GRUPPO DE ECCHER 2012

RIZZANI
DE ECCHER S.P.A.

Via Buttrio, 36 frazione di Cargnacco
33050 Pozzuolo del Friuli (Ud) Italy
Tel. +39 0432 6071
Fax +39 0432 522336
mail@rde.it

Joint Stock Company Incorporated in Italy
Share Capital
Euro 20,000,000 fully paid up
Member, Udine Chamber of Commerce
Registration no. 115684
Department of Foreign Trade UD 002577
Companies Register of Udine
Tax ID and VAT Number IT00167700301

rizzanideeccher.com

Annual Report and Consolidated Financial Statements for the Financial Year 2012
(1st January – 31st December)

During the Financial Year under review no material changes have occurred requiring corrections or adjustments to the 2011 Annual Report.
The 2012 Annual Report was approved by the Shareholders' Annual General Meeting held in Udine, Italy on 18th June 2013

This Annual Report was printed in 2000 copies in June and circulated to shareholders and the public, including the financial community, employees of the company, main customers and suppliers.

For further information:
annualreport@rde.it

Table of Contents

Dear Shareholders,

Notwithstanding the markedly adverse operating conditions during 2012, the organisation and capitalisation structure of the Group have remained solid. The Group has performed in line with its potential, showing convincing signs of resilience and capacity to adapt to the tough environment.

Revenues reached Euro 424 million, marking a 19% increase as opposed to FY2011. Net profits for the year at Euro 6.8 million represent an impressive result, in the face of the gloomy economic backdrop and the crisis affecting the construction sector globally.

Order backlog as at 31.12.2012 reached Euro 1.714 million, which should be enough to achieve sales volumes above Euro 400 million in 2013, while the portion from overseas orders has returned to levels above 70% after two years of contraction.

This Annual Report and the enclosed Financial Statements have been drawn according to principles of transparency, independence, accuracy, completeness and reliability. These principles will provide any reader (whether members of the public, the financial community, customers, suppliers or Group employees) with a fair and accurate picture of results achieved.

On behalf of all members of the Board of Directors, I would like to convey my sincere thanks to our employees for their commitment and hard work towards the attainment of our corporate objectives. I would also like to thank all our business and financial partners for their continued support and contributions towards the Group's success.

The Chairman
Marco de Eccher

Preceding page:
Banca Intesa Sanpaolo Tower, Turin (Italy)

economic and financial indicators [Euro thousand]	2008	2009	2010	2011	2012
Total revenues	**492,628**	**405,350**	**482,609**	**355,467**	**423,947**
Total costs of production	(463,222)	(376,784)	(447,554)	(325,868)	(403,333)
Gross operating income (EBITDA) *	**29,406**	**28,566**	**35,055**	**29,599**	**20,614**
% EBIDTA	**6.0%**	**7.0%**	**7.3%**	**8.3%**	**4.9%**
Depreciation and amortization	(6,773)	(5,460)	(10,201)	(11,022)	(13,419)
Operating income (EBIT)	**22,634**	**23,106**	**24,854**	**18,577**	**7,195**
% EBIT	**4.6%**	**5.7%**	**5.1%**	**5.2%**	**1.7%**
Financial income/(expenses) and valuation adjustment of investments	(4,738)	(2,355)	(947)	2,762	868
Extraordinary income and (charges)	(164)	2,832	908	3,082	1,101
Profit or (loss) before income taxes (EBT)	**17,732**	**23,583**	**24,815**	**24,421**	**9,164**
Income tax	(5,286)	(7,387)	(8,419)	(6,271)	(3,088)
Profit or (loss) for the financial period	**12,445**	**16,196**	**16,396**	**18,150**	**6,076**
Minority share of profit for the financial period	981	699	2,873	3,453	(719)
Consolidated Group profit or (loss) for the financial period	**11,465**	**15,497**	**13,523**	**14,697**	**6,795**
Share value of revenues from overseas	74%	74%	80%	67%	50%
Cash flow **	18,238	20,957	23,724	25,719	20,214

* EBITDA is conventionally calculated as the earning before depreciation and amortization, net financial income/(expenses), valuation adjustment of investment, extraordinary income (charges) and income tax. Since the composition of EBITDA is not defined by the reference accounting standards, the criterion for its determination applied by the Group might not be consistent with that used by others and therefore not be comparable.

** consolidated Group profit + depreciation and amortization

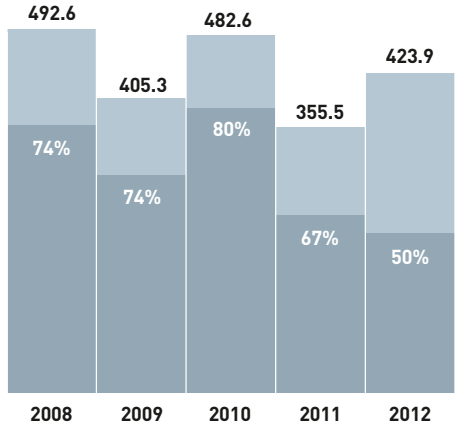
Total non current assets	**31,595**	**70,860**	**82,436**	**93,101**	**91,159**
Inventory	76,652	61,332	70,056	91,209	137,047
Accounts receivable	194,949	156,276	193,859	161,277	160,929
Total current assets	**271,601**	**217,608**	**263,915**	**252,486**	**297,976**
Debts and other payables	178,031	160,956	187,475	197,838	200,268
Advances from customers	122,559	106,207	122,395	113,601	144,422
Total current liabilities	**300,591**	**267,163**	**309,870**	**311,439**	**344,690**
Net current assets (NCA)	(28,990)	(49,555)	(45,955)	(58,953)	(46,714)
Employees' severance indemnity	5,504	4,979	4,599	4,988	4,995
Provision for contingencies and other liabilities	2,168	3,330	3,979	1,243	2,256
Total non current liabilities	**7,672**	**8,309**	**8,578**	**6,231**	**7,251**
Net capital invested	(5,067)	12,996	27,903	27,917	37,194
Shareholders' equity	58,762	76,031	89,381	108,497	112,652
Net medium and long term financial position	9,100	9,034	11,228	23,357	22,168
Net short term financial position (NFP) ***	(72,929)	(72,069)	(72,706)	(103,937)	(97,626)
Total shareholders' equity and net financial position	(5,067)	12,996	27,903	27,917	37,194
NCA + NFP	43,939	22,514	26,751	44,984	50,912
Current ratio	1,15	1,08	1,09	1,14	1,15
ROI (EBIT / Total Assets net of Cash and cash equivalents)	7,5	8,0	7,2	5,4	1,8
ROE (Profit (loss) / Shareholders' equity)	21,2	21,3	18,3	16,7	5,4

(***) negative number = Positive net short term financial position / positive number = Negative short term financial position

As evidenced by the foregoing tables, notwithstanding a significant increase in turnover (value of production +19.3%), the bottom line is affected by the erosion of the main intermediate margins (EBITDA and EBIT) because of difficulties in certain projects in Italy and abroad and the overall stagnation induced by the economic crisis.

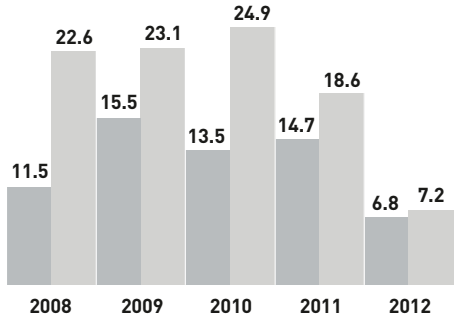
As a consequence, profitability ratios post a decrease as opposed to the previous year, with ROI (return on investment) falling from 5.4% to 1.8% and ROE (return on equity) falling to 5.4% from 16.7%.

