<b>d) Net tax effect</b>	<b>(3,965)</b>	<b>(467)</b>	<b>(4,432)</b>	<b>(3,710)</b>	<b>220</b>	<b>108</b>	<b>(3,382)</b>
<b>e) Effect on shareholders' equity at end of year (c+d)</b>	<b>8,465</b>	<b>997</b>	<b>9,462</b>	<b>8,249</b>	<b>(469)</b>	<b>(229)</b>	<b>7,551</b>
<b>Income Statement:</b>							
Reversal of lease payments	10,889	4,556	<b>15,445</b>	16,317	4,688	213	<b>21,218</b>
Financial leasing charges	(1,088)	(404)	<b>(1,492)</b>	(2,243)	(658)	(35)	<b>(2,936)</b>
Depreciation allowance	(11,674)	(6,450)	<b>(18,124)</b>	(16,443)	(5,894)	(393)	<b>(22,730)</b>
Adjustments to asset carrying amount	(1,835)	0	<b>(6,006)</b>	714	0	0	<b>714</b>
Effect on pre-tax profit (loss)	<b>(3,708)</b>	<b>(2,298)</b>	<b>(10,177)</b>	<b>(2,369)</b>	<b>(1,864)</b>	<b>(215)</b>	<b>(4,448)</b>
Deferred income tax effect	598	733	<b>1,331</b>	578	594	69	<b>1,241</b>
Tax effect for reversal of deferred taxes on paid-up vehicles	0	0	<b>0</b>	0	0	0	<b>0</b>
Adjustment for past tax rate differences	797	0	<b>797</b>	0	0	0	<b>0</b>
Effect on profit (loss)	<b>(2,313)</b>	<b>(1,565)</b>	<b>(8,049)</b>	<b>(1,077)</b>	<b>(1,270)</b>	<b>(146)</b>	<b>(2,493)</b>

Long-term investments BIII – € 379,728,8871) Equity investments BIII 1) - €75,481,661

The breakdown of equity investments at the end of FY 2012 is show in the table below:

Breakdown of equity investments at 31.12.2012	Share capital (€/000)	Carrying value per share	Number of shares/units		% stake	Carrying amount
			Issued in thousands	Held in thousands		
A) Subsidiaries:						
CO.GE.MA. S.p.A.	1,032	5,16	200	200	100.00%	2,069
Hemus Motorway AD (in liquidation)	Lev 1,300	Lev 100	13,000	6,630	51.00%	336
Joint Venture Salini-Impregilo (Mukorsi)	0	*	*	*	99.90%	8
Metro b1 S.c.a.r.l.	100	*	*	*	80.70%	1,953
RI.MA.T.I. S.c.a.r.l.	100	*	*	*	83.42%	699
Sa.Co.Lav. S.c.a.r.l. (in liquidation)	10	*	*	*	100.00%	10
Sa.Ma S.c.a.r.l. (in liquidation)	41	*	*	*	99.00%	50
Salini Hydro Limited	0,2	2	0,1	0,1	100.00%	7,035
Salini Bulgaria AD	Lev 50	*	*	*	100.00%	0
Salini Nigeria Ltd	Naira 10,000	*	*	*	99.00%	5,044
TB Metro S.r.l.	100	*	*	*	51.00%	150
Salini Malaysia SDN	MYR 1,100	1	0,50	0,45	90.00%	3,120
Todini S.p.A.	56,907				77.71%	30,508
CMT Denmark	-	*	*	*	59.99%	8,707
Salini Polska Zoo	PLN 393	*	*	*	100.00%	0
Metro B Srl	20,000	*	*	*	52.52%	10,195
Salini Rus OOO	-	-	-	-	99.00%	0
Todini Akkord Salini JV Activity - Ukraine	100	*	*	*	25.00%	4,970
SALINI AUSTRALIA Pty Ltd		*	*	*	100.00%	0
SALINI INDIA PRIVATE		*	*	*	95.00%	88
Salini Singapore	-	*	*	*	100.00%	0
Salini Kolin CFG JV - Turkey	TRY 10	*	*	*	38.00%	540
Subsidiaries total						75,482
B) Associates:						
Con.Sal. S.c.n.c. (in liquidation)	15	*	*	*	30.00%	0
Forum S.c.a.r.l.	51	*	*	*	20.00%	10
Group. D'entreprises Salini Strabag Groupement Italgisas - Kenitra (in liquidation)	10	*	*	*	50.00%	5
Ital.Sa.Gi. Sp. Z.O.O.	620	*	*	*	30.00%	0
Joint Venture Salini-Acciona (Ethiopia)	Zl. 40	Zl. 1 mil.	40	13,2	33.00%	0
Risalto S.r.l. (in liquidation)	20	*	*	*	50.00%	9
S. Ruffillo S.c.r.l.	89	*	*	*	33.33%	30
Impregilo S.p.A.	60	*	*	*	35.00%	21
Variante di Valico S.c.a.r.l. (in liquidation)	90	*	*	*	29.83%	297,142
Associates total						30
297,247						
C) Other companies						
Consorzio Iricav Due	510	*	*	*	12.00%	70
I.S.V.E.U.R.-S.p.A. (1%)	-	-	-	-	1.00%	34
C.R.R. GG.OO. S.p.A. 0.5%	-	-	-	-	0.50%	26
AUTOSTRADE TORINO-MILANO Spa					0.20%	1,126
Pantano S.c.a.r.l.	-	-	-	-	10.50%	4
Other companies total						1,260
GRAND TOTAL (A+B+C)						373,989
(*) = shares						
(**) = nominal value was eliminated by the Extraordinary Shareholders' Meeting of 12 October 2004 (page 105 FS Impregilo)						

With respect to the contribution by parent Salini Costruttori S.p.a., the equity investments table shown above was modified as follows:

- creation of MetroB S.r.l., for the purpose of executing the extension of line B of the Rome metro for 2.8 Km from Rebibbia to Casal Monastero, the value of which is approximately €556 million; the share of interest held by Salini S.p.A. is 52.52%;
- creation of Salini Rus ooo, with 99% held by the Company;
- creation of Salini Australia Pty LTD, with bids being prepared for the urban railways of Brisbane (Moreton Bay Rail Link) and Sydney (North West Rail Link); the Company's share of interest is 100%;
- creation of Salini Singapore, with bids being prepared for the different stretches of the new "Thomson Line" metro line; the share of interest held by the Company is 100%.

Equity investments in subsidiaries included in long-term investments have been valued using the equity method, including subsidiary consortia operating using cost transfers (Sa.Ma. S.c.a.r.l. in liquidation, Sa.Co.Lav. S.c.a.r.l. in liquidation, Metro B1 S.c.a.r.l. and RI.MA.T.I. S.c.a.r.l.) and the subsidiary JV Salini Impregilo Zimbabwe which operates using profit transfers.

Regarding the financial statements used in applying this method, we note that at the date of preparation hereof, the shareholders' meetings of some subsidiaries to approve the financial statements as at 31 December 2012 still need to take place, so their draft financial statements as approved by the management bodies of these companies have been used. The values used as the basis for the valuation method described are values that are not subject to change, however, since Salini S.p.A. holds the majority of the votes that may be exercised at the shareholders' meetings of the companies in question.

The measurement criteria for the assets and liabilities in the subsidiaries' financial statements have been adjusted as necessary to bring them into line with the criteria used by the parent company, as required by Article 34 of Legislative Decree 127/1991.

Specifically:

- with regard to Salini Nigeria Ltd, the adjustments referred to amortisation and depreciation, exchange rate gains and losses on receivables, the value of work in progress and related tax effects;
- the effects on COGEMA S.p.A.'s shareholders' equity of the profits realised on the sale of assets within the Group and of the investment in Salini Nigeria Ltd and Salini Malaysia were measured;
- at Salini Malaysia SDN, the adjustments related to the definition of payables to shareholders as payments for the future share capital increase.

The annual earnings of the subsidiaries based on the equity method including the applicable adjustments, were recorded in the income statement of Salini S.p.A.

In 2011, Salini Costruttori S.p.a. acquired an interest in Impregilo S.p.A. of 15.01523% for €122,739 thousand, contributed during 2012 to Salini S.p.a., which during the same year acquired another 14.82047% for €146,197 thousand, bringing the interest as at 31 December 2012 to 29.8357% for a total of €297,142 thousand.

The interest contributed was initially classified under Other equity investments, since despite the percentage of shares held, it was not in a position to exercise any notable influence over the subsidiary, a situation which changed on 17 July 2012, when the ordinary shareholders' meeting of Impregilo S.p.A. appointed the majority of the members of the administrative body as nominated by Salini S.p.A., which is thus able to exercise a notable influence, recognising it under its equity investments in Associates.

The changes over the year are as follows:

	31/12/2011		Change 2012					31/12/2012			
	Contribution 01/01/2012	Acquisitions/disposals/reclassifications	Equity Conv. Diff.	Dividends	Revaluations	Write-downs	Total	Historical cost	Revaluations net of dividend	Write-downs	Carrying amount
<b>Subsidiaries:</b>											
Bumbuna Power Generation Gen.Co. Ltd	90	(90)	0	0	0	0	(90)	0	0	0	0
Cogema S.p.A.	2,059	0	(5)	(800)	815	0	10	2,059	10	0	2,069
Hemus Motorway AD (in liquidation)	337	0	0	0	0	(1)	(1)	337	0	(1)	336
Joint Venture Salini-Impregilo (Mukorsi)	-	0	8	0	0	0	8	0	8	0	8
Metro b1 S.c.a.r.l.	1,953	0	0	0	0	0	0	1,953	0	0	1,953
RI.MA.T.I. S.c.a.r.l.	699	0	0	0	0	0	0	699	0	0	699
Sa.Co.Lav. S.c.a.r.l. (in liquidation)	10	0	0	0	0	0	0	10	0	0	10
Sa.Ma S.c.a.r.l.(in liquidation)	41	7	0	0	2	0	9	48	2	0	50
Salini Hydro Limited	2,693	0	0	(1,000)	5,342	0	4,342	2,693	4,342	0	7,035
Salini Bulgaria AD	0	0	0	0	0	0	0	0	0	0	0
Salini Nigeria Ltd	0	0	(1,404)	0	6,448	0	5,044	0	5,044	0	5,044
TB Metro S.r.l.	174	0	0	0	0	(24)	(24)	174	0	(24)	150
Salini Malaysia SDN	611	0	(35)	0	2,544	0	2,509	611	2,509	0	3,120
Todini Costruzioni Generali S.p.A.	38,290	0	307	0	0	(8,089)	(7,782)	38,290	307	(8,089)	30,508
CMT Denmark	1,922	0	0	0	6,785	0	6,785	1,922	6,785	0	8,707
Salini Polska Zoo	55	0	0	0	0	(55)	(55)	55	0	(55)	0
Metro B Srl	0	10,504	0	0	0	(309)	10,195	10,504	0	(309)	10,195
Salini Rus OOO	0	73	2	0	0	(75)	0	73	2	(75)	0
Todini Akkord Salini JV Activity - Ukraine	2,055	0	0	0	2,915	0	2,915	2,055	2,915	0	4,970
Salini Kolin CFG JV - Turkey	0	0	(210)	0	750	0	538	0	538	0	540
SALINI INDIA PRIVATE	0	237	0	0	0	(149)	88	237	0	(149)	88
Salini Singapore	0	0	0	0	0	0	0	0	0	0	0
SALINI AUSTRALIA Pty Ltd	0	8	0	0	0	(8)	0	8	0	(8)	0
<b>Subsidiaries total</b>	<b>50,989</b>	<b>10,731</b>	<b>(1,338)</b>	<b>(1,800)</b>	<b>25,600</b>	<b>(8,709)</b>	<b>24,491</b>	<b>61,720</b>	<b>22,460</b>	<b>(8,701)</b>	<b>75,482</b>
<b>Associates:</b>											
Con.Sal. S.c.n.c.IN LIQ.NE	0	0	0	0	0	0	0	0	0	0	0
Forum S.c.a.r.l.	10	0	0	0	0	0	0	10	0	0	10
Group. d'entreprises Salini Strabag	5	0	0	0	0	0	0	5	0	0	5
Groupement Italgisas - Kenitra (in liquidation)	0	0	0	0	0	0	0	0	0	0	0
Ital.Sa.Gi. Sp.Z.O.O.	0	0	0	0	0	0	0	0	0	0	0
J. V. Salini Acciona - Ethiopia	9	0	0	0	0	0	0	9	0	0	9
Risalto S.r.l. (in liquidation)	30	0	0	0	0	0	0	30	0	0	30
S. Ruffillo S.c.a.r.l.	21	0	0	0	0	0	0	21	0	0	21
Impregilo	122,739	174,403	0	0	0	0	174,403	297,142	0	0	297,142
Variante di Valico S.c.a.r.l. (in liquidation)	30	0	0	0	0	0	0	30	0	0	30
<b>Associates total</b>	<b>122,844</b>	<b>174,403</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>174,403</b>	<b>297,247</b>	<b>0</b>	<b>0</b>	<b>297,247</b>
<b>Other companies</b>											
Consorzio Iricav Due	70	0	0	0	0	0	0	70	0	0	70
I.S.V.E.U.R.-S.p.A. (1%)	34	0	0	0	0	0	0	34	0	0	34
C.R.R. GG.OO. S.p.A. 0.5%	26	0	0	0	0	0	0	26	0	0	26
Pantano S.c.a.r.l.	4	0	0	0	0	0	0	4	0	0	4
AUTOSTRAD TORINO-MILANO Spa	0	1,126	0	0	0	0	1,126	1,126	0	0	1,126
<b>Other companies total</b>	<b>134</b>	<b>1,126</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,126</b>	<b>1,260</b>	<b>0</b>	<b>0</b>	<b>1,260</b>
<b>Summary</b>	<b>173,967</b>	<b>186,260</b>	<b>(1,338)</b>	<b>(1,800)</b>	<b>25,600</b>	<b>(8,709)</b>	<b>200,020</b>	<b>360,226</b>	<b>22,460</b>	<b>(8,701)</b>	<b>373,989</b>

During the year the most important transactions included:

- distribution of Salini Hydro Ltd dividends totalling €1,000 thousand;
- distribution of Cogema S.p.A. dividends totalling €800 thousand;

The main changes in investments in subsidiaries, associates and other companies can be summarised as follows:

- revaluations totalling €25,600 thousand, relating to the profits achieved by subsidiaries;
- write-downs totalling €8,709 thousand, relating to the losses incurred by subsidiaries;
- changes due to capital exchange rate adjustments compared to last year, with a negative effect of €1,338 thousand;
- payments totalling €27,648 thousand;
- with reference to the equity investment in the subsidiary Salini Nigeria Ltd, the relevant accumulated depreciation stated under liability item B3 decreased by €1,339 thousand. The subsidiary ended 2012 with a net profit of €6,513 thousand; pre-consolidation adjustments were made to bring its assets and liabilities into line, as they had been recorded in accordance with local accounting standards. In particular, the adjustments to the shareholders' equity of the subsidiary and, consequently, on the valuation of the holding, mainly concern a reduction in the valuation of the stocks of work in progress totalling €11,862 thousand relating to valuation of the stocks of work in progress using the cost-to-cost method; b) the higher valuation of receivables from customers net of the portion transferred to Salini Costruttori S.p.A. totalling €19,532 thousand; and c) the negative results of deferred taxation on the aforementioned adjustments, totalling €2,482 thousand.