The economic and financial position of the Group, however, remains quite solid from a structural standpoint, posting a



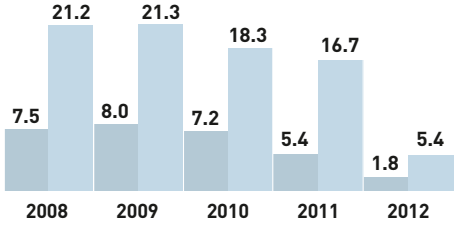
Revenues
[millions of Euros]

= revenues
= percentage generated abroad



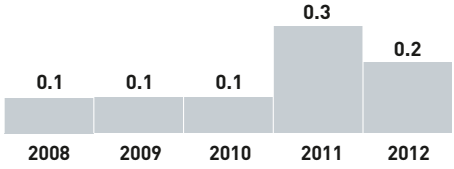
Income from operation
[millions of Euros]

= net profit
= EBIT

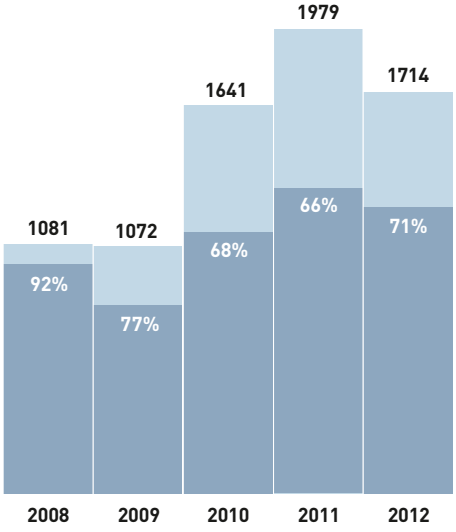


Profitability [%]

= ROI
= ROE

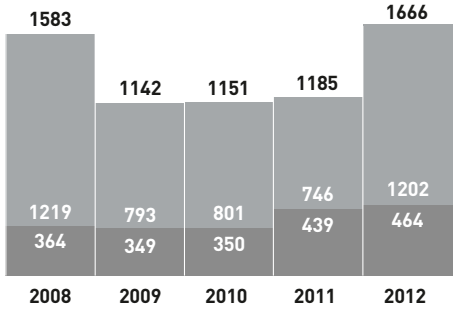


% Financial charges as a % of revenues



Order book
[millions of Euros]

= order book
= percentage abroad



Number of employeess

= employees abroad
= employees in Italy

net financial position, which includes short and medium term leasing payables but excludes advance payments received from clients as well as advance payments made to suppliers and subcontractors (which are considered as trade payables/ receivables) for a positive Euro 75.5 million (down from Euro 80.6 million in 2011). Furthermore, the sum of net current assets (NCA) and net short term financial position (NFP) is Euro 50.9 million (Euro 45 million in 2011) and the corresponding ratio between the two is 1.15, in line with the previous year. The confirmation of such financial indicators over the years derives from the policy of self-financing adopted by the shareholders and bears testimony to the Group's ability to negotiate construction contracts that allow for operational and financing needs to be funded directly by payments from clients (advances and progress payments). The backlog of orders at year end reached Euro 1.714 million (it was Euro 1.979 million in 2011); it is expected that the execution of the order backlog in the following years will lead to a split between overseas and domestic turnover (currently 70.8%) substantially in line with that of the preceding years (whereas it fell to about 50% during the year under review).

PARENT COMPANY AND ITS MAIN OPERATING UNITS: 2012 AT A GLANCE

The following tables show the main economic and financial indicators of the parent company and its most representative consolidated subsidiaries on a stand-alone basis.

(Euro thousand)

Rizzani de Eccher	2008	2009	2010	2011	2012
Revenues	322,469	269,945	291,875	168,928	253,972
Shareholders' equity	48,382	63,485	67,853	67,963	69,556
Operating income (EBIT)	15,187	11,666	738	(6,016)	(8,275)
Net profit (loss)	15,788	15,103	8,266	737	2,368
Cash flow (*)	18,113	18,176	12,147	4,347	6,978

Codest International	2008	2009	2010	2011	2012
Revenues	93,299	65,850	79,298	48,463	38,156
Shareholders' equity	1,061	2,345	5,559	7,241	10,175
Operating income (EBIT)	(2,878)	975	5,595	2,464	3,971
Net profit (loss)	152	931	3,567	1,682	2,933
Cash flow (*)	984	1,641	4,256	2,043	3,207

Deal	2008	2009	2010	2011	2012
Revenues	7,654	14,550	27,048	26,347	22,732
Shareholders' equity	3,499	3,548	5,257	7,510	8,879
Operating income (EBIT)	(61)	245	2,771	3,061	2,124
Net profit (loss)	12	49	1,709	2,253	1,369
Cash flow (*)	141	163	1,825	2,595	1,760

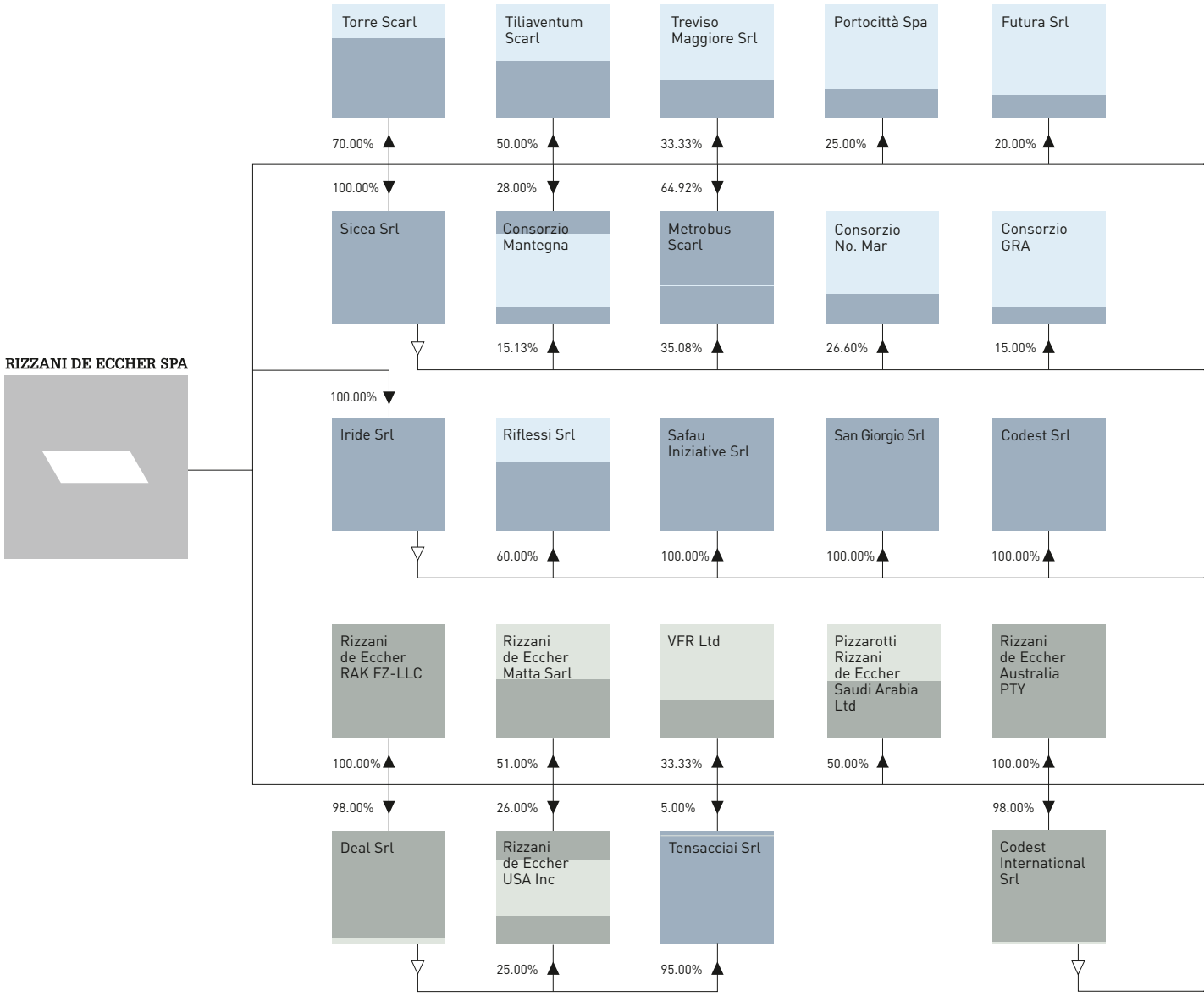
Rizzani de Eccher USA Inc		2009	2010	2011	2012
Revenues		7,668	43,280	44,954	39,576
Shareholders' equity		1,569	6,593	13,508	9,507
Operating income (EBIT)		67	7,867	9,206	(7,064)
Net profit (loss)		150	4,941	6,227	(3,841)
Cash flow (*)		322	9,326	11,076	(1,828)

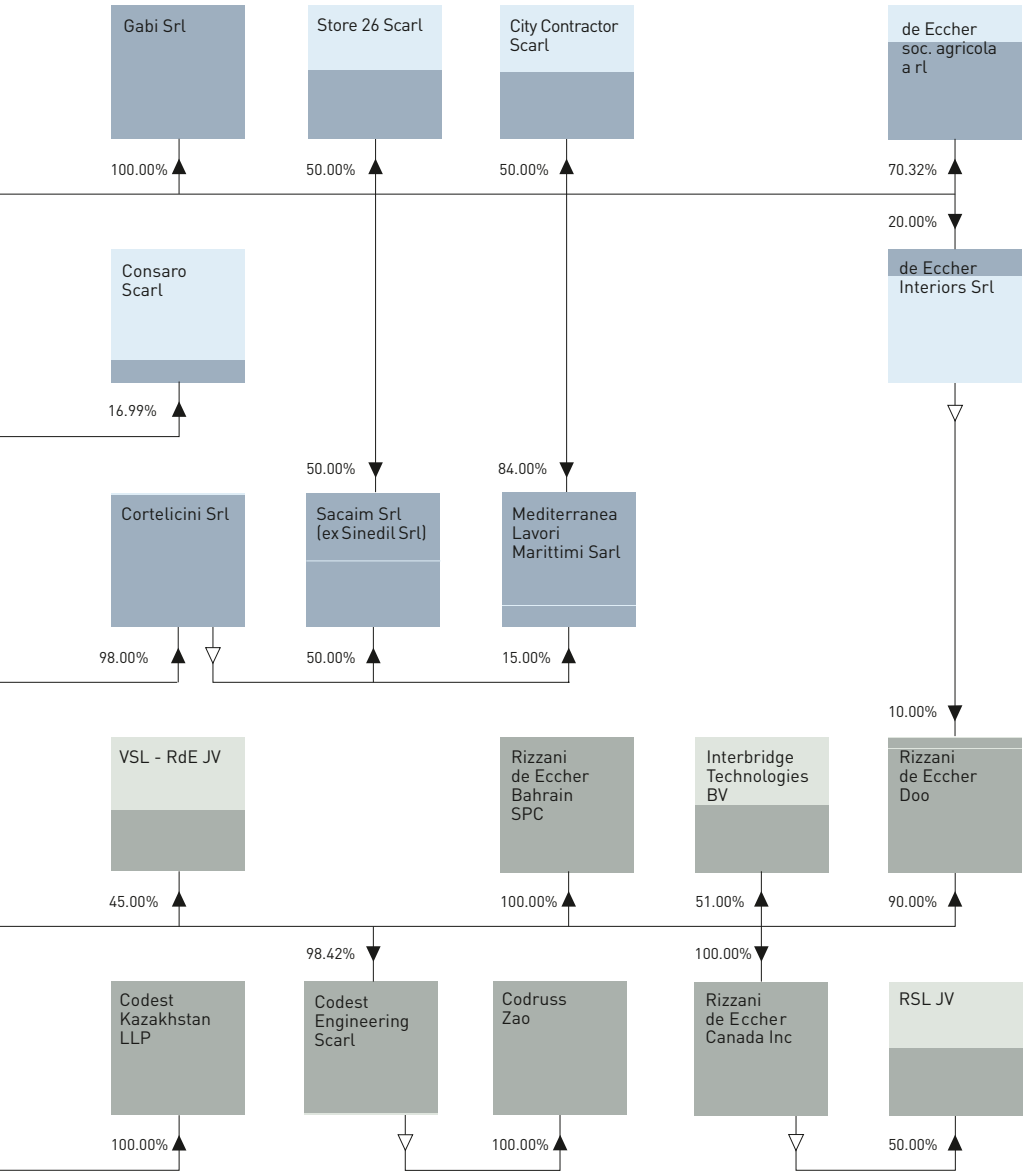
Rizzani de Eccher - Matta Sarl		2009	2010	2011	2012
Revenues		623	9,054	15,219	22,453
Shareholders' equity		38	1,053	1,582	2,161
Operating income (EBIT)		0	1,348	643	2,471
Net profit (loss)		(32)	1,019	461	2,105
Cash flow (*)		(32)	1,100	590	2,249

Rizzani de Eccher Bahrain SPC			2010	2011	2012
Revenues			8,507	30,188	27,183
Shareholders' equity			924	5,515	18,755
Operating income (EBIT)			(75)	4,027	11,913
Net profit (loss)			(69)	4,128	12,130
Cash flow (*)			(65)	4,525	12,997

* defined as net profit + depreciation and amortization

EQUITY INVESTMENTS IN GROUP COMPANIES





Companies operating mainly in foreign markets

Third-parties' interests

de Eccher Group's interest

Companies operating mainly in the Italian markets

Third-parties' interests

de Eccher Group's interest

(Companies under liquidation have been excluded)

HISTORY

1831 Rizzani is established in Udine, as a general contracting and construction company. Within a few years, it earns a prestigious reputation for carrying out large engineering projects in Italy and in several countries in Africa, Asia and Latin America. **1948** Riccardo de Eccher establishes a construction and real estate development company bearing his name, in the North Eastern Italian region of Trentino Alto Adige. **1970** Riccardo de Eccher takes over Rizzani, combining the track records and capabilities of the two firms into a new company, Rizzani de Eccher, managed by the de Eccher family. The merger and integration process of these two companies is completed in the early 1970s, laying the foundations for today's corporate structure.
1976 - The second generation of the de Eccher family joins the management and the Company expands its focus and market share in infrastructure projects and public works. Following a devastating earthquake in the Friuli region in the same year, the Company's resources are immediately devoted to the reconstruction process, including the careful restoration of the medieval town of Venzone, which, from icon of destruction rose to become a symbol of reconstruction, not only of historical buildings, but also of the whole urban and social fabric of the town. **1980** The construction of two large sections of the Carnia-Tarvisio highway provides the Company with the opportunity to develop innovative construction techniques for the prefabrication and erection of pre-cast concrete segments. The latter technology is further developed in the following years, as the Group completes many important highway and motorway projects. This invaluable technological expertise is eventually consolidated with the establishment of Deal, a company dedicated to vanguard technologies for the construction of elevated bridges and viaducts, utilising mass-production industrialised systems. **1982** Towards the end of this year, Rizzani de Eccher wins its first large international tender for the construction of five school complexes in Algeria. Two years later, the Company is awarded a further five projects for the construction of two tanneries and three shoe factories in the former Soviet Union. This initial success ushers in a period of significant growth in Eastern Europe and Central Asia, which continues to this day. **1986** Thanks to the courage and commitment of the de Eccher family, aided by a bright and talented management team, the Group posts an extraordinary growth in turnover, topping revenues of 228 billion Italian liras in 1990, up from 37 billion liras in 1986. **1994** Difficult conditions in the domestic infrastructure market in the mid-90s - partly caused by the high profile anti-graft *'clean hands'* campaign - shift the Company's focus towards overseas markets. Revenues from international projects exceed 50% of total turnover for the first time. **2004** Rizzani de Eccher becomes one of the ten leading construction companies in Italy, and is also listed among the *Top 100 International Contractors by Engineering New Record Magazine* solely on the basis of the share of turnover generated abroad. **2005** From this year onward - thanks to its established presence in many countries (Russia and other CIS countries, Middle East, Mediterranean Basin and North and Central America) - the share of revenue from overseas operations remains consistently above 70%. **2010** With the acquisition of the South Road Superway in Adelaide, Australia, the Group extends its operations to Oceania and the Pacific. **2011** The first member of the family's third generation begins to work within the Group.
Today, the Group is one of the world's premier construction businesses and a market leader in its field, operating in four areas of activity with specialised and innovative know-how: general building construction, infrastructure construction, engineering services and equipment solutions for bridges and viaducts and real estate development.

Following page:
Special covering slab over 9th Avenue, railway junction, New York City, USA

Zaha Hadid's, CityLife,
mixed use development, Milan (Italy)

The Group is capable of continuously expanding into new geographic areas with high potential and consolidating its position in those areas where it already operates thanks to the relentless pursuit of efficiency and productivity gains, so as to guarantee quality and reliability in delivering products to its customers. To attain such gains, the Group places great emphasis on its organisation, i.e. people and processes, as the key driver. In an industry such as general contracting, which is characterized by markedly tangible aspects, the Group chooses instead to leverage itself on intangible assets, such as the efficiency of processes and core competencies, in order to provide customers with fast response times and quality standards significantly higher than the industry average.

In particular, the Group places strong emphasis on two critical aspects:

Human Resources Development, which focuses on the organic development of resources internally, with the aim of developing the specific skill-sets to deal with the particular areas or markets where the Group operates. This policy hinges on a careful process of search and selection, the offering of career advancement opportunities, such as the Master course jointly organized by Rizzani de Eccher and the Universities of Udine and Triest, and the constant investment in internal training programs. Over the past few years, the Group has actively hired directly in the countries where it operates, so as to integrate more effectively with the local environment thus improving efficiency and effectiveness.

Process Optimisation, aimed at securing better coordination within project teams as well as between project teams and head office.

ORGANISATION

Organisation and Processes

In December 2012 the Group adopted its new Organisational Structure, which is now articulated in two management cores or Central Directorates *(Business Development* and *Central Management)* in addition to a *Commercial Directorate*, a *Human Resources Directorate* and an *Overseas Operations Directorate*, all directly reporting to the Executive Management Committee.
With reference to the evolution of internal processes, a new model of project planning and control for project operations has been adopted during the course of the year.