The list of equity investments in subsidiaries and associates as at 31 December 2012 and related information required by Articles 2427 and 2429 (last paragraph) of the Italian Civil Code are as follows:

	Date of establishment	Registered office
<b>Subsidiaries:</b>		
CO.GE.MA. S.p.A.	7/4/82	Rome (Italy)
Hemus Motorway AD (in liquidation)	5/8/04	Sofia (Bulgaria)
Joint Venture Salini-Impregilo (Mukorsi)	20/9/96	Mukorsi (Zimbabwe)
Metro b1 S.c.a.r.l.	27/10/04	Rome (Italy)
RI.MA.T.I. S.c.a.r.l.	27/10/04	Rome (Italy)
Sa.Co.Lav. S.c.a.r.l.(in liquidation)	8/5/00	Rome (Italy)
Sa.Ma S.c.a.r.l. (in liquidation)	12/1/99	Rome (Italy)
Salini Hydro Limited	11/8/93	Dublin (Ireland)
Salini Bulgaria AD	6/8/08	Sofia (Bulgaria)
Salini Nigeria Ltd	3/1/01	Abuja (Nigeria)
TB Metro S.r.l.	13/3/08	Rome (Italy)
Salini Malaysia SDN.BHD	13/1/09	Kuala Lumpur (Malaysia)
Todini S.p.A.	30/9/87	Rome (Italy)
CMT Denmark	28/2/11	Copenhagen (Denmark)
Polska sp.Zoo	31/3/11	Warsaw (Poland)
Metro B Srl	7/2/12	Rome (Italy)
Salini Rus OOO	3/9/12	Moscow (Russia)
Todini Akkord Salini JV Activity - Ukraine	29/9/11	Rivne (Ukraine)
Salini Singapore	06/12/12	Singapore
Salini Australia Pty Ltd	13/06/12	Brisbane
Salini Kolin CFG JV - Turkey	14/10/11	Kocaeli (Turkey)
<b>Associates:</b>		
Impregilo S.p.A.		Milan (Italy)
Con.Sal. S.c.n.c. (in liquidation)	10/5/83	Rome (Italy)
Forum S.c.a.r.l.	20/2/96	Rome (Italy)
Group. d'entreprises Salini Strabag	22/12/95	Guinea
Ital.Sa.Gi. Sp.Z.O.O.	20/7/94	Katowice (Poland)
JV Salini Impregilo Sudan	12/4/91	Khartoum (Sudan)
J. V. Salini Acciona - Ethiopia	27/10/98	Addis Ababa (Ethiopia)
Risalto S.r.l. (in liquidation)	10/6/02	Rome (Italy)
S. Ruffillo S.c.a.r.l.	8/2/00	Rome (Italy)
Variante di Valico S.c.a.r.l. (in liquidation)	13/10/04	Rome (Italy)

The tables below show the basic information at 31.12.12 (unless otherwise specified) of the subsidiaries and associates, and compare the pro-rata shareholders' equity and the corresponding carrying amount in Salini S.p.A.'s financial statements as at 31.12.12:

Amounts in thousands of euro	Date of establishment	Registered office	Assets	Liabilities	Shareholders' equity	Costs	Income	Profit (Loss)	Holding %	Profit/(loss) for the year, pro-rata	Shareholders' equity, pro rata	Salini carrying amount
Subsidiaries:												
CO.GE.MA. S.p.A.	07/04/1982	Rome (Italy)	3,340	1,271	2,069	2,998	3,813	815	100.00%	815	2,069	2,069
Hemus Motorway AD (in liquidation)	05/08/2004	Sofia (Bulgaria)	662	2	660	4	2	(2)	51.00%	(1)	336	336
J. V. Salini Impregilo Mukorsi (**)	20/09/1996	Mukorsi (Zimbabwe)	101,118	101,110	8	40,382	40,382	0	99.90%	0	8	8
Metro b1 S.c.a.r.l.	27/10/2004	Rome (Italy)	82,910	80,490	2,420	76,932	76,932	0	80.70%	0	1,953	1,953
RI.MA.T.I. S.c.a.r.l.	27/10/2004	Rome (Italy)	7,123	6,284	838	13,759	13,759	0	83.42%	0	699	699
Sa.Co.Lav. S.c.a.r.l.(in liquidation)	08/05/2000	Rome (Italy)	50	40	11	1	1	0	100.00%	0	11	10
Sa.Ma S.c.a.r.l. (in liquidation)	12/01/1999	Rome (Italy)	70	20	50	1	1	0	99.00%	0	50	50
Salini Hydro Limited (*)	11/08/1993	Dublin (Ireland)	251,130	244,096	7,034	6,169	11,511	5,342	100.00%	5,342	7,035	7,035
Salini Bulgaria AD	06/08/2008	Sofia (Bulgaria)	66	1,713	(1,648)	253	30	(223)	100.00%	(223)	(1,648)	0
Salini Nigeria Ltd (*)	03/01/2001	Abuja (Nigeria)	1,020,448	1,015,353	5,095	94,195	100,708	6,513	99.00%	6,448	5,044	5,044
TB Metro S.r.l.	13/03/2008	Rome (Italy)	1,833	1,736	98	47	1	(46)	51.00%	(24)	50	150
Salini Malaysia SDN	13/01/2009	Kuala Lumpur (Malaysia)	204,698	201,231	3,467	95,613	98,440	2,827	90.00%	2,544	3,121	3,120
Todini S.p.A.	30/09/1987	Rome (Italy)	3,396,019	3,357,679	38,340	642,683	632,580	(10,103)	77.71%	(7,852)	29,796	30,508
CMT Denmark	28/02/2011	Copenhagen (Denmark)	510,075	495,561	14,514	190,025	201,334	11,309	59.99%	6,785	8,707	8,707
Salini Polska Zoo	31/03/2011	Warsaw (Poland)	144	289	(145)	201	1	(200)	100.00%	(200)	(145)	0
Metro B Srl	07/02/2012	Rome (Italy)	19,474	62	19,412	589	1	(588)	52.52%	(309)	10,195	10,195
Salini Rus OOO	03/09/2012	Moscow (Russia)	5	31	(27)	102	0	(102)	99.00%	(101)	(27)	0
Todini Akkord Salini JV Activity - Ukraine	29/09/2011	Rivne (Ukraine)	94,856	74,979	19,877	217,499	229,157	11,658	25.00%	2,915	4,969	4,970
SALINI AUSTRALIA Pty Ltd	13/06/2012	Brisbane	733	1,212	(479)	1,114	615	(499)	100.00%	(499)	(479)	0
SALINI INDIA PRIVATE	24/11/2011	Haryana	115	22	93	157	0	(157)	95.00%	(149)	88	88
SALINI SINGAPORE	06/12/2012	Singapore	7	10	(3)	3	0	(3)	100.00%	(3)	(3)	0
Salini Kolin CFG JV - Turkey	14/10/2011	Kocaeli (Turkey)	84,657	83,241	1,417	35,564	37,538	1,974	38.00%	750	538	538
Subsidiaries total			5,779,533	5,666,431	113,102	1,418,289	1,446,804	28,515		16,238	72,368	75,480

(\*) Values resulting from the adjustments carried out in accordance with Article 2426(4) of the Italian Civil Code

(\*\*) Costs and revenues divided pro-rata among the partners

Equity investments in subsidiaries ended with a pro-rata profit for 2012 of €25,600 thousand, which was entirely recognised in the parent company's 2012 income statement under Revaluations of Equity Investments.

Similarly, total pro-rata losses of subsidiaries ended 2012 at €(8,709) thousand, which were recognised in the parent company's 2012 income statement under Write-downs of Equity Investments.

		31/12/2012										
Amounts in thousands of euro	Date of establishment	Registered office	Assets	Liabilities	Shareholders' equity	Costs	Income	Profit (Loss)	Holding %	Profit/(loss) for the year, pro-rata	Shareholders' equity, pro rata	Salini carrying amount
Associates:												
Con.Sal. S.c.n.c.IN LIQ.NE	10/5/83	Rome (Italy)	545	629	(84)	32	1	(31)	30.00%	(9)	(25)	0
Forum S.c.a.r.l.	20/02/1996	Rome (Italy)	1,267	1,216	52	1	1	0	20.00%	0	10	10
Group. d'entreprises Salini Strabag (**)	22/12/1995	Guinea	1,195	1,184	10	382	486	103	50.00%	52	5	5
Groupement Italgisas (in liquidation)	03/06/1992	Kenitra (Morocco)	144	2,951	(2,807)	3	0	(3)	30.00%	(1)	(842)	0
Ital.Sa.Gi. Sp.Z.O.O. (***)	20/07/1994	Katowice (Poland)	0	0	0	0	0	0	33.00%	0	(221)	0
J. V. Salini Acciona (**)	27/10/1998	Addis Ababa (Ethiopia)	178,225	172,830	5,395	3,368	3,368	0	50.00%	0	2,698	9
Risalto S.r.l. (in liquidation)	10/06/2002	Rome (Italy)	105	34	72	1	0	(1)	33.33%	(0)	24	30
S. Ruffillo - S.c.a.r.l.	08/02/2000	Rome (Italy)	42,100	42,040	60	311	311	0	35.00%	0	21	21
Impregilo S.p.A. (****)	FY 1959	Milan (Italy)	4,643,140	2,837,335	1,805,805	2,440,771	3,043,770	602,999	29.83%	179,875	538,672	297,142
Variante di Valico S.c.a.r.l. (in liquidation)	13/10/2004	Rome (Italy)	82	0	82	1	0	(1)	33.33%	(0)	27	30
Associates total			4,866,803	3,058,218	1,808,585	2,444,870	3,047,937	603,067		179,915	540,369	297,247
(*) Final position at 31.12.2005												
(**) Costs and revenues divided pro-rata among the partners												
(***) Final position at 31.12.2002												
(****) Consolidated Financial Statements approved by the Shareholders' Meeting of 30 April 2013												
Total subsidiaries and associates			10,646,336	8,724,650	1,921,686	3,863,159	4,494,741	631,582		196,154	612,737	372,729

At 31 December 2012, several equity investments in subsidiaries and associates are at negative pro-rata shareholders' equity by €(2,302) thousand and €(1,088) thousand, respectively. These amounts are entirely contained in the Provision for Equity Investment risks in the liabilities of the Statement of Financial Position, totalling €3,954 thousand.

The table below includes further information on equity investments:

Further information on equity investments	Profit (Loss) for the year <u>pro rata</u>	Shareholders' eq. book value <u>pro rata</u>	Carrying amount	Change
Subsidiaries:				
Cogema S.p.A.	815	2,069	2,069	0
Hemus Motorway AD (in liquidation)	(1)	336	336	0
Joint Venture Salini-Impregilo (Mukorsi)	0	8	8	(0)
Metro b1 S.c.a.r.l.	0	1,953	1,953	(0)
RI.MA.T.I. S.c.a.r.l.	0	699	699	0
Sa.Co.Lav. S.c.a.r.l. (in liquidation)	0	11	10	1
Sa.Ma S.c.a.r.l.(in liquidation)	0	50	50	(0)
Salini Hydro Limited	5,342	7,035	7,035	(0)
Salini Bulgaria AD	(223)	(1,648)	0	(1,648)
Salini Nigeria Ltd	6,448	5,044	5,044	0
TB Metro S.r.l.	(24)	50	150	(100)
Salini Malaysia SDN	2,544	3,121	3,120	1
Todini S.p.A.	(7,852)	29,796	30,508	(712)
CMT Denmark	6,785	8,707	8,707	(0)
Salini Polska Zoo	(200)	(145)	0	(145)
Metro B Srl	(309)	10,195	10,195	0
Salini Rus OOO	(101)	(27)	0	(27)
Todini Akkord Salini JV Activity - Ukraine	2,915	4,969	4,970	(1)
SALINI Australia Pty Ltd	(499)	(479)	0	(479)
SALINI INDIA PRIVATE	(149)	88	88	0
Salini Singapore	(3)	(3)	0	(3)
Salini Kolin CFG JV - Turkey	750	538	540	(2)
Subsidiaries total	16,238	72,368	75,482	
Associates:				
Con.Sal. S.c.n.c.(a) IN LIQ.NE	(9)	(25)	0	(25)
Forum S.c.a.r.l.	0	10	10	0
Group. d'entreprises Salini Strabag	52	5	5	0
Groupement Italgisas (in liquidation)	(1)	(842)	0	(842)
Ital.Sa.Gi. Sp.Z.O.O.	0	(221)	0	(221)
J. V. Salini Acciona (**)	0	2,698	9	2,689
Risalto S.r.l. (in liquidation)	(0)	25	30	(5)
S. Ruffillo S.c.r.l.	0	21	21	0
Variante di Valico S.c.a.r.l. (in liquidation)	(0)	27	30	(3)
Impregilo S.p.A.	179,875	538,672	297,142	241,530
Associates total	179,915	540,370	297,247	

Regarding the differences between the carrying amounts and the corresponding portion of shareholders' equity in the investments, we note:

- a) Salini Bulgaria AD – Salini Polska Z.O.O. – Salini Russ OOO – Salini Australia Ltd – Salini Singapore - Groupement Italgisas – Ital.Sa.Gi. Sp. Z.O.O.**

Regarding the pertinent share of the losses made by these companies, provision was made in the “provision for subsidiaries' losses” for the amount of the deficit to be offset.

**b) Rialto S.r.l. in liquidation – Con.Sal. S.c. n.c. in liquidation – Variante di Valico S.c.a.r.l. in liquidation**

Likewise, for these companies, provision was made in the “provision for subsidiaries’ losses” ahead of liquidation procedures being confirmed.

**c) Todini Costruzioni Generali S.p.A.**

As a result of the contribution by the parent company Salini Costruttori S.p.a., the difference is due to the goodwill generated by the higher value paid by the latter for the acquisition of an additional 17.7141% of Todini Costruzioni Generali S.p.A., which took place on 25 March 2011, amounting to €1,187 thousand. The recognition of this higher amount is justified by future expected cash flows, as well as by the Group business plan recently approved by the Board of Directors.

The amount is amortised over five years, thus showing a balance of €712 thousand at 31 December 2012, net of amortisation for the period, which was €237 thousand.

In accordance with OIC 21, this goodwill is not recognised separately in the accounts.

**d) TB Metro S.r.l.**

The difference is caused by the transfer of a loan paid towards future capital increases.

Receivables with subsidiaries, associates and other companies BIII 2) - € 5,739,761

The composition of, and change in, receivables from subsidiaries, associates and other companies in the period are shown in the following table:

Receivables from subsidiaries, associates and other companies	Short-term	Medium-/long-term
	Balance at <u>31/12/12</u>	Balance at <u>31/12/12</u>
A) Subsidiaries:		
Zeis S.r.l.	0	0
TB Metro S.r.l.	0	1,658
Polska sp.zoo	150	0
Salini Bulgaria	595	0
Salini Australia	638	0
	<u>1,383</u>	<u>1,658</u>
B) Associates:		
Impregilo S.p.A. Turkey branch	28	0
	<u>28</u>	<u>0</u>
C) Other - tax authorities:		
Other (security deposits)	0	0
D ) Other		
Security deposits	25	2,646
	<u>25</u>	<u>2,646</u>
Total	<u>1,436</u>	<u>4,304</u>

The table shows the amounts of:

- loans to subsidiaries totalling €3,041 thousand
- security deposits paid to third parties, amounting in Italy to €847 thousand, in Dubai to €1,579 thousand, in Uganda to €110 thousand, in Ethiopia to €88 thousand, in Turkey to €10 thousand and in Jordan to €4 thousand.

Inventories C I - € 3.309.781,908Raw materials, ancillary materials and consumables CI 1) - €111,148,192

The change during the year in inventories appears in the following table:

Inventories	Balance at <u>31/12/12</u>	Balance from contribution at <u>01/01/2012</u>	<u>Change</u>
1) Raw materials, ancillary materials and consumables			
Italy	3	32	(29)
Ethiopia	97,034	71,170	25,864
Sierra Leone	3,001	3,240	(239)
Dubai	3,508	2,729	779
<i>Dubai - goods in transit</i>	0	8	(8)
Kazakhstan	6,119	7,314	(1,195)
Uganda	1,483	5,850	(4,367)
Financial position balance items CII (A)	111,149	90,343	20,806
Exchange rate adjustments	2,802	1,951	851
Goods in transit	0	(8)	8
Changes on the income statement B11	113,951	92,286	21,665

The net increase of €20,806 is due mainly to the commencement of production activities in the Millenium work site in Ethiopia with an increase of €25,864 thousand, and €779 thousand in the work sites in Dubai, while the negative change totalling €(5,838) thousand refers to the change in Uganda of €(4,367) thousand, Kazakhstan €(1,195) thousand, Dubai €(8) thousand, Sierra Leone €(239) thousand, and Italy €(29) thousand.