Board of Directors

Marco de Eccher Chairman

Marina Bonazza de Eccher

Fabio Asquini

Renato Fabbro

Riccardo de Eccher

Internal Board of Auditors

Ferruccio di Lenardo Chairman

Franco Asquini

Claudio Siciliotti *

* appointed on June 18th 2013

Notwithstanding the continued involvement of members of the founding family in key positions, the new organisational structure comprises of three new Directors with vast and wide-ranging experiences in the construction industry.
The new management configuration ensures versatility and a swift decision-making process, meaning that key decisions are taken within very rapid response times by a tightly knit management team with strong core competencies and unrivalled experience, which allows the Group to seize market opportunities as they present themselves.
The lean structure does not prejudice the enforcement of uniform operational and ethical standards across all Group units and subsidiaries, within all countries and sectors in which the Group operates, so as to maintain the highest quality and efficiency levels.

Directorate, Business Development

Strategic business development

A number of Commercial Departments report to this directly

Directorate, Sales and Commercial

Commercial and sales development

Report to this:
_Commercial Departements organised by geographic area or products
_Tender Department

Directorate, General Management

Headquarters and domestic operations management

Report to this:
_Corporate services (Finance & Administration, Project Control, Legal Dept. and Support Services)
_Domestic Operations Departments (Italy)
_Real Estate Department
_Special engineering services and equipment for bridges Departments

Directorate, Human Resources and Organisation

Development, management, organisation and administration of human resources

Report to this:
_HR Department
_Quality Control and HSE Department

Directorate, Overseas Operations

Overseas operations management

Report to this:
_Overseas Operations Departments organised by geographic area

Human resources

	2010	2011	2012
Italy-based employees			
Management	29	50	53
Staff	145	187	192
Wolkers	176	202	217
Total Italy	**350**	**439**	**464**
Overseas-based employees			
Management	22	21	20
Staff	281	326	426
Wolkers	498	399	755
Total overseas	**801**	**746**	**1,202**
Total group	**1,151**	**1,185**	**1,666**
Total employees' cost (Euro thousand)	**53,228**	**60,308**	**71,784**

The Group positions the development of its human resources as one of its main corporate objectives, placing particular emphasis on professional development, career growth and the development of the organizational structure best suited for capturing individual potentialities.
The competitive edge of the Group is represented by well prepared, dedicated professionals who are capable of dealing with different environments and solve any type of problems.

The business in which the Group operates requires organized teams capable of expediting the project tasks assigned by various clients.

These goals can only be achieved by the Group through a corporate policy that is strongly oriented towards the development of its human resources potential, attracting only the best candidates, nurturing their professional growth at all levels and emphasizing merit and performance over seniority.

As at 31 December 2012, the Group employs 1,666 individuals from a variety of ethnic, cultural and religious backgrounds, in different locations worldwide. Diversity is actively encouraged as it contributes towards enriching the competitive advantage of the Group in its line of business. Overseas-based (i.e. outside Italy) employees are 1,202, of which 1,124 hired locally. 543 employees are of Italian nationality, of which 14% are based overseas. The significant increase in headcount at year-end in 2012 as opposed to the preceding year is due primarily to contingent situations in overseas projects, such as Algeria and Kuwait.
Educational qualifications are very high on average, with 44% possessing university degrees and 45% holding secondary school diplomas.

The Group adheres firmly to the belief that all employees must have the same opportunities and enjoy the same level of treatment and protection across the board, without distinction or bias based on gender, ethnicity, nationality, religious or political affiliation, social status or any other aspect. Furthermore, the Group is committed to ensuring that those employees who are seconded to overseas projects enjoy the same conditions of employment of those who are working on domestic projects in Italy.

Health and Safety

2010		2011		2012	
AFI	ASI	AFI	ASI	AFI	ASI
2.27	0.62	0.92	0.19	1.81	0.32

Group consolidated data
Calculation based on the follwing algorithms:

Accident Frequency Index (AFI):	Accident Severity Index (ASI:
AFI = (Ay x 100,000) / Mh	ASI = (DLA x 1,000) / Mh

Where:

Ay = number of accidents in the year under review
DLA = days lost to accident
Mh = cumulative man-hours during the year under review

In the course of 2012, the activities in the matter of health and safety focused firstly on improving employees' awareness of the recently introduced safety management system (BS: OHSAS 18001:2007) and secondly on familiarising with the recent legislative and regulatory changes which have brought about a radical change in the HSE training of the various professional profiles operating within the company.

The first goal was achieved with excellent results. Bureau Veritas (the appointed certification body) has carried out periodical audits on a number of construction sites, as well as the headquarters and central warehouses. The audits were concluded successfully, free from any non-conformity observations, upholding the certifications attained.

The second goal in connection with the HSE training of operative personnel at project sites and at headquarters/ warehouses has entailed the definition, planning and implementation of vast training programmes which required classroom attendance by the quasi totality of employees. The training sessions are ongoing and should reach conclusion during 2013.

The foregoing activities bear testimony to the Group's commitment towards improving awareness, knowledge and skills in respect of such fundamental priorities in the operations of any production units or project sites.

Such commitment has found resonance in the accident frequency and accident severity indices, which have remained constantly low throughout the years and in the absence of infraction procedures or fines by the many supervisory bodies carrying out periodical inspections.

Training and career development

Over the course of 2012 the Group has continued to implement its knowledge-based programmes and training courses, both internal and external, which are specifically aimed at younger employees. Funds were drawn from the European Social Fund (ESF) to finance Project Management, language and software courses.
Great efforts have been placed upon career development from within the organization, and dedicated training programmes have been put in place with the following objectives:

_development of technical engineering skills;
_development of management and organizational skills; and
_building team work and group cohesion.

To assess needs and design training plans, role analyses have been carried out by using appropriate tools, and these have proved particularly useful. This process, with a view to increasing staff motivation, also highlighted the possibility of undertaking organizational changes to ensure improvements in efficiency and a more complete response to growing market demands.

The Master's Degree course in **Project Management – Advanced Applications in the Construction Industry,** organised in conjunction with the Universities of Udine and Triest is the flagship initiative and is taught by faculty professors as well as reputed professionals with proven track records in the engineering and construction field. Of these, senior Rizzani de Eccher managers account for about 50% and provide students with valuable insights and shared experiences.

With the 2012 edition, the number of alumni who are now employed by the Group has risen to 31.
The collaboration with Academia is extended to agreements with outside faculties for personnel training and to senior managers of the Group holding professorships at the faculties of engineering at the Universities of Udine and Padua.

QUALITY IS INNOVATION

To compete in the field of complex constructions requires thorough planning of all activities, careful optimisation of resources and strict quality control. The main factors contributing to the Group's success are the unending commitment to investing in innovation, stringent quality control systems and the professionalism and dedication of its employees.

The emphasis and sensitivity placed on quality control management has allowed the Group to improve consistently on its qualitative benchmarks fulfilling stringent engineering and architectural specifications, ensures constantly high quality standards and achieving optimal levels of **clients' satisfaction.**

Rizzani de Eccher is a long-dated member of UNI (the Italian National Agency for the unification of production standards) which positions it at the forefront of all new developments in production and quality control techniques. On many an occasion, this commitment to performance has won the Group commendations, accolades as well as the award of performance fees.

The Group's constant **focus on innovation** and its rich pool of technical knowledge in the infrastructure sector has allowed Rizzani de Eccher to become a world leader in the design and engineering of special equipment for the construction of bridges and viaducts.
The continuous research and development activities of the design team of Deal Srl have allowed the Group spearheaded by Rizzani de Eccher to expand its range of products, which find application in other industrial sectors where tailor-made solutions and customised equipment are particularly appreciated.

A wide range of successful partnerships and affiliations with other major international contractors (e.g. Six Construct Co. Ltd, John Holland Pty Ltd, OHL Obrascon Huarte Lain SA, Brookfield Properties Ltd, Bechtel and SNC Lavalin) testifies to the status of Rizzani de Eccher as a robust and reliable partner. These ties also represent solid stepping stones towards the future growth of the Group in the global arena.

In another noteworthy development of 2012, Deal completed the integration of investee company Tensacciai within its organization.