Inventories CI 3) - €3,198,633,716

The change during the year in inventories of work in progress appears in the following table:

	Balance at 31/12/12	Balance from contribution at 01/01/12	Change on the income statement
A) Italy:			
CI3) Works in progress under contract	557,038	466,192	90,846
Contractual risks provision	(313)	(313)	0
Total CI3 Works in progress under contract	556,725	465,879	90,846
A) Italy:			
CI5) Payments on account and services in progress	0	0	0
Total CI5 Payments on account and services in progress	0	0	0
Change on the income statement A3)	556,725	465,879	90,846
B) S.C. - Ethiopia B.:			
CI3) Works in progress under contract	1,783,408	1,409,945	373,463
Contractual risks provision	0	0	0
Total CI3 Works in progress under contract	1,783,408	1,409,945	373,463
Exchange differences, current method	171,420	136,413	35,007
Change on the income statement A3)	1,954,829	1,546,358	408,470
C) - Morocco B.:			
CI3) Works in progress under contract	0	0	0
Contractual risks provision	0	0	0
Total CI3 Works in progress under contract	0	0	0
Exchange differences, current method	0	0	0
Change on the income statement A3)	0	0	0
D) - Sierra Leone:			
CI3) Works in progress under contract	86,393	70,970	15,424
Contractual risks provision	0	0	0
Total CI3 Works in progress under contract	86,393	70,970	15,424
Exchange differences, current method	11,405	11,373	32
Change on the income statement A3)	97,799	82,343	15,456
E) - Uganda B.			
CI3) Works in progress under contract	261,919	257,049	4,870
Contractual risks provision	0	0	0
Total CI3 Works in progress under contract	261,919	257,049	4,870
Exchange differences, current method	4,209	3,162	1,046
Change on the income statement A3)	266,128	260,211	5,916
F) Zimbabwe			
CI3) Works in progress under contract	0	0	0
Contractual risks provision	0	0	0
Total CI3 Works in progress under contract	0	0	0
Exchange differences, current method	14,407	14,407	0
Change on the income statement A3)	14,407	14,407	0
G) Dubai			
CI3) Works in progress under contract	258,686	219,326	39,359
Contractual risks provision	0	0	0
Total CI3 Works in progress under contract	258,686	219,326	39,359
Exchange differences, current method	(12,202)	(17,623)	5,420
Change on the income statement A3)	246,483	201,704	44,780
H) Kazakhstan			
CI3) Works in progress under contract	251,502	146,969	104,532
Contractual risks provision	0	0	0
Total CI3 Works in progress under contract	251,502	146,969	104,532
Exchange differences, current method	2,218	(6,780)	8,998
Change on the income statement A3)	253,719	140,189	113,530
<u>Breakdown of totals CI3 – CI5</u>			
Total Change CI3 Works in progress under contract	3,198,947	2,570,451	628,495
Total CI3 Works in progress under contract price adjustment	0	0	0
Total CI3 Works in progress under contract price adjustment provision	0	0	0
Total CI3 Works in progress under contract contractual risks provision	(313)	(313)	0
Total on balance sheet CI3)	3,198,634	2,570,138	628,495
Total change on the income statement A3)			678,999

At 31 December 2012, works in progress on orders showed a balance of €3,198,634 thousand, net of provisions for write-downs due to contractual risks. The item increased by net €628,495 thousand.

The elements comprising the net change are:

Thousands of euro

- Increases for works in	Italy	90,846
	Ethiopia	373,463
	Sierra Leone	15,424
	Uganda	4,870
	Dubai	39,359
	Kazakhstan	104,532
		<u>628,495</u>
<b>Net increase on balance sheet</b>		<b>628,495</b>

Inventories of works in progress are adjusted by prudentially recognising the risks connected to the overall completion of the works under each contract.

The change during the year in provisions for risks appears in the following table:

Contractual risk provisions	Balance at <u>31/12/12</u>
Italy	313
Dubai	0
Morocco	0
<b>Total</b>	<b>313</b>

The provision for contractual risks includes losses upon finishing orders in Italy, Consorzio Sapro – New Judicial Offices in Pescara and Metro B1 – Conca d'Oro stretch.

Receivables from clients CII 1) a) - €120,484,852

The change during the year in receivables from clients appears in the following table:

Receivables from clients	Short-term Balance at <u>31/12/12</u>	Medium-/long-term Balance at <u>31/12/12</u>
1) for invoices issued		
- Italy	991	0
- Sierra Leone	10,925	7,362
- Kazakhstan	28	0
- Dubai	3,844	0
- Ethiopia	3,674	0
- Morocco	18,608	0
- Uganda	2,495	0
Total	40,565	7,362
2) for invoices to be issued:		
- Ethiopia	48,529	0
- Uganda	0	0
	48,529	0
3) for withholding as guarantee:		
- Italy	102	1,778
- Dubai	14,943	0
- Kazakhstan	11,959	0
Total	27,004	1,778
4) for bad debts:		
- Italy	869	0
- Italy for Sierra Leone Government	0	65
- Italy for Gabon Government	0	244
Total	869	309
Total receivables from clients (1+2+3+4)	116,967	9,449
5) Balance of receivables for interest for late payment	0	0
A) Total receivables from clients (1+2+3+4+5)	116,967	9,449
B) Prov. for bad debts with clients	0	(5,931)
Financial statement balance (A-B)	116,967	3,518

The balance of receivables from customers, compared to the balance contributed by Salini Costruttori S.p.A., amounting to €165,770 thousand (of which €155,262 thousand short-term and €10,508 thousand medium- to long-term), for which reference is made to the contribution statement shown at the beginning of

the notes to the financial statements, shows a decrease for the period in receivables from customers totalling €(45,286) thousand. Specifically:

- in Italy, the decrease of €(22,092) thousand refers to the receivable with Roma Metropolitane for the Metro B1 project;
- in Ethiopia, the net decrease in receivables with the EEPSCO amounts to €(11,036) thousand and is due to the receivables with Millenium of €12,192 thousand, Gibe III where there is a decrease of €(21,833) thousand, Gibe II of €(71) thousand, Beles of €(1,301) thousand and the site in Addis of €(23) thousand;
- in Dubai the decrease in receivables amounted to €(13,859) thousand;
- in Kazakhstan the increase in receivables totalled €1,774 thousand.

The change during the year in receivables from clients for interest for late payment appears in the following table:

Receivables from clients for late-payment interest	Short-term	Medium-/long-term
	Balance at	Balance at
	<u>31/12/12</u>	<u>31/12/12</u>
- Italy	12	0
- Morocco	0	0
- Sierra Leone	<u>217</u>	<u>13,670</u>
A) Total receivables	229	13,670
B) Penalty interest provision	(229)	(13,670)
Total receivables for late payment interest (A-B)	<u><u>0</u></u>	<u><u>0</u></u>

The breakdown and change in the provision for late-payment interest appears in the table below:

Provision for late payment interest	Contribution	Provisions	Uses	Reclassifications and ex. rate diffs.	Balance at
	<u>01/01/2012</u>	<u>12/2012</u>	<u>12/2012</u>	<u>12/2012</u>	<u>12/2012</u>
A) for short-term receivables from clients					
- Italy	130	(118)	0	0	12
- Morocco	0	0	0	0	0
- Sierra Leone	154	64		(1)	217
B) for long-term receivables from clients					
- Sierra Leone	15,669	116	(1,676)	(440)	13,670
Total A+B	<u>15,953</u>	<u>63</u>	<u>(1,676)</u>	<u>(441)</u>	<u>13,898</u>

The change in the provision for bad debts over the year appears in the table below:

Provision for bad debts	Contribution <u>01/01/2012</u>	Provisions <u>12/2012</u>	Uses <u>12/2012</u>	Reclassifications	Balance at <u>12/2012</u>
				and ex. rate diffs. <u>12/2012</u>	
For short-term receivables					
- Sierra Leone – from clients	5,931	0	0	0	5,931
- Morocco - from clients	0	0	0	0	0
- Italy - from clients	457	0	(457)	0	(0)
Total	6,388	0	(457)	0	5,931

Receivables from other clients CII 1) b) - €1,000,180

The change during the year in receivables from other clients appears in the following table:

Receivables from other clients	Short-term	Medium-/long-term
	Balance at <u>31.12.12</u>	Balance at <u>31.12.12</u>
1) for invoices issued		
- Italy	1,525	0
- Ethiopia	0	0
- Morocco	4	0
Total	1,529	0
Provision for receivables write-downs		
- Italy	(540)	0
	(540)	0
2) for invoices to be issued:		
- Italy	12	0
- Ethiopia	0	0
- Kazakhstan	0	0
Total	12	0
	<u>1,001</u>	<u>0</u>

Receivables from subsidiaries C II 2) - €237,790,230

The composition of, and change in, receivables from subsidiaries for the period are shown in the following table:

A) Receivables from subsidiaries	Short-term Balance at <u>31.12.12</u>	Long-term Balance at <u>31.12.12</u>
<u>1) Italy – for invoices issued</u>		
Todini Costruzioni Generali S.p.A.	3	0
TB Metro S.r.l.	70	0
Metro B1	7,210	0
Rimati S.c.a.r.l.	1,246	0
Salini BULGARIA AD	1,117	0
Salini Malaysia	1,437	0
Salini Nigeria Ltd	4,504	0
Corso del Popolo Eng.Scarl	103	0
SALINI POLSKA Sp.Z.o.o.	127	0
J.V. TODINI-TAKENAKA LLC	174	0
SALINI HYDRO Ltd.	263	0
JV Salini Impregilo Mukorsi	125	0
Todini SpA-Akkord Industry-Salini S.p.A.	5,642	0
Other	1,234	0
Total	23,255	0
<u>2) Italy – for invoices to be issued:</u>		
Salini Malaysia SDN	27	0
Corso del Popolo S.p.A.	5	0
Rimati S.c.a.r.l.	132	0
Metro B1	989	0
Salini Nigeria Ltd	5,708	0
Todini Costruzioni Generali S.p.A.	4,583	0
Other	343	0
Total	11,787	0
<u>3) Italy – Current accounts with subsidiaries and JV financing:</u>		
Salini Malaysia SDN	14,217	0
JV Salini Impregilo Mukorsi	378	0
Salini Hydro Limited	2,674	0
Salini Nigeria Ltd	22,170	0
Todini S.p.A.	131,039	0
SALINI AUSTRALIA Pty Ltd	61	0
Total	170,539	0
<u>4) Branches – Miscellaneous receivables from subsidiaries</u>		
UGANDA - Salini Hydro	333	0
UGANDA - Salini Nigeria	200	0
UGANDA - Todini Tunisia	1,353	0
UGANDA - Salini impregilo Mukorsi	4,620	0
UGANDA - Todini Ukraine	176	0
UGANDA - Todini Kazakhstan	89	0
UGANDA - Salini Malaysia	438	0
Ethiopia - Salini Nigeria	1	0
Ethiopia – Todini Tunisia	185	0
Ethiopia - Salini Malaysia	773	0
DUBAI - Salini Nigeria	937	0
Dubai – Todini Dubai	5,558	0
Dubai – Todini Tunisia	704	0
Dubai - Salini impregilo Mukorsi	474	0
Morocco – Salini Nigeria	4	0
Sierra Leone – Salini Hydro	59	0
Sierra Leone – Salini Nigeria	41	0
Kazakhstan-Russia	4	0
Zimbabwe - Salini Impregilo Mukorsi	13	16,246
Total	15,962	16,246
5) Bad debt provision, subsidiaries	0	0
Grand total (1+2+3+4-5)	221,544	16,246

The balance of receivables from subsidiaries, compared to the balances contributed by Salini Costruttori S.p.A., amounting to €129,478 thousand (of which €118,224 thousand short-term and €11,253 thousand medium- to long-term), for which reference is made to the contribution statement shown at the beginning of the notes to the financial statements, increased during the year by a total of €108,312 thousand.

Specifically, the net increase in invoices issued and/or to be issued of approximately €9,402 thousand is due to a great extent to the effects of increased fees for services rendered to the subsidiary Salini Nigeria Ltd. of €4,560 thousand, to Metro B1 €2,028 thousand, and to Todini SpA-Akkord Industry-Salini S.p.A. €4,953

thousand, while decreases are noted with Malaysia SDN of €(1,967), J.V. Salini Impregilo Mukorsi of €(993) thousand and Todini S.p.A. of €(1,024) thousand by the Italy headquarters.

The increase of €86,751 thousand in the correspondent current account relates mainly to dealings with the subsidiaries Todini of €120,920 thousand, Malaysia SDN of €13,044 thousand, Salini Hydro Limited of €(3,047) thousand, and Salini Nigeria Ltd of €(44,166) thousand.

Receivables from associates C II 3) - € 7,130,650

The composition of, and change in, receivables from associates for the period are shown in the following table:

B) Receivables from associates	Short-term Balance at 31.12.12	Long-term Balance at 31.12.12
1) For invoices issued:		
a) Italy		
Cediv S.p.A.	222	0
Gabire S.r.l.	74	0
Group. d'entr Salini Strabag-Guinea	0	290
Cogefin S.r.l.	32	0
Galileo S.c.a.r.l.	13	0
Colle Todi S.c.a.r.l. in liquidation	33	0
Valico S.c.a.r.l.	0	0
Rupe Orvieto S.c.a.r.l.	0	0
Impregilo S.p.A.	21	0
Other	3	0
Total 1a)	398	290
b) Foreign		
JV Salini Acciona - Ethiopia	5,167	0
Total 1b)	5,167	0
2) for invoices to be issued - Italy:		
a) Italy		
Ital.Sa.Gi. Sp.Z.O.O.	44	0
Cediv S.p.A.	223	0
Other	60	0
Total 2a)	327	0
b) Foreign		
Impregilo S.p.A. Morocco branch	134	0
Total 2b)	134	0
3) Other receivables - Italy:		
S. Ruffillo S.c.a. r.l.	0	0
Groupement Italgisas - Morocco	741	0
Gabire S.r.l.	0	0
Cediv S.p.A.	30	0
Other	44	0
Total 3)	815	0
Associates bad debt provision	0	
Total	6,841	290

The contribution item shows a net decrease of €3,165 thousand due primarily to receivables with the JV Salini Acciona – Ethiopia, which decreased by €(1,468) thousand, and with S. Ruffillo S.C. a r.l. of €(2,288) thousand, and to the increase with Cediv of €253 and with Impregilo of €155 thousand, as well as other minor items in a net amount of €363 thousand.

In this regard, we note:

- that the receivable with the JV Salini Acciona Ethiopia (Gilgel Gibe) relates to receivables for loans and transfers of costs and revenues;
- that the long-term balance, recognised at €290 thousand, is made up of loans granted to Groupement d'Entreprise Strabag - Guinea, €80 thousand of which can be recovered when the JV is liquidated, and €210 thousand when its profits are transferred.

Receivables from the parent company C II 4 - €65,264,418

These receivables show a balance at 31 December 2012 from the parent company Salini Costruttori S.p.a. of €65,244 thousand and with Salini Simonpietro e C. S.a.p.A. of €20 thousand.

Tax receivables CII 4 bis - €12,628,073

The table below shows the balances of the item in question:

Tax receivables	Short-term	Medium-/long-term
	Balance at	Balance
	<u>31.12.2012</u>	<u>31.12.2012</u>
<u>A) VAT and income taxes</u>		
Italy:	11	0
Abroad	<u>12,617</u>	<u>0</u>
Total	12,628	0

The breakdown of tax receivables at 31 December 2011 is as follows:

	ITALY	FOREIGN	TOTAL
<u>a) VAT and indirect taxes</u>			
VAT and indirect tax credit within 12 months	11	12,611	12,622
VAT receivables interest within 12 months	0	0	0
	<u>11</u>	<u>12,611</u>	<u>12,622</u>
VAT and indirect tax credit beyond 12 months	0	0	-
VAT receivables interest beyond 12 months	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL INDIRECT TAXES</b>	11	12,611	12,622
<u>B) Direct taxes</u>			
Direct tax credit within 12 months	0	6	6
Direct tax receivables interest within 12 months	0	0	0
	<u>0</u>	<u>6</u>	<u>6</u>
Direct tax credit beyond 12 months	0	0	0
Direct tax receivables interest beyond 12 months	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL DIRECT TAXES</b>	0	6	6
<b>C) TOTAL RECEIVABLES FROM TAX AND REVENUE AUTHORITIES</b>	11	12,617	12,628

Credits for short-term indirect taxes comprise €11 thousand of VAT receivables in Italy. Added to this are also VAT in Morocco of €63 thousand, Ethiopia of €12,499 thousand, Turkey of €51 thousand and Chile of €4 thousand. These amounts are linked to normal VAT dynamics and are in line with work and invoicing cycles.