The quality policy pursued by the Group has led to the following certifications and attestations:

Rizzani de Eccher Spa

_ISO 9001 Certification, certified 12 February 1999, attested by Bureau Veritas Italia Spa in relation to *General Contracting Business as per Section 1876 of Legislative Decree 163 of 12 April 2006 as amended in respect of Design and Construction of civil engineering works, industrial buildings, bridges, viaducts and transport infrastructure works*

_SOA Certification no. 12012/16/00 issued by SOA Nord Alpi

_SOA Certification no. 12013/16/00 issued by SOA Nord Alpi

_Accreditation as pre-qualified General Contractor with the Italian Ministry of Transportation and Infrastructure no. 448/13 of 27 February 2013

_ BS OHSAS 18001:2007 Certification (Health and Workplace Safety Management System) of 5 July 2011 by Bureau Veritas Italia Spa in respect of *Design and construction of civil and industrial engineering works, bridges, viaducts and other transport infrastructure works*

_ ISO 14001:2004 Certification (Environment Protection System) of 28 September 2011 by Bureau Veritas Italia Spa in respect of *Design and construction of civil and industrial engineering works, bridges, viaducts and other transport infrastructure works*

Deal Srl

_ISO 9001 Certification of 21 April 2005, attested by Bureau Veritas Italia Spa in respect of *Design, construction, installation and operation of heavy lifting equipment, including special equipment for the construction of bridges, such as overhead gantry cranes, pre-cast girder launching equipment, special elevated formwork, cable-stayed erection equipment, post-tensioning systems, caissons and other equipment for the off-shore sector; design and engineering of bridges and viaducts for road, railways or urban mass rapid transit systems*

Tensacciai Srl

_ISO 9001 Certification of 4 December 1999 by Bureau Veritas Italia Spa in respect of *Design, fabrication and installation of cable-stay systems, post-tensioning systems, rock anchors, ground anchors and associated equipment and accessories; structural refurbishments*

Sicea Srl

_ISO 9001 Certification certified on 30 July 2002, attested by IGQ in respect of *all activities and processes for the construction, restoration and recovery of civil and industrial buildings; architectural restoration of heritage sites; construction and maintenance of roads; general urbanization works*

_SOA Certification no. 11286/16/00 issued by SOA Nord Alpi

Codest International Srl

_GOST P ISO 9001 Certification of 28 September 2006, attested by Tektoplan - MosCert CMK, in respect of *All activities and processes for the provision of technical and design services, site preparation and all construction of buildings of any category; general civil and building works; finishing and rendering; consulting and design services for architectural and building purposes*

Gabi Srl

_ ISO 9001:2008 Certification (Quality Management System) of 9 September 2009, attested by Bureau Veritas Italia Spa in respect of *Construction of tunnels, underground works and roads*

_SOA Certification n. 11724/16/00 attested by SOA Nord Alpi

Torre Scarl

_ISO 14001:2004 Certification (Environment Protection System) of 25 October 2011, attested by Bureau Veritas Italia Spa, in respect of *Management and coordination of all activities associated with the procurement and services for Banca Intesa Sanpaolo project in Turin (Italy)*

_EMAS (Eco-Management and Audit Scheme) Certification of 3 July 2012 in respect of the construction activities being undertaken for *Banca Intesa Sanpaolo project site in Turin (Italy)*

SUSTAINABLE DEVELOPMENT

The environment

Similarly to the adoption of the new HSE system, 2012 has witnessed the efforts of all Group personnel in respect of the full adoption of the standards introduced in 2011 by the ISO 14001:2004 certification in respect of Environmental Management Systems.

Different environmental issues that are correlated with the Group's business are pre-emptively analysed and constantly monitored by site staff and members of the specific department within the Group that is charged with environmental protection.

Such approach has led to a deeper understanding of all environmental issues related to the construction processes, facilitating the application of all environment protection measures, whether required by law or by internal systems.

Regular audits are carried out both by in-house staff specifically assigned to the task and external certification bodies such as Bureau Veritas tasked with impartial monitoring.
Such audits have highlighted the general conformity of construction activities to the environmental standards adopted. Similarly, no infraction procedures have been initiated by supervisory bodies or clients.

Code of ethics and compliance

With effect from December 2008 Rizzani de Eccher has implemented its own organization and compliance manual, thereby complying with the provisions of Legislative Decree 231/2001 which introduced the liability of juridical persons as a results of acts or omissions carried out by agents and employees.
To that effect, Rizzani de Eccher has drafted and enacted, among the various documents that constitute such manual, the so called *Model 231*, a Code of Ethics (also available on www.rizzanideeccher.com) which includes preventive and specific protocols.
The Company has appointed a Supervisory Body entrusted with the functions of supervising and enforcing compliance with *Model 231* and ensuring that the Code of Ethics is up to date with current legislation.

During the year, Group units Cortelicini Srl, Deal Srl, Iride Srl, Sicea Srl, Tensacciai Srl and Torre Scarl have adopted their own *Model 231*s, drafted along the guidelines set out by the Group's parent company.

The aim of *Model 231* is to prevent relevant offences under the Law by all physical persons who are engaged in a working relationship with the Company, be it employment or simple cooperation. This starts from the mapping of the areas of the firm that are 'at risk' and goes as far as defining the pre-emptive protocols, which include the organizational, physical and logical countermeasures set forth by the same *Model 231*.

Through the prevention of the relevant offences, *Model 231* is intended to forestall the emergence of any liability to the parent company of the Group, which may affect its capital as a result of fines, pecuniary damages or penalties.

In addition to this, Rizzani de Eccher is fully aware of the importance to educate and inform its employees and partners, and is committed to ensuring the full knowledge by all stakeholders of the law and the obligations associated with it, as set out in *Model 231*.

Value creation and distribution

The integration between the traditional business values - economic values expressed by production and profitability - and the system of socio-political values - the centrality of the individual, integrity, quality of life – which are at once present inside and outside the organization, poses new problems of consensus and legitimacy. The progressive emergence in these past few years of the so called 'stakeholder's view' has raised the urgency to have systems in place that are capable of measuring and evaluating the ability of the firm to balance the disclosure requirements of business partners, whether internal or external (staff, shareholders, lenders, customers, suppliers, public administration and the community at large). To this end, the parameter of 'value added', which is derived by reclassifying the items in the income statement of this Annual Report, measures the wealth produced by the firm for the benefit of the surrounding territory and its stakeholders, thus expressing the relationship between the firm and the socio-economic system with which it interacts.

Value added calculation (Euro thousand)	**2012**	**2011**
Value of production (revenues)	422,077	353,571
Costs of production	331,626	260,418
Operating value added	90,451	93,153
Extraordinary and additional income/charges	2,149	4,689
Gross value added	92,600	97,842
Amortisation and depreciation	(13,419)	(11,022)
Net value added	79,181	86,820

Value added distribution (Euro thousand)	**2012**	**%**	**2011**	**%**
Employees' remuneration	69,372	87.6%	62,254	71.7%
Public administration remuneration	4,170	5.3%	6,744	7.8%
Debt capital remuneration	(832)	(1.1%)	(431)	(0.5%)
Equity capital remuneration	206	0.3%	-	0.0%
Retained earnings	6,078	7.7%	18,150	20.9%
Charitable donations	187	0.2%	103	0.1%
Net value added	79,181	100%	86,820	100%

The value added is presented in two different dimensions:

_scheme of calculation of value added, which emerges from comparing income and costs at each intermediate level;
_scheme of distribution of value added comprising of the sum of the remunerations received by stakeholders.

The value added to different stakeholders is identified as follows:

_remuneration of human resources: it includes direct and indirect remunerations of all those who have a working relationship with the Group;
_remuneration of the public administration: it includes direct and indirect taxes paid by the Group;
_remuneration of debt capital: it includes interest paid to the banking system and financial institutions;
_remuneration of equity capital: it includes dividends paid out to shareholders;
_remuneration of the enterprise: it includes any income set aside as reserve or retained earnings to finance future growth;
_acts of liberality: they include distributions of benefits for charity purposes.

Thus it emerges that the most substantial portions of value added go towards the remuneration of human resources, whether directly or indirectly employed, and to the society at large through taxation.

This underpins the central role of the enterprise as a contributor to human welfare. It is worth noting the Group's commitment to supporting humanitarian and cultural projects, as witnessed by contributions and donations to various non-profit organizations engaged in humanitarian and research activities in Italy and abroad (such as UNICEF, Telethon, etc).

Furthermore, during 2012 a new and very important initiative was added, which is aimed at developing directly a hospital structure (Saint Damien) serving the community of Ambanja in Madagascar.
The hospital, an initiative strongly supported and managed by the missionary friar Father Stefano Scaringella, represents the only medical facility for nearly half a million people gravitating around this disadvantaged area.

In this regard, a number of Group employees, strongly supported by the Group companies, have started a non-profit organisation called Ambanja ONLUS, which since mid 2012 has been busy raising funds as well as providing services (i.e. construction and project management services) in connection with the restructuring and enlargement of Ambanja Hospital.

Regular updates on Ambanja ONLUS can be followed on www.ambanjaonlus.it.

The value added was determined by reclassifying the items in the income statement of this Annual Report, using the methodology proposed by 'Gruppo Bilancio Sociale' (GBS), an association which promotes ethical standards and principles of social responsibility in accounting practices.

VTB Arena Park mixed use development
(residences, offices and hotel) in Moscow, (Russia)

Project	Business area	Country	Amount	Share %
Railway Line Oued Tlèlat-Tlemcen	Infrastructure	Algeria	1,328,000,000	25.00
VTB Arena Park Moscow	General building	Russia	698,000,000	100.00
Jamal Abdul Nasser Street Kuwait City	Infrastructure	Kuwait	600,000,000	48.90
Multifunction complex CityLife Milan	General building	Italy	290,000,000	50.00
Headquarters of Intesa Sanpaolo Turin	General building	Italy	253,000,000	70.00
North Manama Causeway Manama	Infrastructure / Special equipment / Engineering services	Bahrain	143,000,000	50.00
Residential complex Portopiccolo Sistiana - Triest	General building	Italy	141,000,000	100.00
Summerland Hotel & Resort Beirut	General building	Lebanon	113,000,000	51.00
Technological building for central hospital Udine	General building / Project financing	Italy	109,000,000	48.50
Requalification of Brescia hospital Brescia	General building / Project financing	Italy	107,000,000	60.00
Brookfield 9th Avenue New York City	Infrastructure	USA	66,000,000	100.00
Dulles Metrorail elevated line Washington DC	Infrastructure	USA	55,000,000	100.00
State Road 826 Palmetto Expressway Miami	Infrastructure / Special equipment / Engineering services	USA	38,000,000	100.00
Al Udeid Air Force Base - Facilities Doha	General building	Qatar	33,000,000	100.00
Residential complex Kazan	General building	Russia	27,000,000	100.00
Al Udeid Air Force Base - Dormitories Doha	General building	Qatar	26,000,000	100.00
Automated warehouse Gloria Jeans Rostov Region	General building	Russia	22,000,000	100.00
Jamal Abdul Nasser Street Kuwait City	Special equipment / Engineering services	Kuwait	17,000,000	100.00
Brookfield 9th Avenue New York City	Special equipment / Engineering services	USA	12,000,000	100.00

AREAS OF BUSINESS ACTIVITY

Over the years, the Group has consolidated its leading position in four main areas: **General Building Contracting, Infrastructure Contracting, Engineering Services and Equipment for Bridge Construction and Real Estate Development**. *Apart from the specific circumstances of certain individual markets, the Group is generally involved in all of the foregoing business areas, in every country where it is active. The Group's well-established presence in Russia and CIS countries of Central Asia, Middle East, the Mediterranean Basin and Central and North America, combined with the vast international experience acquired with working for many international clients ensure a solid and dominant market position, pointing to strong growth and a stable future. The table in the previous page illustrates the main projects underway during the period under review in each of the four areas outlined.*

In general building contracting, the Group is well positioned in market segments which demand increasingly high standards of technology and quality. Since each building is unique and construction site conditions differ greatly, each project requires specific technical skills. Over the past few years, energy efficiency has become the underlying theme of every new project. This is accomplished through a vast range of design solutions including purpose-built volumes, the adoption of materials and technologies that facilitate heat transmission with the outside, the installation of energy-efficient heating/cooling systems and the recourse to renewable energy sources (solar energy, heat pumps).
Furthermore, in order to compete in high-end market niches and to maintain the expected quality levels in the design and construction process, the Group has established a number of vertically-integrated dedicated subsidiaries, each of which specialises in particular steps of the production and delivery process. These steps include design, prefabrication, plant engineering and interior decoration and furnishing. These companies work in synergy within the framework of the general contracting business of the Group. The main sectors of activity in this area are: residential buildings, office buildings, industrial and commercial buildings, hospitals, schools, luxury hotels, large-scale renovations and recovery of heritage sites and finally military infrastructure.

Residential buildings

The Group has always performed well in this area, leveraging off the market knowledge of its real estate development unit and the track record in high-quality construction projects. In this segment, the Group focuses on large and complex projects with high quality standards.
During 2012 Rizzani de Eccher continued the construction of the **Portopiccolo** mixed use project in **Sistiana** (Triest), achieving progress of some Euro 56 million, as well as the new City Life mixed use (office and residential) development in Milan, which has reached a progress of Euro 100 million. Codest International has continued to work on the residential complex in **Kazan** (Tatarstan, Russian Federation) comprising of 58 villas, a kindergarten, office and technical buildings, reaching a progress of Euro 7 million.
Furthermore, design and preliminary works have started on the **VTB Arena Park** project in **Moscow**, a contract worth Euro 698 million and awarded to Codest. The project calls for the development of the so-called 'commercial' portion of the whole Dynamo – Petrovskiy Park area in Moscow. On this area, situated on Leningradskiy Prospekt connecting Moscow city centre with Sheremetyevo Airport, a large sports complex comprising of a stadium and hockey rink are being built. The portion awarded to Codest International includes a five star hotel, another all-suites Hyatt hotel, residential and office buildings totalling 300,000 m^2 distributed among 13 buildings.

Office buildings

The construction of modern office buildings, which is rapidly developing in many markets, is a key focus area for the Group, characterized by a high level of sophistication. Each office building project requires close cooperation with highly qualified designers to achieve an effective convergence of technical requirements and functionality. Rizzani de Eccher is engaged in the *design & build* of the headquarters of banks and multinational companies, as well as government buildings and offices in Italy and abroad, with stages of deliveries ranging from *'shell and core'* to complete *'fit out'*, which includes the supply and installation of interior furnishings. During the course of 2012, construction activities have continued on the **Banca Intesa Sanpaolo** office tower in **Turin**. This well known project calls for the construction of a skyscraper over 160 m tall designed by renowned architect Renzo Piano. Rizzani de Eccher has won the project in joint venture with Swiss contractor Implenia. As at 31 December 2012 the project had reached a progress of some Euro 88 million.

Industrial buildings

The Group's track record in this field dates back to large industrial projects in Italy and abroad in the second half of 1800s. In the past few decades such wealth of experience has been put to good use as evidenced by the successful completion of industrial buildings in Italy and abroad in several industries and sectors, such as steel plants, textile factories, mechanical workshops, tanneries, shoe factories, food processing and several other industrial buildings. During the course of 2012, Gloria Jean's Corporation has awarded Codest International the contract for the construction of an **automated warehouse and logistics centre** in **Novoshaktinsk** in the **Rostov** region, Russian Federation, for Euro 22 million, whose progress at end 2012 was Euro 14 million.

Hospitals

This is an area characterized by the rapid evolution of functional requirements, increasingly sophisticated MEP components and ever more specific medical equipment. The utilization of *project financing* to fund the construction and operation of hospitals is becoming ever more frequent, which demands strong skills and commitment not just in respect of

the design and construction challenges (with which the Group is obviously very experienced in dealing) but also in respect of the financial and legal challenges, which the Group has amply demonstrated to be able to negotiate with the required professionalism. During 2012, the project-finance scheme in respect of the expansion of the facilities of **Spedali Civili di Brescia** has witnessed the prosecution of construction works in the 'A' Pavilion, the completion of the new concrete foundations and building platform, and the commencement of building works at the decentralised unit of the Montichiari Hospital. As a whole, works have reached a progress of some Euro 60 million.
Another similar project, the B.O.T. for several facilities for the **S. Maria della Misericordia Hospital** in **Udine**, has witnessed the completion of the Service Centre, the Technological Centre and the Laboratories, while works continue on the underground tunnels connecting the various buildings. As at 31 December 2012, the project has reached a progress of Euro 42 million.

Luxury hotels

The experience in the field of large scale buildings combined with traditional craftsmanship has enabled the Group to compete effectively in the luxury hospitality segment.
Works have continued apace, reaching a progress of Euro 45 million (on a total of Euro 113 million) at the **Summerland Hotel & Resor**t in **Beirut,** a luxury property on the waterfront of South Beirut, which shall be operated by Kempinski.

Large scale building renovations and recovery of heritage sites

More than a hundred years' track record in the construction industry and the specific skills gained from the experience of the extensive post-earthquake reconstruction of the Friuli region in 1976 provide Rizzani de Eccher with the knowledge capital to undertake complex restorations on monumental buildings adopting the most innovative technologies.
In 2012 works have drawn to a close at the **Banca Nazionale del Lavoro Headquarters** project in Piazza S. Fedele in **Milan**, a Euro 19 million contract.

Military infrastructure

Infrastructure projects for the armed forces are characterised the world over by their sheer size and complexity. They usually include the construction of a number of independent structures, each designated for highly specialised functions. Military projects also require thorough and complex plant-engineering over vast areas, but need practical infrastructure for rapid and easy connections. In all these projects, planning schedules and delivery times are notoriously inflexible, since they are tightly linked to the movements of troops and armaments; movements that represent in turn classified information, thereby creating further complications to the contractor. Further construction work is in progress at the **Al Udeid Air Force Base**, in **Qatar**, under construction contracts tendered out directly by the US Army Corps of Engineers. Progress as at year end reached Euro 31 million.

Rizzani de Eccher excels at infrastructure building and transport engineering in particular, thanks to more than one hundred years' experience in this field. In the past few years most of the Group's infrastructure projects have been outside Italy, as the Italian market is experiencing a period of recession due to funding shortages and competitive pressures on costs. Rizzani de Eccher is also actively involved in infrastructure construction through project financing and B.O.T. schemes. At home and abroad, emphasis is placed on Design & Build tenders where competitive pricing is just one aspect of the overall offer, and where design and engineering solutions play an important role.