Prepaid taxes CII 4 ter - €7,459,757

Prepaid taxes express the overall effects deriving from accounting for deferred taxes. The total changes appear in the table below:

Prepaid tax	Short-term	Medium-/long-term
	Balance at	Balance at
	<u>31.12.2012</u>	<u>31.12.2012</u>
IRES (Corporate income tax)	625	6,429
IRAP (Regional income tax)	63	342
Total	688	6,771

The detailed breakdown referred to in Article 2427(14) of the Italian Civil Code is annexed to these notes to the financial statements.

*Receivables from others CII 5) - €70,242,317*

from others	Short-term Balance at <u>31.12.12</u>	Medium-/long-term Balance at <u>31.12.12</u>
1) Miscellaneous debtors		
Italy	3,107	168
Kazakhstan B	(26)	0
Total	3,081	168
2) Debtors from expropriation	0	0
3) Prepayments to suppliers/subcontractors		
Italy	3,191	0
Sierra Leone	366	0
Turkey	6	0
Kazakhstan	25,004	0
Dubai	2,327	0
Ethiopia B	12,415	0
Morocco B	40	0
Chile B	10	0
Uganda B	7,905	0
Total	51,264	0
4) Correspondent current accounts with branches		
Italy	(235,235)	0
Ethiopia	(4,216)	0
Jordan	99	0
Guinea	(162)	0
Kazakhstan	(23,387)	0
Libya	(1,402)	0
Morocco	(209)	0
Sierra Leone	(1,110)	0
Zimbabwe	6,702	0
Dubai	(43,919)	0
Ethiopia B	344,634	0
Morocco B	(11,967)	0
Uganda B	(25,644)	0
Turkey	(2,071)	0
Abu Dhabi	(598)	0
Panama	(116)	0
Iraq	(90)	0
Chile B	(1,309)	0
Total	0	0
5) Receivables from employees		
Italy	51	1
Ethiopia	4	0
Dubai	29	0
Morocco B	14	0
Ethiopia B	7	0
Turkey	2	0
Uganda B	9	0
Chile B	36	0
Abu Dhabi	75	0
Total	227	1
6) Receivables from social security		
Italy	208	155
Total	208	155
7) Receivables from others for security deposits		
Italy	0	0
Total	0	0
CII5) Tot. other receivables	54,780	324
CII5) Total receivables from other companies and debtors from expropriation	19,670	143
CII5) Bad debt provision, Italy	(4,675)	0
GRANDTOTAL (CII 5 1+2.....7)	69,775	467

This section includes the following significant amounts:

- receivables for supplier prepayments mainly relate to the Ethiopia, Dubai, Kazakhstan and Uganda branches, and show a decrease of €18,991 thousand.

Receivables from other companies may be broken down as follows:

CII5) Receivables from other companies	Short-term Balance at <u>31.12.12</u>	Medium-/long-term Balance <u>31.12.12</u>
GHELLA xcomm.TAV/BO(01.50)	9,205	0
ACCIONA xcomm.TAV/BO(01.50)	9,205	0
Cogeim S.p.A. per transaction	0	0
Impregilo S.p.A. – Morocco branch	0	0
Impregilo	0	0
Financing for other subsidiaries and third parties	0	143
Vianini Mandataria Pantano	218	0
Fagioli S.p.A.	126	0
Consorzio Iricav Due	244	0
Others and expropriation compensation	671	0
<b>Total C2)</b>	<b>19,670</b>	<b>143</b>

The item in question decreased by €284 thousand. Among the significant amounts, we note:

the receivables with Acciona and Ghella S.p.A., members of the temporary consortium created with Salini Costruttori S.p.A. for the execution of the TAV/ S.Ruffillo order amounted to €18,410 thousand overall. These receivables are recorded as offsets of payables to S. Ruffillo S.c.a.r.l., as a result of the agreement reached between the companies.

#### Cash and cash equivalents CIV - €71,632,377

The breakdown and change in cash and cash equivalents appear in the following table:

Cash and cash equivalents	Balance at <u>31.12.12</u>
Non-restricted bank deposits	71,305
Postal current accounts	0
Restricted bank deposits	0
Cash	327
<b>Total</b>	<b>71,632</b>

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, and is completely available.

Accrued income and deferred charges D - €28,944,410

The breakdown and change in accrued income and deferred charges over the year appear in the table below:

Accrued income and deferred charges	Balance at <u>31.12.12</u>
<u>Italy</u>	
1) Deferred charges:	
Insurance	1,822
Commissions on bonds	111
Rents owed	259
Miscellaneous consulting	144
Leasing fees	10,075
Royalties and user fees	164
Subscriptions	23
Customs	0
Other	16,346
Total deferred charges	28,944
2) Accrued income	
Interest subsidy Law 16/80	0
Bank interest receivable	0
Miscellaneous	0
Total accrued income	0
GRAND TOTAL (*) ->	28,944
* Of which attributable beyond 12 months 2,361	

Shareholders' equity A - €276,930,308

Shareholders' equity totalled €276,930 thousand including profit for the year of €45,044 thousand. Movements in the shareholders' equity items referred to in Article 2427(4-7-bis) of the Italian Civil Code are shown in the tables below:

Shareholders' equity	<u>AI</u>	<u>AIII</u>	<u>AIV</u>	<u>AV</u>	<u>AVII a</u>	<u>AVII b</u>	<u>AVII c1</u>	<u>AVII c2</u>	<u>AVII c3</u>	<u>AVII c4</u>	<u>AVII c5</u>	<u>AVII c6</u>	<u>AVII c7</u>	<u>AVIII</u>	<u>AIX</u>	Total Shareholders' equity
	Share capital	Revaluation reserve Law 413/91	Legal reserve	Treasury shares reserve	Special Reserve, Law 98/94	Translation/loss reserve	Special reserve	Promo. expense fund	Indemnities reserve, Law 16/80	Reserve Art. 55, Pres. Dec. 597/73	Non-distributable reserve per Art. 2426(4) of Ital. Civ. Code	Non-distributable reserve per Art. 2426(8 bis) of Ital. Civ. Code	Capital contribution reserve	Retained earnings	Profit for the period	
Incorporation	120	0	0	0	0	0	0	0	0	0	0	0	0	0	0	120
Contribution of business unit	62,280					26,134							141,484			231,766
Income allocation in the period:																0
Dividends allocation (€0.50 per share)																0
Other allocations																0
Bonus share increase in share capital																0
Other changes:						1,868										0
Exchange differences, foreign subsidiaries and branches																0
Other changes																0
Reclassification for dividends of subsidiaries																0
Profit at 30/06/2012															45,044	45,044
Balance at 30/06/2012	62,400	0	0	0	0	28,002	0	0	0	0	0	0	141,484	0	45,044	276,930
Possibility of use	-	A-B-C	B		A-B-C	-	A-B-C	A-B-C	A-B-C	A-B-C	A-B	A-B	A-B-C	A-B-C	-	
Tax position	-	Z	X	X	Y	-	X	X	X	Z	K	K		X	-	

Key = A: Share capital increase; B: Losses hedge; C: Distribution to Shareholders; X: Taxed profits;

Y: Tax-exempt profits; K: Deferred taxation; Z: In tax suspension.

Share capital consists of 62,400,000 shares with a par value of 1.00 Euro.

Type/Description	Amount	Possibility of use	Disposable portion	Summary of utilisations in the preceding three periods	
				To hedge losses	For other purposes
Share capital	62,400				
Capital reserve:		-			
Treasury shares reserve	0	-			
Surplus reserves:					
Revaluation reserve, Law 413/91	0	A,B,C	0		
Legal reserve	0	B			
Special reserve, Law 98/94	0	A,B,C	0		0
Translation reserve	28,002	-			
Special reserve	0	A,B,C	0		
Capital contribution reserve	141,484	A,B,C	141,484		
Indemnities reserve, Law 16/80	0	A,B,C	0		
Reserve Article 55, Presidential Decree 597/73	0	A,B,C	0		
Non-distributable reserve as per Art. 2426(8-bis) of the Italian Civil Code	0	A,B			
Non-distributable reserve as per Art. 2426(4) of the Italian Civil Code	0	A,B	0		0
Retained earnings		A,B,C	0		0
Total			141,484		
Non-distributable portion			0		
Distributable portion			141,484		

The capital contribution reserve is not distributable until the legal reserve has reached 20% of the share capital.

The translation reserve, which includes the differences noted on some balance-sheet items due to the application of year-end exchange rates, had the following changes:

- contributed balance as at 01.01.2012	€26,134,347
- Decrease for exchange rate adjustments at year-end	
balances of current accounts receivable from branches	€1,647,937
change in exchange rate on profit for the period	€71,421
	€1,719,358
- changes from exchange rate on initial shareholders' equity of foreign subsidiaries	€147,834
- changes from exchange rate on profits/losses for the period	€901
- Differences from translation of currencies of foreign subsidiaries	€148,735
- balance as at 31 December 2012	€28,002,440

Provisions for risks and charges B – €9,466,736

The balance as at 1 January 2012 decreased by €2,514 thousand. The breakdown of and the change in the provision for risks and charges appears in the following table:

Provision for risks and charges	Contribution <u>01.01.12</u>	Increase <u>12/2012</u>	Decrease <u>12/2012</u>	Balance at <u>12/2012</u>
Italy and branches:				
Provision for taxes	0	5,091	0	5,091
Provision for deferred taxes	0	0	0	0
Risks on completed work and penalties	20	0	0	20
Work in progress expenses	765	0	(413)	352
Provision for subcontractors' claims	0	0	0	0
Other legal dispute risks	2,302	142	(1,662)	782
Covering subsidiaries' losses	3,959	877	(1,450)	3,386
Provision for country risks	0	0	0	0
Provision for tax disputes	0	0	0	0
Exchange differences	(93)	(72)	0	(166)
<b>Total</b>	<b>6,953</b>	<b>6,038</b>	<b>(3,524)</b>	<b>9,466</b>

The tax fund includes tax provisions prudently carried out for unverified non-definitive but likely liabilities toward Italian and foreign tax administrations based on unverified non-definitive assessments, current disputes and similar cases. In particular, with respect to the balance contributed on 1.1.2012, there was an increase of €5,091 thousand on the Ethiopian branch regarding a pending dispute for direct and indirect taxes for the years from 2006 to 2010.

The reserve "Other legal dispute risks" decreased by €(1,662) thousand and a rise of €142 thousand in Uganda. The reserve includes provisions for a potential liability that may arise from ongoing civil proceedings with the Potenza office of INPS/INAIL for €202 thousand, as well as other provisions for legal costs totalling €142 thousand in Uganda.

The provision for covering subsidiaries' losses has decreased by €1,450 thousand, mostly due to the valuation at equity of Salini Nigeria Ltd, causing a decrease of €1,326 thousand. At 31 December 2012, the balance of the provision for Salini Nigeria Ltd was zero. The increase in the amount of €877 thousand is related to hedging of the losses of the parent companies, Salini Australia Pty Ltd for €479 thousand, Salini Bulgaria AD. for €223 thousand, Salini Polska Sp. Zoo for €145 thousand, Salini Russ ooo for €27 thousand, and Salini Singapore for €3 thousand.

The €413 thousand decrease in "Work in progress expenses" relates to Dubai.

Termination benefits C - €1,431,623

The breakdown and change in the reserve appears in the following table:

<b>Termination benefits provision</b>	Balance at <u>contributed</u>	Increase <u>12/2012</u>	Decrease and Reclassification <u>12/2012</u>	Balance at <u>12/2012</u>
<b>Employees in Italy</b>				
Clerical staff	650	18	(151)	517
Manual workers	0	0	0	0
Executives	495	59	(1)	553
<b>Total employees in Italy</b>	<b>1,145</b>	<b>77</b>	<b>(152)</b>	<b>1,070</b>
<b>Employees abroad</b>				
<u>Clerical staff:</u>				
Ethiopia branch	14	56	(7)	63
Dubai branch	0	1	(0)	1
Sierra Leone branch	0	86	(3)	83
Zimbabwe branch	0	0	0	0
	14	143	(10)	146
<u>Executives</u>				
Ethiopia branch	88	50	(33)	105
Abu Dhabi branch	49	2	0	51
Sierra Leone branch	37	10	0	47
Kazakhstan branch	13	0	(13)	0
Kurdistan Branch	0	13	0	13
	187	74	(46)	215
<b>Total employees abroad</b>	<b>201</b>	<b>216</b>	<b>(56)</b>	<b>361</b>
<b>Total for Italy and Abroad</b>	<b>1,346</b>	<b>293</b>	<b>(208)</b>	<b>1,431</b>
<b>Branch Employees</b>				
<b>Ethiopia:</b>				
Clerical staff	52	0	(52)	0
Executives	46	0	(46)	0
	<b>98</b>	<b>0</b>	<b>(98)</b>	<b>0</b>
<b>Dubai:</b>				
Clerical staff	1	0	(1)	0
Executives	0	0	0	0
	<b>1</b>	<b>0</b>	<b>(1)</b>	<b>0</b>
<b>Sierra Leone:</b>				
Manual workers	4	0	(4)	0
Clerical staff	79	0	(79)	0
Executives	8	0	(8)	0
	<b>91</b>	<b>0</b>	<b>(91)</b>	<b>0</b>
<b>Total branch employees</b>	<b>189</b>	<b>0</b>	<b>(190)</b>	<b>0</b>
<b>GRAND TOTAL</b>	<b>1,535</b>	<b>293</b>	<b>(398)</b>	<b>1,431</b>

The termination benefits provision represents the company's payables at 31 December 2012 due to employees until 31 December 2012 (including revaluation) and for those employees who, at that date, still have not opted for the in-company fund, net of advance payments made.

Payables to banks D 4) - €268,315,927

The breakdown and change in payables to banks appears in the following table:

Payables due to banks	Balance at <u>31.12.12</u>	Short-term contribution <u>01.01.12</u>	<u>Change</u>	Balance at <u>31.12.12</u>	Medium-/long- term contribution <u>01.01.12</u>	<u>Change</u>
- for overdrawn current accounts	29,637	7,297	22,340	0	0	0
- for short-term financing (30-90 days)	20,309	0	20,309	0	0	0
- for financing	28,307	28,809	(502)	190,063	10,347	179,716
<b>Total</b>	<b>78,253</b>	<b>36,106</b>	<b>42,147</b>	<b>190,063</b>	<b>10,347</b>	<b>179,716</b>
-						
<u>Lending bank</u>	<u>Loan</u>	<u>Rate</u>	<u>Portion short-term</u>	<u>Portion 2-5 years</u>	<u>Portion beyond 5 years</u>	<u>Total</u>
-						
<u>Breakdown of financing:</u>						
Salini	Loan	Euribor 3m +5.5%	7,000	58,000		65,000
Salini	Loan	Euribor 3m +3.25%	0	130,000	0	130,000
Salini Dubai Branch	Loan	0.06	2,063	2,063	0	4,127
Salini Dubai Branch	Advance payment on certificates	0.06	2,311	0	0	2,311
Salini Dubai Branch	Advance payment on certificates	0.06	1,234	0	0	1,234
Salini Morocco Branch	Loan	-	5,814	0	0	5,814
Salini Kazakhstan Branch	Contract advance	0.1	4,137	0	0	4,137
Salini Kazakhstan Branch	Loan	0.0998	5,748	0	0	5,748
			28,307	190,063	0	218,371

The net increase for a total of €221,863 thousand is attributable to movements on loans for €199,523 thousand, in Italy for €121,996 thousand, in Dubai for €(13,570) thousand, in Kazakhstan for €(8,029) thousand and in Morocco for €5,814 thousand, on overdrawn current accounts for €22,340 thousand with the lower debt toward the banking system to €(1,463) thousand in Ethiopia, for €(5,831) thousand in Morocco, and with the greater bank debt for €10,359 thousand in Dubai, and in Italy for €19,275 thousand.