Highway networks, railways, subways and mass transit light railways

At present Rizzani de Eccher is increasingly engaged in the construction of railways and in particular mass transit light railway systems in Italy and abroad. Works for the dual track **Oued Tlélat-Tlemcen** railway line in Algeria, a joint project with Italian contractor Società Italiana per Condotte d'Acqua; which resumed in 2011 after a period of suspension, have reached at year end a progress of Euro 17 million (progress pertaining solely to Rizzani de Eccher's share). During the year under review, works have continued, reaching a progress of Euro 20 million, on the **Palmetto Interchange** in **Miami** (Florida), a clover-leaf on 5 levels and 4 overpasses worth Euro 38 million.

In early 2010, Rizzani de Eccher in association with Pizzarotti won the contract for the enlargement to three lanes (in each direction) of the **A4 Highway**, comprising of a first stretch of 25 km from the **Bridge over the Tagliamento River to Gonars** and the **Palmanova interchange** for a total contract value of Euro 300 million, of which one third or Euro 100 million is under a private finance initiative (PFI) arranged by the builders. Unfortunately construction is still on hold pending the definition of the public portion of the financing. Notwithstanding this, during 2012 various design activities and hydraulic modelling of the bridge over the Tagliamento River have been carried out. As at 31 December 2012, works on the **North Manama Causeway** in **Bahrain** have reached a progress of Euro 128 million. This project is performed by a joint venture with Six Construct and a local contractor, and includes a 90,000 m^2 viaduct made of prefabricated segments for a total contract amount of Euro 143 million, including special equipments provided by Deal. Finally, construction works continue at full production regime on the massive two-level upgrade of **Jamal Abdul Nasser Street** at **Kuwait City**. This project, worth in excess of Euro 600 million, covers a length of 14 km and involves 395,000 m^2 of prefabricated bridge segments. The contract is being performed in joint venture with OHL (Spain) Trevi (Italy) and Kuwaiti contractor Boodai. Progress as at 31 December 2012 is roughly Euro 88 million.

Environment and hydraulic engineering

During past decades Rizzani de Eccher has completed important projects in this sector in Italy and abroad. Some of the most representative projects include sewerage pipe networks; water purification systems equipped with underwater pipelines for offshore discharge; aqueducts and water-supply networks and dredging works on rivers and navigable waterways.

Jamal Abdul Nasser Street,
Kuwait City, (Kuwait)

Rizzani de Eccher's wealth of experience in infrastructure has allowed the Group to develop a specific area of expertise in engineering services and design and construction of special equipment for the construction of bridges. In 1992, these activities were consolidated in a new, special-purpose, wholly-owned subsidiary called Deal Srl. In a few years Deal has become a world leader in this highly specialised market, serving large international contractors. Deal provides design services and custom-built special heavy equipment for the construction of bridges and viaducts of any complexity and size. Its machinery and equipment capabilities include caissons, gantry cranes, large rubber-tired beam launching carriers, launching girders and self-launching ribs. Towards the end of 2011, Deal has acquired control of Tensacciai and Tesit, two companies with a strong track record in design, fabrication and installation of stay-cables and post-tensioning systems as well as joints, bearings and anti-seismic devices. In 2012 Tesit was subsequently merged with Tensacciai. As a result of these acquisitions, Deal is now well positioned to provide clients with the complete package of specialised equipment and services required for bridge deck construction. More recently, the Group's wealth of experience in the infrastructure sector has allowed Deal to apply its specific know-how to different and very promising areas, such as special equipment for the offshore Oil & Gas industry and special gantry equipment for shipping and port operations.

Engineering Services

The Group's technical personnel have gained invaluable experience from working with and for the parent company and established international contractors on large and prestigious infrastructure projects. This has enabled our engineers to develop a wealth of knowledge in bridge engineering and particularly in the field of metro-rails and mass rapid transit systems.

The integration between engineers responsible for bridge design and construction and engineers responsible for equipment design has resulted in a more streamlined and seamless utilisation of the Group's human resources, allowing the Group to position itself on the infrastructure market as a provider of a wide range of integrated services. Services include initial design, project and site planning, development of construction methods, design and development of special construction equipment, planning and optimisation of production cycles.

Equipment

Deal can design and custom-build equipment for any type of construction system - be it prefabricated or cast in-situ - as well as any type of transportation and lifting equipment suited for every building site. The experience gained by most staff in the direct execution of the works has made it possible for Deal to design and develop highly efficient and reliable equipment unmatched by the competition. Significant productivity results have been achieved in the precast segmental technology, adopting the 'span by span' method for the construction of elevated metro-rails and mass rapid transit systems and adopting the 'full span' method for the construction of high-speed railways and other important infrastructure works. There are now numerous cases in which large international contractors entrust Deal with the design and supply of the entire special equipment package, from prefabrication to launch, so as to secure the strongest guarantees over the full production cycle.

The wealth of expertise and core competencies of its technical staff, combined with an integrated multi-disciplinary approach to problem solving has allowed Deal to propose revolutionary solutions to very specific construction problems: a cogent example is provided by the **Manhattan West Platform** in **New York City,** where bridge construction technologies have found application in the erection of a special reinforced slab covering a busy train station in the heart of Manhattan, where prime buildable land bank is a scarce commodity.
The slab will function as the base on which two high rise buildings are to be erected.

Specialised Construction Solutions

The range of specialised services and products that the Group can provide to large international contractors is completed by the product and services offering of Tensacciai. Active since the early 1950s, Tensacciai has developed the full range of products associated with cable post-tensioning, cable-stays and ground anchor systems. Furthermore, Tensacciai can supply a full range of bearings, joints (including metal and/or rubber expansion joints), anti-seismic devices, oleo-dynamic supports, friction pendulums and seismic isolators, etc.

Besides supplying these products, in line with the approach common to all companies of the Group and thanks to the continuous dialogue with its clients, Tensacciai is capable of developing customised technical solutions for specific project requirements, besides providing all the technical support required during installation, erection and testing.

The Group has always been actively engaged in prestigious real estate development projects acting as a principal, or on behalf of select customers, from the public and private sector. Capitalising on its successful track record in real estate development, the Group positions itself on the market as the reliable partner to large developers as well as real estate investors and financial institutions. The Group has further strengthened organization and resources in the dedicated Real Estate Development division, with emphasis on project management and value-enhancement of property portfolios, with a view to obtaining a stronger accreditation with market players and partners. To this effect, as from 2011 all real estate development assets and initiatives of the Group have been transferred to IRIDE Immobiliare Rizzani de Eccher Srl.

Particular emphasis is being placed on developments in 'project finance' with public-private partnerships, among which the proposal submitted to the **Municipality of Verona** for the recovery and development of the site of the erstwhile **Austro-Hungarian Arsenal.** The City Administration has included this project in the list of initiatives of the 'City Master Plan' submitted to the Central Government.

Among the most important real estate projects under way, the reconversion of the **former UPIM department store** in **Udine**, with a total built up area of 11,000 m^2, which calls for the demolition and reconstruction of the building according to the design of a famed international architect.

Still in **Udine**, the new **Teatro 1 Development** (adjacent to the 'Giovanni da Udine Theatre') is making good progress. The building is being reconverted into a mixed use (residential and commercial) complex with volumes of about 20,000 m^3 and will feature eco-sustainable solutions attested by the A+ label.
Sales, which commenced in 2011, have reached a progress of over 80%.

At the same time, the new Master Plan approved recently by the Udine City Administration has allowed for a recently acquired building located at the fringe of **Udine**'s historical city centre to be re-zoned for residential and commercial purposes. The building is currently leased to utility company ENEL and at the expiry of the lease will be converted into a mixed use (commercial and residential) complex.

Design activities and other preliminary works have continued in 2012 in respect of the former site of the **Safau Steelworks**, situated immediately to the south of the **Udine** city centre, next to the railway station. The 75,000 m^2 area will become the object of a functional and architectural requalification in the years to come and is expected to undergo radical renovation works.

During 2012, the real estate unit finalised the acquisition of a building in **Cortina d' Ampezzo**, which is to undergo renovation works yielding 10 luxury apartments. The building is situated in a prime location, next to the pedestrian/bicycle track of the former railway line, and provides a striking example of the Ampezzo valley's traditional architecture.