Payments on account D 6) - €3,517,527,245

The change in the account over the year appears in the table below:

Clients for:	Advances	Prepayments
	<u>31.12.12</u>	<u>31.12.12</u>
Italy	0	404,080
Sierra Leone	0	85,968
Ethiopia	479,972	1,755,639
Kazakhstan	15,826	224,367
Morocco	0	0
Uganda	0	261,820
Dubai	2,518	224,113
Zimbabwe	0	0
Total	498,316	2,955,987
<u>Clients for other payables/work</u>		
Italy	0	63,224
Total	498,316	3,019,211

The item advances, includes the movements relative to advances from customers. There was a decrease with respect to the contribution for the amount of the refund on the basis of work progress, of €(100,654) thousand net, including €58,406 thousand in Ethiopia, €(41,315) thousand in Kazakhstan, and €(933) thousand in Dubai.

The prepayments item includes amounts for certified work progress totalling €2,955,987 thousand, of which €404,080 thousand is related to projects in Italy and €2,551,907 thousand to projects abroad.

The final part of the table shows amounts invoiced as advances, transactions and other payables and/or penalties totalling €63,224 thousand.

Trade payables D 7) - €156,345,632

The change in the account over the year appears in the table below:

Payables due to suppliers	Balance at <u>31.12.12</u>	Balance at <u>31.12.12</u>
-		
<u>Invoices received:</u>		
<u>Italy:</u>		
- insurance	433	0
-		
- suppliers for Italy	11,171	0
- suppliers for Sierra Leone	0	0
- suppliers for Ethiopia	0	0
- suppliers for Morocco	0	0
- suppliers for Uganda	0	0
- suppliers for Dubai	0	0
- suppliers for Kazakhstan	0	0
- suppliers for Libya	0	0
<u>Abroad:</u>		
Sierra Leone	2,905	0
Ethiopia	90,192	233
Morocco	3	0
Uganda	2,615	0
Libya	48	0
Dubai	17,668	0
Abu Dhabi	4	0
Kazakhstan	14,596	0
Turkey	5	0
Chile	1	0
<u>Invoices to be received:</u>		
<u>Italy:</u>		
- from suppliers	1,014	0
- from subcontractors	0	0
- from consultants	0	0
<u>Abroad:</u>		
Sierra Leone	367	0
Ethiopia	9,513	0
Morocco	606	0
Uganda	314	0
Jordan	8	0
Libya	0	0
Dubai	250	0
Abu Dhabi	0	0
Kazakhstan	3,283	0
Turkey	0	0
Zimbabwe	30	0
Chile	4	0
<u>Other payables:</u>		
- insurance	1,041	0
- to subcontractors for withholding as guarantee	0	0
- amounts owed to/receivables transferred from suppliers	7	0
- amounts owed to suppliers for invoices received	0	34
<b>Total</b>	<b>156,078</b>	<b>267</b>

This item increased by a total of €52,872 thousand. This variation is due primarily to investment and supplies for setting up new foreign work sites, in particular in Ethiopia for €49,669 thousand, in Dubai for €3,968 thousand, for €2,071 thousand in Italy, and the decrease of the debts, in Kazakhstan for €(1,666) thousand, in Chile for €(36) thousand, for €(28) thousand in Turkey, for €(106) thousand in Morocco, for €(481) thousand in Uganda, for €(897) thousand in Sierra Leone.

Payables to subsidiaries D 9) – €97,554,621

The composition of, and change in, payables to subsidiaries for the period are shown in the following table:

subsidiaries	Balance at <u>31.12.12</u>
1) for invoices received:	
Salini BULGARIA AD	18
Salini Nigeria Ltd – (from Branches)	113
Todini S.p.A.	5,579
Metro B1 S.c. a r.l.	237
Rimati S.c.a.r.l.	25
SALINI MALAYSIA SDN.BHD	142
Salini Hydro LTD	8,010
Total	<u>14,124</u>
2) for invoices to be received:	
CO.GE.MA. S.p.A.	1
Sa.Ma S.c.a.r.l.	6
Salini Nigeria Ltd	1,196
Todini S.p.A.	1,193
Metro B1 S.c. a r.l.	50,748
Rimati S.c.a.r.l.	2,370
Sacolav	5
Madonna dei Monti	0
Malaysia	0
Salini Costruttori (for Zeis and Infernetto)	0
Salini Impregilo Mukorsi	17,936
Salini Hydro LTD	135
Total	<u>73,590</u>
3) for correspondent current accounts:	
Sacolav	30
CO.GE.MA. S.p.A.	1,862
Sa.Ma S.c.a.r.l.	59
Malaysia	0
Total	<u>1,951</u>
4) for others:	
CO.GE.MA. S.p.A.	0
JV Todini - Akkord - Salini	0
TB Metro	0
Metro B S.r.l.	7,877
Salini Bulgaria AD	0
Salini India Private Limited	12
Salini Kolin GCF - Turkey	0
	<u>7,889</u>
5) - Sierra Leone:	
Salini Italstrade S.c. a r.l.	0
6) Salini Costruttori Ethiopia	
Salini Italstrade S.c. a r.l.	0
7) Jordan	
Salini Italstrade S.c. a r.l.	0
GRAND TOTAL	<u><u>97,554</u></u>

This item saw a total decrease of €9,673 thousand. Specifically, invoices received and invoices to be received saw a decrease of €1,313 thousand, due essentially to the transfer of costs of the subsidiaries Metro B1 S.c.a.r.l. for a total of €(12,134) thousand and R.I.M.A.T.I. S.c.a.r.l. for a total of €279 and receivables from Todini Costruzioni Generali S.p.A for a total of €(4,647) thousand, J.V. Salini Impregilo Mukorsi for a total of €17,936 thousand, Salini Hydro Ltd for a total of €(241) thousand, and other minor receivables for a total of €120 thousand.

The corresponding current account cash pooling increased by €883 thousand in relation to the current account relationship with Co.Ge.Ma., the item others includes the debt to Metro B s.r.l. of €7,877 thousand for capital to be paid, and €(400) thousand towards others.

**Payables to associates D 10) - €21,611,363**

The composition of, and change in, payables to associates for the period are shown in the following table:

Payables due to associates	Short-term Balance at <u>31.12.12</u>
1) Italy - for invoices received:	
S.Ruffillo S.c.r.l.	20,891
Total 1	20,891
2) Italy - for invoices to be received:	
Forum S.c.a.r.l.	174
S.Ruffillo S.c.r.l.	80
Total 2	254
3) Italy - for current accounts receivable and loans:	
Total 3	0
4) Italy - for other payables:	
Consal s.c.n.c.	160
Gr.d'entr. Salini Strabag - Guinea – to endowment fund	5
Groupement Salini Strabag Garafiri: result for our portion 50%	295
Impregilo	4
Total 4	463
5) J.V. Acciona Salini - Ethiopia Branch	3
A) Total short-term (1+ ..5)	21,611
6)	0
B) Total long-term (6+....)	0
Total payables to associates	21,611

This item recorded a net decrease of €2,156 thousand mainly due to the variation of the invoices issued to S. Ruffillo.

**Payables to subsidiaries D 11) - €7,097,243**

This item includes the debt to the parent company Salini Costruttori S.p.A. for the consolidated tax agreement.

Tax payables D 12) - €10,833,067

This includes payables for IRAP, IRPEF, VAT and other taxes.

taxes	Balance at 31.12.12
<u>Italy:</u>	
IRE withholding	1,850
Regional income tax (IRAP)	1,136
Other	0
<u>Dubai:</u>	
Income tax	0
<u>Ethiopia:</u>	
IRE withholding	0
Replacement tax	0
Customs duties	164
<u>Ethiopia Branch:</u>	
Withholding tax	0
VAT	2,669
Replacement tax	0
Income tax	262
Miscellaneous	3,409
<u>Salini Costruttori Morocco branch:</u>	
IRE withholding	0
VAT	885
Local taxes and duties	0
<u>Uganda Kampala:</u>	
VAT	4
Replacement tax	0
Income tax	29
Withholding tax	5
Other	0
<u>Turkey:</u>	
Income tax	13
<u>Sierra Leone:</u>	
Suppliers' income tax	118
Miscellaneous	4
Replacement tax	0
Income tax	0
<u>Kazakhstan:</u>	
Local income tax	28
VAT	186
Replacement tax	0
Local taxes and duties	69
<u>Abu Dhabi</u>	
Replacement tax	0
<u>Libya:</u>	
Local income tax	0
Miscellaneous	0
<u>Chile</u>	
Withholding tax	0
Total	10,831

This item was subject to an overall increase of €3,682 thousand compared to the contribution by the parent company Salini Costruttori S.p.A.

Payables to social security inst. D 13) – €3,215,806

This comprises payables to INPS, INAIL, PREVINDAI and others.

Social security institutions	Short-term balance	Medium-/long-term
	at <u>31.12.12</u>	balance at <u>31.12.12</u>
INPS	1,079	0
Supplementary INPS	181	0
INAIL	933	0
FASI	7	0
PREVINDAI	311	0
PREVEDI	16	0
Contributions for deferred monthly pay	149	0
Contributions for holidays and leave not taken	177	0
Other	<u>362</u>	<u>0</u>
	3,215	0

This item has increased by €2,231 thousand and includes welfare payables for deferred monthly pay and holiday provisions.

Other payables D 14) - €16,478,484

This item was subject to an increase of €3,993 thousand, the balances are set out in the following table:

Other payables	Short-term	Medium-/long-term
	<u>Balance</u> <u>31.12.2012</u>	<u>Balance</u> <u>31.12.2012</u>
Italy		
Payables to other companies and third parties:		
- for invoices received	614	0
- for invoices to be received	769	0
- other creditors	668	5,733
- membership fees	0	0
- other payables	101	0
Employee accruals	4,370	0
Building administrators	0	0
Security deposits	0	0
Directors and auditors	300	0
Interest on security deposits	0	0
Other payables	0	74
Total for Italy	6,822	5,807
<u>Ethiopia</u>		
- employee accruals	824	0
- other	944	0
<u>Jordan</u>		
- employee accruals	0	0
- other	0	131
<u>Sierra Leone</u>		
- employee accruals	74	0
- other	0	0
<u>Abu Dhabi</u>		
- employee accruals		0
- other	11	0
<u>Morocco</u>		
- employee accruals	2	0
- other	3	0
<u>Libya</u>		
- employee accruals	55	0
- other	0	0
<u>Uganda</u>		
- employee accruals	167	0
- other	72	0
<u>Dubai</u>		
- employee accruals	1,306	0
- other	237	0
<u>Turkey</u>		
- employee accruals	0	0
- other		19
<u>Kazakhstan</u>		
- employee accruals	5	0
<u>Zimbabwe</u>		
- employee accruals	0	0
- other	0	0
<u>Chile</u>		
- employee accruals		0
GRAND TOTAL	10,522	5,958

The most significant items are:

- payables for invoices received and to be received from consortia and consortium companies due to transfer of costs, for a total of €1,383 thousand;
- employee accruals for a total of €6,802 thousand for December's compensation, accruals of deferred pay and holiday/leave pay;
- payables to directors and auditors for unpaid fees for a total of €300 thousand;
- in the medium-/long-term items, the most significant is the €5,733 thousand of TAV advances for the AV Verona Padua order paid by Consorzio IRICAV DUE.

Accrued liabilities and deferred income E - €8,146,953

The item closed at €8,147 thousand, registering an increase of €2,078 thousand. The breakdown and change in accrued liabilities and deferred income appear in the table below:

Accrued liabilities and deferred income	Balance at <u>31.12.12</u>
1) Accruals	
Bank charges	554
Derivative products	0
Insurance and guarantee charges	9
Leases	484
Personnel commission accruals	0
Other	56
Total accrued liabilities	1,103
-	
2) Deferred income	
Currency transactions	0
Services	477
Capital gains on equity disposals	0
Rents	0
Sales among subsidiaries	6,565
Total deferred income	7,042
Total accrued liabilities and deferred income	8,146

Accrued liabilities include €554 thousand for bank charges, €9 thousand for currency transactions, guarantee and insurance charges, and €484 thousand for lease and other charges.

Deferred income for sales to subsidiaries is recognised in accordance with national accounting standard 21, paragraph 3. 3. d., according to which the gains achieved on sales to subsidiaries, in which equity investments are valued using the equity method, that are not reflected in the income statements of said subsidiaries, must be suspended until they are realised.

Specifically, deferred income for sales refers to the capital gains:

- sales from the Dubai site to the subsidiary Salini Nigeria Ltd for €457 thousand, to the Tunisia branch of the subsidiary Todini Costruzioni Generali S.p.A. for €338 thousand, and to the Mukorsi Zimbabwe joint venture for €261 thousand;
- sales from the Ethiopia site to the subsidiary Salini Malaysia for €584 thousand, and to the Tunisia branch of the subsidiary Todini Costruzioni Generali S.p.A. for €95 thousand;
- sales of the Uganda work site towards the subsidiary J.V. Mukorsi Zimbabwe for €2,813 thousand, to Salini Nigeria Ltd for €157 thousand, to Malaysia for €368 thousand, to the subsidiary Todini Costruzioni Generali S.p.A. in the Tunisia Branch for €857 thousand, in the Ukrainian Branch for €139 thousand, in the Kaz. Branch for €23 thousand;
- sales from the Salini Costruttori S.p.A. headquarters to the subsidiary Salini Nigeria Ltd for €415 thousand.

**MEMORANDUM ACCOUNTS**

The breakdown of direct guarantees provided is shown in the table below:

Guarantees provided for:	Third parties	31-dic-12 Subsidiaries	Associates
a) - in our favour for banking institution facilities:			
Factorit S.p.A. - financing factoring operations Metro B1 S.c.a.r.l. (our share)		16,140,000	
Factorit S.p.A. - financing factoring operations RI.MA.TI. S.C.a.r.l. (our share 83.42%)		16,684,000	
Banca Nazionale Lavoro - credit for ZEIS S.r.l.		500,000	
BANQUE MAROCAINE DU COMMERCE EXTERIEUR - MOROCCO		5,833,573	
Unity Bank - Nigeria - local currency overdraft and sales invoice discount		9,703,839	
Natixis - financing for Salini Costruttori guaranteed by Impregilo shares		142,000,000	
Imprebanca - cash credit Salini S.p.A. + Todini	4,000,000		
Skye Bank (ex Prudent Bank plc) - Nigeria - local currency overdraft		12,129,799	
GT Bank - Nigeria - local currency overdraft		4,851,919	
<b>Total a)</b>	<b>4,000,000</b>	<b>207,843,129</b>	<b>0</b>
b) - bonds for finance leasing transactions			
Leasint S.p.A. - co.ge.ma. spa		5,424,295	
<b>Total b)</b>	<b>0</b>	<b>5,424,295</b>	<b>0</b>
c) - guarantees for works (final deposits - release of security deductions and contractual advances)			
Rome Metropolitana S.r.l. - Rome Metro B1 from Piazza Bologna to Piazza Conca d'Oro	2,954,803		
Rome Metropolitana S.r.l. - Rome Metro B1 from Piazza Bologna to Piazza Conca d'Oro, extension to Piazzale Jonio	7,060,208		
Campania Region - Salerno purification plant	156,118		
Roma Metropolitana - Line B extension Rebibbia - Casal Monastero	11,640,788.77		
Spring Bank (ex Citizens Bank) - Min. of Federal Capital Territory - Abuja - Dev. of IDU - Nigeria		10,021,530	
Spring Bank (ex Citizens Bank) - Federal Ministry of Water Resources - Abuja - Nigeria		11,826,091	
Skye Bank (ex Prudentbank plc) - Federal Ministry of Culture and Tourism - Nigeria		79,502,244	
Zenith - Federal Ministry of Water Resources - Abuja - Nigeria - Advance Payment Security		7,277,879	
Skye Bank - Federal Ministry of Works - Nigeria - Advance Payment Security		7,242,255	
GT Bank - Ministry of Fed. Cap. Territory Abuja - Nigeria - Performance and Advance Payment Security		51,262,970	
Skye Bank - Lagos Water Corporation - Nigeria - Advance Payment Security		51,711,876	
Ministry of Finance, Planning and Economic Dev. - Kampala	7,259,913		
Bujagali Energy Ltd - Kampala - Uganda - Bujagali Hydroelectric Power	48,881,387		
'Ministry of Transport and Communication of - Kazakhstan - Transport Tower - Office 608 - 010000 Astana - Republic of Kazakhstan	54,493,451		
The Office of the National Authorising Office of the EDF - Freetown	3,472,970		
B.Maroc. du Comm. Ext. - Casablanca - Rabat-Larache (Group. Italgisas)	34,136		
Commercial Bank of Dubai - Dubai - Pr. R881/2C - Comprehensive Improvements of the Parallel Roads - Dubai	14,299,044		
Arab Bank Plc - Dubai - project R800/6 Ras Al Khor Crossing Contract 6	12,749,690		
Standard Chartered Bank Malaysia - Hulu Jelai Hydroelectric Project	46,435,727		
Transport Projects Execution Board Tripoli - Kufra Airport	9,961,464		
Direction des Routes et de la Circulation Routière - Rabat - Morocco	2,014,212		
Metroselskabet I/S - Copenhagen Metro		233,016,869.65	
Reconstruction of Kosekoy - Gebze section of the Ankara - Istanbul High Speed Train	11,158,772		
<b>Total c)</b>	<b>232,572,684</b>	<b>451,861,714</b>	<b>0</b>
d) for participation in tenders:			
Qatar - Lusail Development Construction Package	3,122,437		
Chile - Alto Mapo hydroelectric project	378,960		
Turkey - Ikitelli Campus	6,369,156		
India - Epc Contract Package for 810 MW Ratle Hydroelectric Project	689,085		
India - PAKAL DUL Hydroelectric Project	708,655		
Algeria - Boukhroufa	1,209,085		
Turkey - Integrated health Campus of Adana	5,350,091		
Turkey - Bahçe-Nurdağ	1,273,831		
Bosnia - MOTORWAY ON CORRIDOR 5C SECTION LEPENICA	400,000		
Bosnia - MOTORWAY ON CORRIDOR 5C SECTION LEPENICA	400,000		
Bid bond - Integrated Health campus of Gaziantep Turkey	6,063,437		
Bid bond - Karuma EPC Hydropower Project	11,279,298		
Bid bond - Sierra Leone - Matotoka - Sefadu Road	871,608		
Bid bond - Georgia - Civil Works Contract for Didachara DAM Headrace Tunnel and Shuakhevi Powerhouse Civil Work Contract	94,740		
Bid bond - Georgia - Civil Works Contract for Skhalta DAM Transfer Tunnel and Skalta Powerhouse Civil Work Contract	94,740		
Bid bond - Bulgaria - Northern Speed Tangent	255,650		
Bid bond - Libya - Ministry of housing and utilities	3,002,859		
Bid bond - Poland - A1 Motorway Brzezine-Kowal exit	1,718,213		
Bid bond - Poland - A1 Motorway section 1 Czerwienice-Odolin and section 2 Odolion Brzezine	1,423,662		
Bid bond - India - Shahpurkandi Project	632,580		
Bid bond - Chile - Metro Santiago lots 1 and 2 line 6	3,187,192		
Bid bond - Romania - Lugoș Deva lot 2	4,719,319		
Bid bond - Chile - Los Condores	189,955		
Bid bond - Canada - Nalcor Energy Hydroplace	22,836,264		
Bid bond - Abu Dhabi - DOT/T/MR/73/12	123,809		
Bid bond - Abu Dhabi - DOT/T/MR/75/12	123,809		
Bid bond - Abu Dhabi - DOT/T/MR/15/12	412,697		
<b>Total d)</b>	<b>76,931,132</b>	<b>0</b>	<b>0</b>

	Third parties	31-dic-12 Subsidiaries	Associates
e) - other			
State of Queensland - Department of Transport and Main Road	12,534,506		
Financial Administration Services - Revenues Office - Rome 1 - VAT compensation 2008, 2009, 2010	1,138,571		
Financial Administration Services - Revenues Office - Rome 1 - VAT offset	3,098,118.03		
Financial Administration Services - Revenues Office - Rome 1 - VAT refund 2008 Nuvola S.r.l. (dissolved) – Salini's share	31,899,70		
Financial Administration Services - Entrate Roma - Dir. Reg. Lazio Uff. Large contributions - instalments for 2005, 2006, 2007 assessments	3,849,503.48		
Citizens Bank - Nigeria - fix and floating debenture		1,940,768	
Pated Nigeria LTD - guarantee deposited at the office of the clerk of the appeal court of Rome	600,000,00		
Regali Novelli snc Rome - garage sub-lease in Vicolo del Monticello	10,800		
Mssrs Fiastri M. - Pennington De Jongh E. - leasing property in Via dei Lucchesi	120,264		
<b>CORPORATE GUARANTEE</b>			
Ethiopian Electric Power Co. - Gilgel Gibe III Hydroelectric Pr. - PERFORMANCE GUARANTEE	58,053,395		
Ethiopian Electric Power Co. - Gilgel Gibe III Hydroelectric Pr. - ADVANCE PAYMENT FIRST INSTALMENT	76,173,520		
Ethiopian Electric Power Co. - Gilgel Gibe III Hydroelectric Pr. - ADVANCE PAYMENT SECOND INSTALMENT	54,410,348		
Ethiopian Electric Power Co. - Gilgel Gibe III Hydroelectric Pr. - ADVANCE PAYMENT THIRD INSTALMENT	34,956,311		
Ethiopian Electric Power Co. - Gilgel Gibe III Hydroelectric Pr. - RETENTION GUARANTEE	17,752,712		
Ethiopian Electric Power Co. - Beles Multipurpose Pr. - PERFORMANCE GUARANTEE	19,609,952		
Ethiopian Electric Power Co. - Beles Multipurpose Pr. - RETENTION GUARANTEE	19,609,952		
Ethiopian Electric Power Co. - Grand Renaissance Dam Project - ADVANCE PAYMENT FIRST INSTALMENT	195,908,349		
Ethiopian Electric Power Co. - Grand Renaissance Dam Project - PERFORMANCE SECURITY	163,099,875		
Ethiopian Electric Power Co. - Grand Renaissance Dam Project - RETENTION SECURITY	163,099,875		
Ethiopian Electric Power Co. - Grand Renaissance Dam Project - ADVANCE PAYMENT SECOND INSTALMENT	195,908,349		
Ministry of Water Resources - Harare, ZIMBABWE - Tokwe-Mukorsi Project - Corporate Guarantee (Performance Security)	2,627,944		
Ministry of Water Resources - Harare, ZIMBABWE - Tokwe-Mukorsi Project - Corporate Guarantee (Retention Money Guarantee)	2,627,944		
Territory Abuja - District 1 - Corporate Guarantee (Performance, Advance and Retention Money Security)	32,508		
Malaysia ANDRITZ ULU JELAI (powerhouse supply)	23,773,428		
Malaysia ANDRITZ ULU JELAI (powerhouse supply)	70,329,538		
TOTAL GUARANTEES GIVEN DIRECTLY			
GRAND TOTAL '(a+b+c+d+e)	Total e)	1.119.357.663	1.940.768
		1.432.861.479	667.069.907
		0	0

## **OTHER MEMORANDUM ACCOUNTS**

Leased assets: this item contains the value of lease payments due on leased assets, for a total of €87,915,122

**MEMO ACCOUNTS**

The breakdown of the memo accounts is shown in the table below:

MEMO ACCOUNTS	31-dic-12
a) – guarantees given by third parties in our favour for banking institution facilities:	
Bank of Ethiopia - A.Ababa - Beles Multipurpose pr. / Gilgel Gibe II Pr. - Ethiopia	3,020,529
Commercial Bank of Ethiopia - letter of comfort Loan 100 million ETB	5,467,020
Rokel Commercial Bank Ltd - Freetown (Sierra Leone)	2,500,000
National Bank of Abu Dhabi - Dubai - Pr. R800/6 - Ras Al Khor Crossing, Contract 6 - Dubai	5,158,713
Commercial Bank of Dubai - Dubai - Pr. R800/6 - Ras Al Khor Crossing, Contract 6 - Dubai	5,158,713
BNP Paribas Dubai - Pr. R800/6 - Ras Al Khor Crossing, Contract 6 - Dubai	5,158,713
Commercial Bank of Dubai - Dubai - Pr. R800/6 - Ras Al Khor Crossing, Contract 6 - Dubai	4,642,842
Ethiopian Electric Power Co. - Gilgel Gibe II Hydroelectric Pr. - Ethiopia	2,279,986
	Total a) 33,386,516
b) – guarantees given by third parties in our favour for contractual advances:	
Consorzio Iricav Due	7,461,200
	Total b) 7,461,200
- sureties given by third parties in favour of the Company	Total (a+b) 40,847,716
c) guarantees received for work:	
- <u>Works in Dubai - Pr. R881/2C - Comprehensive Improvements of the Parallel Roads</u> (provision of overhead carrying crane ord. 0602/11/000002 001 E)	537,215
' Gam Srl	39,825
	577,040
- <u>Subcontracted works Ethiopia - Gilgel Gibe II Hydr.Pr.</u>	
Voith Siemens Hydro	8,556,652
Sandvik - Italy S.p.A.	344,750
S.E.L.I S.p.A.	1,537,500
	10,438,902
- <u>Subcontracted works Ethiopia - Gilgel Gibe III Hydr.Pr.</u>	
Rebaioli Spa	180,000
	180,000
- <u>Subcontracted works Ethiopia - Beles Multipurpose Project</u>	
Va Tech Hydro Gmbh - Vienna (A)	6,995,808
S.E.L.I S.p.A.	4,384,754
	11,380,562
- <u>Subcontracted works Ethiopia - Renaissance DAM Project</u>	
Shanghai Electric Group Co Ltd	5,068,546
	5,068,546
- <u>Works in Morocco - La Rocade Mediteraneenne</u>	
Alpi De.Co.	2,491,944
	2,491,944
- <u>Works in Kazakhstan Kyzylorda</u>	
Marini Spa	1,050,000
	1,050,000
- <u>Works in Uganda - Kampala Northern By Pass</u>	
ALPI DE.CO. S.r.l.- Belluno	504,000
Alstom Projects India Ltd	865,571
	1,369,571
	Total c) 32,556,566
d) sureties received for contractual advances / supply advances:	
- <u>Subcontracted works Ethiopia - Gilgel Gibe III Hydr.Pr.</u>	
Rebaioli Spa	394,500
Ansaldo Spa	208,000
	602,500
- <u>Subcontracted works - Renaissance DAM Project</u>	
Shanghai Electric Group Co Ltd	4,394,615
	4,394,615
- <u>Subcontracted works - Beles Multipurpose Project</u>	
Impianti Draganti S.r.l.	72,000
AIR FIRE S.p.A.	35,788
	107,788
	Total d) 5,104,903
Total sureties in favour of the company	Total (c + d) 37,661,469

**INCOME STATEMENT**

The breakdown of production shows the following revenues and increases in inventories for works in progress on orders classified by geographical area, net of provisions for contractual risks and price revisions.

Value of production by geographical area	<u>Income from sales and service provisions</u>	<u>Change in stocks under processing, semi-finished and finished products</u>	<u>Change in works in progress under contract</u>	<u>Increase of fixed assets for internal works</u>	<u>Other income and earnings</u>	<u>Balance</u>
	<u>A1</u>	<u>A2</u>	<u>A3</u>	<u>A4</u>	<u>A5</u>	
	Italy	21,101	0	90,846	0	4,103
United Arab Emirates	945	0	44,780	0	926	46,651
Ethiopia	5,286	0	408,470	609	1,127	415,492
Jordan	0	0	0	0	0	0
Guinea	6	0	0	0	46	52
Kazakhstan	0	0	113,530	0	11,933	125,463
Libya	0	0	0	0	0	0
Morocco	0	0	0	0	9	9
Sierra Leone	1,993	0	15,456	0	13	17,462
Turkey	0	0	0	0	373	373
Uganda	2,207	0	5,916	0	9,338	17,461
Zimbabwe	4,795	0	0	0	0	4,795
<b>Balance 31/12/2012</b>	<b>36,333</b>	<b>0</b>	<b>678,998</b>	<b>609</b>	<b>27,868</b>	<b>743,808</b>

Income from sales and services includes the value of works completed and delivered to the customer as well as other income items ancillary to the characteristic activity and of a continuous nature.

In particular, the revenues from work in progress relate to dams and hydroelectric works, energy production plants, transportation infrastructure and civil buildings. The increase is due to orders becoming fully operational in the last year.

The other income item shows:

- in Italy: payments to seconded personnel €2,930 thousand, services and supplies €351 thousand, miscellaneous charges €651 thousand, asset disposal €142 thousand, costs re-invoiced €25 thousand, insurance refunds €4 thousand;
- in Sierra Leone: personnel revenue of €4 thousand and miscellaneous charges of €9 thousand;
- in Ethiopia: personnel revenue of €229 thousand, capital gains on asset disposals of €211 thousand, insurance reimbursements of €655 thousand and miscellaneous charges of €32 thousand;
- in Kazakhstan: revenue for materials sales of €10,050 thousand, personnel revenue of €28 thousand, revenues from services provided to the subsidiary Todini of €1,855 thousand;
- in Uganda: insurance reimbursements for €18 thousand, revenue for materials sales to third parties of €8,576 thousand, capital gains on asset disposals of €723 thousand, personnel revenue of €19 thousand;

- in Morocco: insurance reimbursements of €9 thousand;
- in Dubai: personnel revenue of €39 thousand, insurance reimbursements of €57 thousand, capital gains on asset disposals of €558 thousand and miscellaneous charges of €272 thousand.

The breakdown by income category can be summarised as follows:

€ x 1,000

	<b>2012</b>
Dams and hydroelectric plants	435,539,120
Roads and motorways	191,288,528
Civil buildings	503,811
Railways and metro systems	91,218,976
Property and Other	25,257,267
<b>Total</b>	<b>743,807,702</b>

The breakdown of production is shown by the following costs classified by geographical area:

Costs of production by geographical area	<u>For raw materials, ancillary materials and consumables</u>	<u>For services</u>	<u>For the use of third party assets</u>	<u>For personnel</u>	<u>Amortisation, depreciation and write- downs</u>	<u>Change in inventories of raw materials, ancillary materials and consumables</u>	<u>Reserves for risks</u>	<u>Other reserves</u>	<u>Sundry manage- ment charges</u>	<u>Balance</u>
	B6	B7	B8	B9	B10	B11	B12	B13	B14	-
Italy	573	106,384	7,386	22,491	1,422	29	0	0	474	138,759
Abu Dhabi	0	42	22	458	1	0	0	0	0	523
Chile	0	301	91	792	4	0	0	0	0	1,188
Dubai	14,281	18,929	2,299	8,122	2,574	(841)	0	0	397	45,761
Ethiopia	58,387	251,237	19,046	36,681	18,049	(26,425)	5,422	0	72	362,469
Jordan	0	25	7	0	0	0	0	0	0	32
Guinea	0	231	0	0	0	0	0	0	0	231
Iraq	0	1	0	89	0	0	0	0	0	90
Kazakhstan	33,754	55,918	19,577	4,588	1,856	986	0	0	390	117,069
Libya	1	478	99	716	27	0	0	0	0	1,321
Malawi	0	0	0	0	0	0	0	0	0	0
Morocco	0	185	4	0	0	0	0	0	0	189
Panama	0	25	4	84	0	0	0	0	0	113
Sierra Leone	5,259	5,177	117	3,056	340	239	0	0	4	14,192
Turkey	0	829	149	1,209	13	0	0	0	0	2,200
Uganda	2,465	13,999	772	4,102	1,196	4,347	142	0	18	27,041
Zimbabwe	0	0	0	0	0	0	0	0	0	0
<b>Balance 31/12/2012</b>	<b>114,720</b>	<b>453,761</b>	<b>49,573</b>	<b>82,388</b>	<b>25,482</b>	<b>(21,665)</b>	<b>5,564</b>	<b>0</b>	<b>1,355</b>	<b>711,178</b>

Income from equity investments C 15 - €10,175,187

Income from equity investments	Balance at <u>31.12.12</u>
Impregilo S.p.A.	10,175
	<u>0</u>
Total income from equity investments	10,175

Analysis of other financial income C 16) - €13,213,087

The change and breakdown of other income deriving from financial operations, recognised in item C16 of the income statement, show the following amounts:

<u>Other financial income</u>	Balance at <u>31.12.2012</u>
a) from receivables recorded under fixed assets	72
c) from current securities not comprising equity investments	0
d) earnings other than the above	
from subsidiaries:	
- for interest income on current accounts receivable and loans:	7,402
- for sundry earnings:	4,092
Total from subsidiaries	<u>11,494</u>
from subsidiaries:	
- for interest income on current accounts receivable:	1,035
from other companies and third parties	
- for interest income on current accounts receivable:	0
- for interest income on loans:	0
- for sundry financial earnings:	
Contributions/interest on financing	277
Interest received on bank receivables	4,576
Income from derivative products	0
Interest on indemnities	0
Late-payment interest – Treasury Ministry judgment	0
Increase in late-payment interest provision – Treasury Ministry judgment	0
Interest from clients	2,337
Increase in clients late-payment interest provision	0
Use of late-payment interest provision	0
Transfer of receivables	0
Other	15
	<u>Subtotal</u> 7,205
Total from other companies and third parties	<u>7,205</u>
GRAND TOTAL (a+b+c+d)	19,807

The main items under income from subsidiaries include the fee for sureties granted in favour of Salini Nigeria Ltd totalling €2,763 thousand and accrued interest income on loans, current account cash pooling and other income from Salini Nigeria Ltd of €2,903 thousand, to Salini Hydro Ltd of €263 thousand and Todini Costruzioni Generali S.p.A. of €4,218 thousand.

Current account dealings with the parent company Salini Costruttori S.p.A. of €1.035 thousand.

Interests from client Roma Metropolitane srl of €809 thousand.

Other financial income includes the €1,192 thousand interest subsidy to Salini Malaysia SDN.BHD, €155 thousand in leasing contracts, €351 thousand in interest due on bank deposits in Italy, plus €3,398 thousand in interest due on bank deposits in Ethiopia. Late payment interest in Sierra Leone of €2,030 thousand.

Interest and financial charges C 17 - €(12,196,481)

<u>Interest and financial charges</u>	
	Balance at <u>31.12.12</u>
a) from subsidiaries:	
- for interest on current account receivables and others:	150
	<u>150</u>
b) from associates:	0
- for interest on current account receivables and others:	0
c) from other companies or third parties	
- for interest owed to:	
Banks for current account overdrafts – Italy	2,509
Banks for current account overdrafts – Abroad	4,807
Banks for financing	4,187
Banks for mortgages	0
Other	12
	<u>Subtotal 11,515</u>
- for miscellaneous financial charges:	
Interest on late payments	121
Charges on sureties and bank commissions	370
Charges on derivative products	42
	<u>Subtotal 533</u>
Total from other companies or third parties	<u>12,048</u>
GRAND TOTAL (a+b+c)	<u><u>12,198</u></u>

The most significant items making up the interest and financial charges for the year are stated below:

- interest due to banks for current account overdrafts and loans, €4,807 thousand relating to foreign branches and €6,695 thousand relating to the company headquarters;
- interest from subsidiaries of €142 thousand relating to Salini Malaysia and €8 thousand relating to other subsidiaries;
- leasing indexation interests for €12 thousand.

Foreign exchange gains and losses C 17-bis - €4,417,226

The breakdown and itemisation of foreign exchange gains and losses, recognised in item C17-bis of the income statement, show the following:

<b>Exchange gains/losses</b>	Balance at <u>31.12.12</u>
<b>Exchange gains:</b>	
a - from valuations	8,082
b - from realisations in the period	7,595
	15,677
<b>Exchange losses:</b>	
c - from valuations	(4,190)
d - from realisations in the period	(15,904)
	(20,094)
<b>Total</b>	<b>(4,417)</b>
g - cumulative exchange gains/losses from valuations at 31/12/2011	(2,898)
f - exchange gains/losses from valuations at 31/12/2012	3,892
g - cumulative exchange gains/losses from valuations at 31/12/2012	994

The realisation component shows a negative balance of €(8.309) thousand.

Exchange rate differentials reveal a positive adjustment of foreign currency receivables and payables to year-end exchange rates of €994 thousand, listed under “non-distributable reserve” pursuant to article 2426(8-bis) of the Italian Civil Code in the allocation of profits for the financial year.

Value adjustments on financial assets D - €(16,002,306)

The breakdown of value adjustments on financial assets shows the following amounts:

Revaluations on equity investments	Balance at <u>31.12.12</u>
Revaluations pursuant to Article 2426(4) of the Italian Civil Code	
Salini Nigeria Ltd	5,122
Salini Hydro Limited	5,342
CO.GE.MA. S.p.A.	815
Sa.Ma. Coc. Cons. a r.l.	2
Todini Costruzioni	0
Tokini Akkord Salini	2,915
Madonna dei Monti	748
Salini Malaysia	2,544
CMT	6,785
Reversal of provision for losses	
Salini Nigeria Ltd	1,326
Salini Kolin GCF	<u>2</u>
Total	25,600
Write-downs on equity investments	Balance at <u>31.12.12</u>
Write-downs pursuant to Article 2426(4) of the Italian Civil Code	
Salini Bulgaria AD	0
MetroB Srl	309
Todini Costruzioni	8,089
Hemus Motorway AD	1
Salini Australia Pty LTD	8
Salini Rus 000	75
Salini Polska	55
Salini India Private Ltd	149
Salini Nigeria Ltd	0
TB Metro	<u>24</u>
Subtotal	8,709
Allocation to provision for equity investments	
Salini Australia Pty LTD	491
Salini Rus 000	27
SALINI SINGAPORE Pte Ltd	3
Salini Bulgaria AD	223
Salini Polska	<u>145</u>
Subtotal	889
Total	9,598

Among the figures shown, the amount of €889 thousand relates to the allocation to the investment devaluation provision.

Extraordinary gains and losses E - €(1,667,113)

The breakdown of extraordinary gains and losses is as follows:

<u>Extraordinary income</u>	Balance at <u>31.12.12</u>
<b>1) Capital gains on disposals:</b>	
Assets/Equity investments	0
<b>Total</b>	<b>0</b>
<b>2) Miscellaneous:</b>	
Non-operating income, Italy	351
Non-existent liabilities	0
Other	14
<b>Total</b>	<b>365</b>
<b><u>Total extraordinary income</u></b>	<b>365</b>
<u>Extraordinary charges</u>	
<b>1) Capital losses on disposals:</b>	
Equity investments	0
Assets	0
<b>Total</b>	<b>0</b>
<b>2) Miscellaneous</b>	
Previous years' tax	1,278
Other non-operating liabilities	753
<b>Total</b>	<b>2,031</b>
<b><u>Total extraordinary charges</u></b>	<b>2,032</b>
<b><u>Total extraordinary items</u></b>	<b>(1,667)</b>

Previous year taxes of €1,278 thousand are associated with Salcost Etiopia.

Income tax E 22 - €15,289,428

For the three years 2012, 2013, 2014, for the purposes of IRES, the Company adopted the tax regime consolidated with the parent company Salini Costruttori S.p.A. pursuant to articles 117 et seq. of the Consolidated Law on Income Tax (TUIR).

Current income taxes have been assessed, in accordance with current laws, at €12,511 thousand in IRES and €1,136 thousand for IRAP. The adjustment of temporary differences between profit for the year and taxable income caused the following changes:

	(€/000)	
	IRAP	IRES
Taxes paid in advance	407	8,711
Deferred taxes	(2)	(1,656)
	=====	=====
Total paid in advance	405	7,055
Contribution	(462)	(8,640)
	=====	=====
Positive economic effect	(57)	(1,585)

The description of the above-mentioned temporary differences is explained in annexes 3)a and 3)b.

The reconciliation, solely for purposes of IRES, between the tax recognised (current and deferred) and the theoretical tax resulting from the application of the current tax rate (27.5%) to the pre-tax profit is as follows:

	2012	
A) Pre-tax profit	60,333,728	
B) Theoretical taxes	(16,591,775)	27.5%
C) Net permanent differences	4,081,067	
D) Balance for deferred taxes	(1,642,743)	
E) Effective IRES (B + C)	(12,510,708)	20.7%
F) IRAP	(1,135,977)	1.9%
G) Taxes on the income of the financial year (E + F)	(13,646,685)	22.6%
H) Net income for the financial year (A + D + G)	45,044,300	

Number of employees

The number of employees at the end of the year is shown in the table below:

<b>Number of employees</b>	
	FY 2012
Executives	62
Clerical staff	1,336
Manual workers	10,964
<b>Total</b>	<b>12,362</b>

Compensation due to members of corporate bodies

The amount of compensation due to members of the corporate bodies for 2012 appears in the following table:

Compensation due to members of corporate bodies (in thousands)	Amount Purchases for the period <u>over the year</u>	Amount <u>paid</u> <u>over the year</u>
Board of Directors	0	0
Directors with special duties	23	23
Board of Auditors	300	0

Compensation due to the independent auditors

The amount of compensation due to the independent auditors for 2012 appears in the following table:

<b>Compensation due to independent auditors</b> (in thousands)	Amount <u>over the year</u>
Audit services	312
Other services	43
<b>Total fees</b>	<b>355</b>

On 25 June 2010 the Shareholders' Meeting appointed the independent auditors Reconta Ernst & Young S.p.A. to perform the statutory audit and the audit activities for the period from 2010 to 2012, pursuant to Article 2409-*quater* of the Italian Civil Code.

Other information required by Article 2427 of the Italian Civil Code

Pursuant to Article 2427(6-bis), there were no significant changes in the currency exchange rates used in these financial statements after the end of the year.

Pursuant to Article 2427(paragraph 6-ter), no payables or receivables are recorded on the financial statements relative to transactions that provide for the obligation of reconveyance by the purchaser.

Related-party transactions

Stated below are the most important related-party transactions broken down between financial and commercial; all transactions are completed under normal market conditions.

The Parent Company provides administrative, financial, legal, tax, management and technical services for the Group companies. These services are governed by special service contracts. In addition, in some cases, the Parent Company operates by assigning its own personnel.

Even in the case of transactions under normal market conditions, stated below are the most important related-party transactions broken down between financial and commercial; for further details, please see the specific paragraphs of this note.

**Accounts with other related parties as at 31.12.2012**  
**(€000)**

Directors with special duties
Board of Auditors
<b>Total</b>

**Related parties as at 31.12.2012**  
**(€000)**
**Long-term investments with subsidiaries**

TB Metro S.r.l.
Salini Polska sp.zoo
Salini Australia
Salini Bulgaria
<b>Total</b>

**Trade receivables/payables with subsidiaries**

Todini Costruzioni Generali S.p.A.
Metro B1
Salini Polska sp.zoo
TODINI-TAKENAKA LLC
Rimati S.c.a.r.l.
Salini BULGARIA EAD
Todini SpA-Akkord Industry-Salini S.p.A.
Salini Malaysia SDN
J.V.Salini Impregilo Mukorsi
Corso del Popolo S.p.A.
Salini Hydro Limited
TB Metro
Salini Nigeria Ltd
Metro B S.r.l.
CO.GE.MA. S.p.A.
<b>Total</b>

**Financial receivables/payables with subsidiaries**

Salini Malaysia SDN
J.V.Salini Impregilo Mukorsi
Salini Hydro Limited
Salini Nigeria Ltd
Salini Australia
Todini SpA-Akkord Industry-Salini S.p.A.
Todini S.p.A.
Co.Ge.Ma
Sa.Ma S.c.a.r.l.
<b>Total</b>

**Receivables/payables with parent companies**

Salini Costruttori S.p.A.
Salini Simonpietro e C. S.a.p.a.
<b>Total</b>

**Trade receivables/payables with associates**

Forum S.c.r.l.
CON.SAL. S.c.n.c.
Salini Strabag-Guinea company group
Cediv S.p.A.
G.A.B.I.R.E S.r.l.
Impregilo S.p.A. – Morocco branch
Salini Acciona - Ethiopia
<b>Total</b>

**Financial receivables/payables with associates**

Italgis group
Impregilo
<b>Total</b>

**Total related parties**

RECEIVABLES	PAYABLES	EXPENSES	INCOME
		services	
	0	23	
	300	300	
<b>0</b>	<b>300</b>	<b>6,758</b>	<b>0</b>

RECEIVABLES	PAYABLES	EXPENSES	INCOME
1,658			53
150			1
638			6
595			11
<b>3,041</b>	<b>0</b>	<b>0</b>	<b>71</b>

RECEIVABLES	PAYABLES	EXPENSES	INCOME
12,651	6,772		
8,199	50,985		
127			
174			
1,378	2,395		
1,117	0		
5,642			
2,676	142		
21,478	17,936		
108			
655	8,145		
70			5
11,358	1,309		
	7,877		
	0		284
<b>65,632</b>	<b>95,561</b>	<b>0</b>	<b>289</b>

RECEIVABLES	PAYABLES	EXPENSES	INCOME
14,217		142	1,192
378			17
2,674			263
22,170			5,667
61			
			117
131,039			4,218
	1,862	1	
	59	3	
<b>170,539</b>	<b>1,921</b>	<b>146</b>	<b>11,474</b>

RECEIVABLES	PAYABLES	EXPENSES	INCOME
65,244	7,097	1,035	
20			84
<b>65,244</b>	<b>7,097</b>	<b>1,035</b>	<b>0</b>

RECEIVABLES	PAYABLES	EXPENSES	INCOME
	174		
44	160		
290	295		
475			143
134	0		65
134			
5,167	0		
<b>6,244</b>	<b>629</b>	<b>0</b>	<b>208</b>

RECEIVABLES	PAYABLES	EXPENSES	INCOME
741			
			10,175
<b>741</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>311,441</b>	<b>105,208</b>	<b>1,181</b>	<b>12,042</b>
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Report on management and coordination activities

Below are the summaries of significant financial data of the company Salini Costruttori S.p.A. which exercised the activity of direction and coordination pursuant to article 2497-bis of the Italian Civil Code.

**RECLASSIFIED INCOME STATEMENT***(euro / 000)*

	<b><u>2011</u></b>	
<b>Value of production</b>	<b>669,965</b>	<b>100.0%</b>
Purchases for the period	(166,863)	(24.9%)
Cost of services	(358,756)	(53.5%)
Lease and rental expense	(28,927)	(4.3%)
Misc. operating expenses	(3,844)	(0.6%)
<b>Value Added</b>	<b>111,576</b>	<b>16.7%</b>
Personnel costs	(62,508)	(9.3%)
<b>EBITDA</b>	<b>49,068</b>	<b>7.3%</b>
Amortisation, depreciation and write-downs	(22,397)	(3.3%)
<b>EBIT</b>	<b>26,670</b>	<b>4.0%</b>
Financial income (loss)	4,140	0.6%
Exchange gains/losses	32,339	4.8%
Income (loss) on equity investments	11,329	1.7%
Non-operating income (loss)	1,085	0.2%
<b>EBT</b>	<b>75,563</b>	<b>11.3%</b>
Taxes	(20,549)	(3.1%)
<b>NET PROFIT</b>	<b>55,013</b>	<b>8.2%</b>

**RECLASSIFIED STATEMENT OF FINANCIAL POSITION**

(euro / 000)

	<b><u>2011</u></b>
Intangible Fixed Assets	
Tangible Fixed Assets	6,109
Equity investments	71,828
Equity investments	205,369
Other net fixed assets	4,837
<b>Total fixed assets (a)</b>	<b>288,142</b>
Inventories	90,342
Pending contracts	144,920
Advances from clients	(598,969)
Trade receivables	172,711
Tax receivables	31,425
Other assets	271,424
	<b>subtotal</b>
	<b>111,853</b>
Trade payables	(103,780)
Other liabilities	(167,445)
	<b>subtotal</b>
	<b>(271,225)</b>
<b>Operating working capital (b)</b>	<b>(159,372)</b>
Provisions for risks and charges	(8,162)
TFR (termination benefits)	(1,535)
<b>Total reserves (c)</b>	<b>(9,696)</b>
<b>Uses (d) = (a) + (b) + (c)</b>	<b>119,074</b>
Cash and cash equivalents	226,327
Financial receivables	29,145
Current financial liabilities	(64,106)
Non-current financial liabilities	(96,660)
<b>Net financial payables/receivables (e)</b>	<b>94,707</b>
Shareholders' equity	213,781
<b>Shareholders' equity (f) = (d) + (e)</b>	<b>213,781</b>
<b>Funding (g) = (f) - (e)</b>	<b>119,074</b>

Starting with the financial statements as at 31 December 2012, Salini Costruttori S.p.A. decided to prepare the consolidated financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") and adopted by the European Union. 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").

These financial statements are true and real and correspond to the accounting records.

The Board of Directors  
THE CHAIRMAN  
(Simonpietro Salini)

**ANNEXES TO THE NOTES  
TO THE FINANCIAL STATEMENTS**

**Annex 1**

<b>STATEMENT OF CASH FLOWS - INDIRECT METHOD</b>		2012
(euro / 000)		
<b>A – Cash flows from operations</b>		
Pre-tax profit		60,334
Tax paid		0
<b>Subtotal</b>		<b>60,334</b>
<b>Adjustments for non-monetary income and expenses:</b>		
Amortisation and depreciation for the period		25,483
Provision for risks and charges		5,563
Termination benefits		1,878
Effects of valuation of subsidiaries		(16,002)
<b>Subtotal</b>		<b>77,256</b>
<b>Changes in operating assets and liabilities (working capital)</b>		
Trade receivables		49,972
Stocks		(20,806)
Stocks of work (cost-to-cost)		(628,495)
Clients' prepayments (SAL)		593,993
Clients' advances		(100,653)
Trade payables		52,872
Provisions for risks and charges		(8,141)
Termination benefits		(1,981)
Other operating assets		(167,922)
Other operating liabilities		5,590
Exchange rate effects on net working capital		1,868
<b>Subtotal</b>		<b>(223,703)</b>
<b>TOTAL A</b>		<b>(146,447)</b>
<b>B – Cash flow from investment activities:</b>		
Net investment in intangible assets		(1,976)
Net investment in tangible assets		(44,319)
Changes in equity investments		(184,018)
Changes in equity investment financing		(425)
<b>TOTAL B</b>		<b>(230,739)</b>
<b>C – Cash flow from lending activities</b>		
Dividends distributed		0
Change in financial payables (leasing + factoring)		15,580
Change in payables to banks		221,863
<b>TOTAL C</b>		<b>237,443</b>
<b>TOTAL CASH FLOW (A + B + C)</b>		<b>(139,743)</b>
Cash and cash equivalents at start of period		211,375
Cash and cash equivalents at end of period		71,632
<b>YEAR-ON-YEAR CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>(139,743)</b>

**Annex 2****LIST OF WORKPLACES AT 31 December 2011****ITALY**

<u>Country</u>	<u>Address</u>	<u>Description</u>
Rome	Via della Dataria, 22	Registered and administrative office (1)
Rome	Via dei Lucchesi, 26	Administrative offices (1)
Rome	Via dei Lucchesi, 29	Offices (1)
Rome	Via di S. Marcello, 40	Offices
Rome	Via del Quirinale, 26	Offices
Rome	Via dei Crociferi, 44	Offices
Rome	Via Cattaro, 28	Offices
Rome	Largo Pietro di Brazzà, 27/28	Canteen
Rome	Via Val Cristallina, 23	Warehouse
Rome	Via Ardeatina, 1853	Archive

**FOREIGN**

<u>Country</u>	<u>Address</u>	<u>Description</u>
Bulgaria	Sofia, Vitosha Blvd 180, Triaditza Region	Secondary Establishment (2)
Chile	Santiago, Av. Libertador B. O'Higgins 949	Secondary Establishment (2)
United Arab Emirates – Abu Dhabi	Al Murror Area 179 St. 2/19 Saif Ali Mirz. PO BOX 32594, United Arab Emirates	Secondary Establishment (2)
United Arab Emirates – Dubai	Suite one level 4, Tameem House, Off. 401 United Arab Emirates. PO BOX 213676	Secondary Establishment (2)
Ethiopia	Addis Abeba Kirkos, Kebele 17, House n. 62	Secondary Establishment (2)
Jordan	P.O. Box 925885 Amman	Secondary Establishment (2)
Guinea	B.P. 3485 Conakry	Secondary Establishment (2)
Iraq	Gulan Street, Vital Village, Vila # 30, Erbil, Kurdistan Region, Iraq.	Secondary Establishment (2)
Kazakhstan	Kyzylorda 120000, G. Muratbaeva Street N/N Business Centre Building, Fourth	Secondary Establishment (2)
Libya	Tripoli, Hammamet Street Gargaresh 1	Secondary Establishment (2)
Morocco	Rabat, Mahaj Riad, Immeuble 5 Hay Riad	Secondary Establishment (2)
Panama	2nd floor, Calle 53 Este, Marbella Apartado postal 0819-09132 Panama, Republica de Panama	Secondary Establishment (2)
Sierra Leone	PMB 191 Freetown	Secondary Establishment (2)
Sudan	Box 3013 Khartoum	Secondary Establishment (2)
Turkey	Istanbul, Suleyman Seba cad. Bjk Plaza n.48	Secondary Establishment (2)
Uganda	Kampala Nakawa House	Secondary Establishment (2)
Zimbabwe	44A Ridgeway North, Highlands, Harare	Secondary Establishment (2)

Storage and conservation of all accounting documents and records, except inventory and warehouse sub-ledgers, books of original entry and documentary evidence for foreign secondary establishments.

Storage and conservation of the warehouse sub-ledger, books of original entry, documentary evidence for secondary establishments.

## Annex 3) a

## Deferred/prepaid income taxes

A) Recalculation of taxes upon reversal of deductible temporary differences (positive temporary differences)												
ITEMS	CONTRIBUTION 1 JANUARY 2012						PERIOD 2012					
	Residual A	IRPEG B	Prepaid IRPEG X = A * B	Regional income tax (IRAP) C	Prepaid Regional income tax (IRAP) Y = A * C	Tot. prepaid tax X + Y	Residual A	IRPEG B	Prepaid IRPEG X = A * B	Regional income tax (IRAP) C	Prepaid Regional income tax (IRAP) Y = A * C	Tot. prepaid tax X + Y
Relevant expenses for other years representative offices	-	27.5%	-	4.36%	-	-	-	27.5%	-	4.36%	-	-
maintenance** statutory depreciation/amortisation higher than the admissible tax rate**	-	27.5%	-	4.36%	-	-	8,597,271	27.5%	2,364,250	4.36%	-	2,364,250
unrealised exchange losses*	2,620,682	27.5%	720,688	4.36%	27,283	747,971	3,186,814	27.5%	876,374	4.36%	16,367	892,741
property write-downs	5,196,728	27.5%	1,429,100	4.36%	-	1,429,100	(289,059)	27.5%	(79,491)	4.36%	-	(79,491)
other deferred expenditure	1,494,070	27.5%	410,869	4.36%	65,141	476,011	1,447,862	27.5%	398,162	4.36%	63,127	461,289
capital gains on sales of assets to subsidiaries	-	27.5%	-	4.36%	-	-	-	27.5%	-	4.36%	-	-
Taxed reserves contractual risks on works in progress**	4,793,642	27.5%	1,318,252	4.36%	209,003	1,527,254	6,565,877	27.5%	1,805,616	4.36%	286,272	2,091,888
risks on completed work	-	27.5%	-	4.36%	-	-	-	27.5%	-	4.36%	-	-
work in progress expenses	1,974,024	27.5%	542,857	4.36%	86,067	628,924	381,000	27.5%	104,775	4.36%	16,612	121,387
other legal dispute risks***	-	27.5%	-	4.36%	-	-	-	27.5%	-	4.36%	-	-
country and receivables risks*	2,342,027	27.5%	644,057	4.36%	74,829	718,886	2,798,098	27.5%	769,477	4.36%	113,188	882,664
provision for taxes*	15,999,977	27.5%	4,399,994	4.36%	-	4,399,994	10,193,530	27.5%	2,803,221	4.36%	-	2,803,221
Unpaid directors' compensation*	-	27.5%	-	4.36%	-	-	-	27.5%	-	4.36%	-	-
TOTAL A	34,421,150	27.5%	9,465,816	4.36%	462,324	9,928,140	32,881,393	27.5%	9,042,383	4.36%	495,565	9,537,948
B) Recalculation of taxes upon reversal of taxable temporary differences (negative temporary differences)												
ITEMS	CONTRIBUTION 1 JANUARY 2012						PERIOD 2012					
	Residual	IRPEG	Deferred IRPEG	Regional income tax (IRAP)	Deferred Regional income tax (IRAP)	Tot. def. tax	Residual	IRPEG	Deferred IRPEG	Regional income tax (IRAP)	Deferred Regional income tax (IRAP)	Tot. def. tax
Deferred income												
capital gains instalments**	-	27.5%	-	4.36%	-	-	2,227,088	27.5%	612,449	4.36%	-	612,449
capital gains on sales of assets to subsidiaries	-	27.5%	-	4.36%	-	-	55,551	27.5%	15,277	4.36%	2,422	17,699
capital gains from sale of Salini Nigeria Ltd receivables*	-	27.5%	-	4.36%	-	-	-	27.5%	-	4.36%	-	-
uncollected late-payment interest*	1,901,988	27.5%	523,046.70	4.36%	-	523,046.70	1,901,989	27.5%	523,047	4.36%	-	523,047
unrealised exchange gains*	-	27.5%	-	4.36%	-	-	-	27.5%	-	4.36%	-	-
Deferred dividends												
equity method revaluations*	252,206	27.5%	69,357	4.36%	-	69,357	1,238,662	27.5%	340,632	4.36%	-	340,632
Additional tax depreciation*	848,131	27.5%	233,236	4.36%	-	233,236	460,079	27.5%	126,522	4.36%	-	126,522
TOTAL B	3,002,325	27.5%	825,640	4.36%	-	825,640	5,883,369	27.5%	1,617,926	4.36%	2,422	1,620,348
NET DEFERRED/PREPAID INCOME TAXES (A-B)	31,418,825	27.5%	8,640,177	4.36%	462,324	9,102,501	26,998,024	27.5%	7,424,456	4.36%	493,143	7,917,599
C) Prepaid tax on tax losses												
ITEMS	CONTRIBUTION 1 JANUARY 2012						PERIOD 2012					
	Residual	IRPEG	Prepaid IRPEG	Regional income tax (IRAP)	Prepaid Regional income tax (IRAP)	Tot. prepaid tax	Residual	IRPEG	Prepaid IRPEG	Regional income tax (IRAP)	Prepaid Regional income tax (IRAP)	Tot. prepaid tax
Prepaid tax on tax losses for the year*	-	27.5%	-	4.36%	-	-	-	27.5%	-	4.36%	-	-
Prepaid tax on tax losses for previous year*	-	27.5%	-	4.36%	-	-	-	27.5%	-	4.36%	-	-
TOTAL C	-	27.5%	-	4.36%	-	-	-	27.5%	-	4.36%	-	-
NET (A - B - C)	31,418,825	27.5%	8,640,177	4.36%	462,324	9,102,501	26,998,024	27.5%	7,424,456	4.36%	493,143	7,917,599

(\*) 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

## Annex 3) b

Deferred/prepaid income taxes - change in year

## A) Recalculation of taxes upon reversal of deductible temporary differences (positive temporary differences)

ITEMS	Residual A	IRPEG B	PERIOD 2012		Prepaid Regional income tax (IRAP) Y = A * C	Tot. prepaid tax X + Y
			Prepaid IRPEG X = A * B	Regional income tax (IRAP) C		
Relevant expenses for other years						
representative offices	0	27.5%	0	4.36%	0	0
maintenance**	8,597,271	27.5%	2,364,250	4.36%	0	2,364,250
statutory depreciation/amortisation higher than the admissible tax rate**	566,132	27.5%	155,686	4.36%	(10,916)	144,770
unrealised exchange losses*	(5,485,787)	27.5%	(1,508,592)	4.36%	0	(1,508,592)
property write-downs	(46,208)	127.5%	(12,707)	4.36%	(2,015)	(14,722)
other deferred expenditure	0	27.5%	0	4.36%	0	0
capital gains on sales of assets to subsidiaries	1,772,235	27.5%	487,365	4.36%	77,269	564,634
Taxed reserves						
contractual risks on works in progress**	0	27.5%	0	4.36%	0	0
risks on completed work	(1,593,024)	27.5%	(438,082)	4.36%	(69,456)	(507,537)
work in progress expenses	0	27.5%	0	4.36%	0	0
other legal dispute risks***	456,071	27.5%	125,420	4.36%	38,359	163,778
country and receivables risks*	(5,806,447)	27.5%	(1,596,773)	4.36%	-	(1,596,773)
provision for taxes*	0	27.5%	0	4.36%	-	-
Unpaid directors' compensation*	0	27.5%	0	4.36%	-	0
<b>TOTAL A</b>	<b>(1,539,757)</b>	<b>27.5%</b>	<b>(423,433)</b>	<b>4.36%</b>	<b>33,241</b>	<b>(390,192)</b>

## B) Recalculation of taxes upon reversal of taxable temporary differences (negative temporary differences)

ITEMS	Residual	IRPEG	PERIOD 2012		Deferred Regional income tax (IRAP)	Tot. def. tax
			Deferred IRPEG	Regional income tax (IRAP)		
Deferred income						
capital gains instalments**	2,227,088	27.5%	612,449	4.36%	0	612,449
capital gains on sales of assets to subsidiaries	55,551	27.5%	15,277	4.36%	2,422	17,699
capital gains from sale of Salini Nigeria Ltd receivables*	0	27.5%	0	4.36%	-	0
uncollected late-payment interest*	1	27.5%	0	4.36%	-	0
unrealised exchange gains*	0	127.5%	0	104.36%	-	0
Deferred dividends						
equity method revaluations*	986,455	27.5%	271,275	4.36%	-	271,275
Additional tax depreciation*	(388,052)	27.5%	(106,714)	4.36%	-	(106,714)
<b>TOTAL B</b>	<b>2,881,043</b>	<b>27.5%</b>	<b>792,287</b>	<b>4.36%</b>	<b>2,422</b>	<b>794,709</b>
<b>NET DEFERRED/PREPAID INCOME TAXES (A-B)</b>	<b>(4,420,801)</b>	<b>27.5%</b>	<b>(1,215,720)</b>	<b>4.36%</b>	<b>30,819</b>	<b>(1,184,901)</b>

## C) Prepaid tax on tax losses

ITEMS	Residual	IRPEG	PERIOD 2012		Prepaid Regional income tax (IRAP)	Tot. prepaid. tax
			Prepaid IRPEG	Regional income tax (IRAP)		
<b>Prepaid tax on tax losses for the year*</b>	-	27.5%	-	4.36%	-	-
<b>Prepaid tax on tax losses for previous year*</b>	-	27.5%	-	4.36%	-	-
<b>TOTAL C</b>	<b>-</b>	<b>27.5%</b>	<b>-</b>	<b>4.36%</b>	<b>-</b>	<b>-</b>
<b>NET (A - B - C)</b>	<b>(4,420,801)</b>	<b>27.5%</b>	<b>(1,215,720)</b>	<b>4.36%</b>	<b>30,819</b>	<b>(1,184,901)</b>

(\*) 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

**Independent auditors' report**  
**pursuant to art. 14 of Legislative Decree n. 39 dated 27 January 2010**  
(Translation from the original Italian text)

To the Shareholders of  
Salini S.p.A.

1. We have audited the financial statements of Salini S.p.A. as of 31 December 2012 and for the year then ended. The preparation of these financial statements in compliance with the Italian regulations governing financial statements is the responsibility of Salini S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards issued by the Italian Accounting Profession (CNDCEC) and recommended by the Italian Stock Exchange Regulatory Agency (CONSOB). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by Directors. We believe that our audit provides a reasonable basis for our opinion.

These financial statements are the first prepared by the Company, since its establishment on the 6 December 2011. Therefore the consolidated financial statements do not include comparative balances.

3. In our opinion, the financial statements of Salini S.p.A. at 31 December 2012 have been prepared in accordance with the Italian regulations governing financial statements; accordingly, they present clearly and give a true and fair view of the financial position and the results of operations of Salini S.p.A. for the year then ended.
4. The Directors of Salini S.p.A. are responsible for the preparation of the Directors' report in accordance with the applicable laws. Our responsibility is to express an opinion on the consistency of the Directors' report with the financial statements, as required by the law. For this purpose, we have performed the procedures required under auditing standard 001 issued by the Italian Accounting Profession (CNDCEC)



and recommended by CONSOB. In our opinion the Directors' report is consistent with the financial statements of Salini S.p.A. at 31 December 2012.

Rome, 11 June 2013

Reconta Ernst & Young S.p.A.

Signed by: Mauro Ottaviani, partner

*This report has been translated into the English language solely for the convenience of international readers.*