Focus

1 Four Seasons Hotel
Baku - Azerbaijan

2 North Manama Causeway Project
Manama - Kingdom of Bahrain

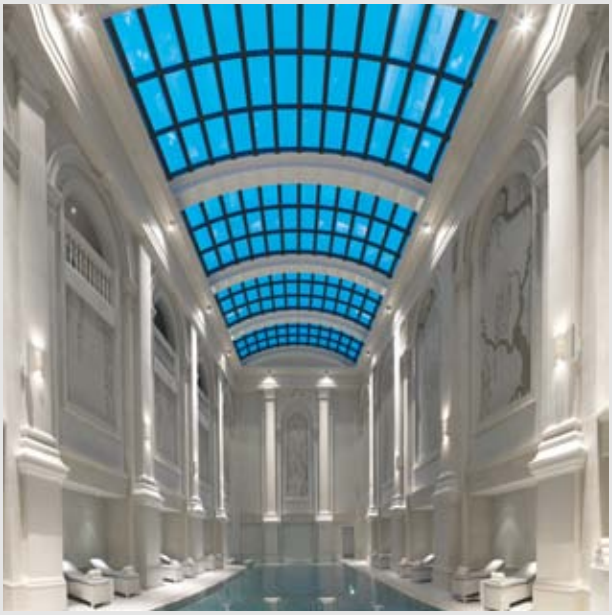
3 Special construction equipment for the Ampang Line Rail Transit System and Mass Rapid Transit MRT
Kuala Lumpur (Malaysia)

Rizzani de Eccher. Focus 1

Four Seasons Hotel

Baku
(Azerbaijan)

Client:
Pasha Inshaat MMC

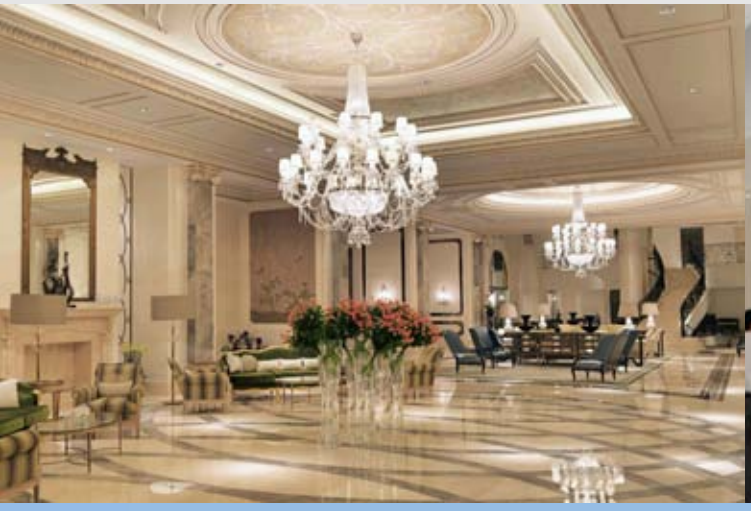


Immediately outside the walled citadel (Icheri Shekher) in Baku's historical city centre, facing a wide square opposite the Presidential Palace, fringed by the lush gardens alongside the Caspian waterfront, the Four Seasons Hotel provides a striking addition to the fin de siècle atmosphere of this area of the Azeri capital.
The rich stone façades, the ashlar masonry, the lesenes contribute to strengthening the chiaroscuros. The three angular towers topped by copper-clad domes add to the monument-like appearance, which blends harmoniously with the surrounding buildings.

The lavish interiors befit the highest standards for a luxury hotel property, with vast common areas and state of the art services. A portion of the building is dedicated to high end retail spaces and luxury residences (Four Seasons Apartments).

Inside, the Belle Époque feel translates into furnishings and finishing works of the highest quality, with marbles, mosaics, fine boiserie, gilded plasters, matching furniture, tapestries and Murano blow-glass chandeliers.

contract amount	94,000,000
work commencement	Januari 2009
final delivery	December 2011
usable area	50,000 m²
rooms	168
suites	12
banquet/ballroom/restaurant	2,350 m²
meeting rooms	850 m²
spa & gym	1,600 m²
garage	6,500 m²




DEAL

Rizzani de Eccher. Focus 2

North Manama Causeway Project

Manama
(Kingdom of Bahrain)

Client:
Ministry of Works – Roads Projects
and Maintenance Directorate

Contractor:
Joint Venture Six Construct
Rizzani de Eccher
Haji Hassan Group

Designer:
Hyder Consulting Middle East Ltd

The North Manama Causeway project falls within the 'Strategic Roads Master Plan' of the Ministry of Public Works of Bahrain, and is designed to achieve two goals. The first, short term, is to alleviate traffic congestion along the Al Fateh Highway in correspondence with the many intersections, as well as to provide fast flowing access to the new area of Bahrain Bay.

The second, long term objective falls within the 'Bahrain 2030' master plan, where this project forms and integral part of the new link between Manama and Busaiteen.

The main artefact is a 1.42 km viaduct comprising of two adjacent bridge decks with spans of variable length from 35 m to 70 m, made of prefabricated segments (2,438 of them) erected with the 'balance cantilever' method.
The segments have been prefabricated in a prefabrication plant installed within the project site, while launching and erection was carried out by a specially designed launching girder specifically conceived for the project.
The project is completed by:
_4 access ramps, also made of prefabricated segments, erected by a special 120 t capacity beam crane;
_1 cast-in-situ overpass 238 m long for the North Manama Causeway interchange at Bahrain Bay;
_1 cast-in-situ bridge with a single 51 m span, where the North Manama causeway crosses the decorative canal at the northern edge of Bahrain Bay;
_ca. 2.42 km of new highway running on an embankment within the Bahrain Bay area; and
_reconditioning and reconstruction of ca. 1.6 km of existing highway.

The North Manama Causeway was delivered 3 months earlier than scheduled in the construction contract; by May 2013 the whole artery will open to public traffic.

contract amount	137,000,000
work commencement	April 2011
begin deck launching operations	June 2011
end segment prefabrication	September 2012
end deck launching operations	October 2012
total length of viaducts	2,940 m
maximum width	26 m
total no. prefabricated segments	2,438 (up to 125 t)
total deck area	80,000 m^2
reinforced concrete	144,000 m^3
steel	31,000 t
post-tensioning Steel	2,600 t
foundation pilings	1,100 (up to 25 m)
piles	156

In connection with this project, Deal has supplied the following special equipment:

_ 10 special formwork for segments, of the 'balanced cantilever' type

_ 1 launching girder 130 t capacity

_1 gantry crane 130 t capacity


LG1
ACRE WORKS
GREAT TEAM
GREAT WORK

Deal. Focus 3

Special construction equipment for the Ampang Line Rail Transit System and Mass Rapid Transit MRT

Kuala Lumpur
(Malaysia)

Client:
Acre Works Sdn. Bhd.

In Malaysia economic growth is coupled with ambitious investment plans in the development and strengthening of metropolitan infrastructure.
Among the various projects, the 18 km extension (which will add 12 new stations) of the 'Ampang Line' and three new concentric Mass Rapid Transit (MRT) ring lines, make of Kuala Lumpur one of the cities in the world with the most advanced public transport network.

To capture these emerging opportunities, local construction companies are investing heavily in technology and equipment to build new elevated lines. Acre Works Sdn. Bhd. and Deal have established a mutually beneficial partnership, which has resulted in Deal supplying a wide range of engineering services and equipment. In particular, Deal has provided the following:

_ 2 launching girders for the Ampang Line and MRT projects, capable of assembling single prefabricated spans of up to 39 m in length and weighing 580 tons;
_ 1 launching girder for the Ampang Line project, capable of assembling single prefabricated spans of up to 36 m in length and weighing 340 tons;
_ 3 special formwork for the prefabrication of the segments for the special variable section structures;
_ 2 mobile lifting frames with maximum capacity of 75 tons, for the assembling of the prefabricated artefacts of the special structures;
_ 1 tracking and geometry control system for all viaducts.

contract amount:

launching girders max 580t for Ampang Line and MRT	1,900,000
launching girders max 340t for Ampang Line	630,000
formwork for special structure segments	614,000
mobile Lifting Frames max 75t	876,000
tracking and Geometry Control System	170,000
total	4,190,000

The supply of the mobile lifting frames has required some thorough design activities with a view to ensuring the maximum versatility and flexibility of operations for the equipment. In addition to the classic 'static' and 'mobile' configurations, these lifting frames are capable of lifting the prefabricated artefacts previously stocked on the pile, transporting them to one extremity of the viaduct, and finally place them into final resting position by anchoring them to the existing structure.

The supply of two additional launching girders and a new couple of lifting frames is expected to take place in 2013.

MANAGEMENT REPORT

Economic and financial position

The consolidated financial statements for the accounting period ending on 31 December 2012 show total revenues of Euro 423.9 million (as opposed to Euro 355.5 million in FY2011), and EBITDA of Euro 20.6 million (it was Euro 29.6 million in FY2011). Net profit for the year (after tax and minority interests) is Euro 6.8 million (against Euro 14.7 million in FY2011).

The marked increase in revenue (or value of production), which was up 19.3%, was not followed down the line by an increase in operating profit (EBIT and EBITDA) and net profit. This is mainly due to a number of criticalities that have emerged from certain projects in Italy and abroad. These critical situations can be ascribed partly to internal factors and to a greater extent to external or exogenous factors. The latter can be identified in the persistent climate of economic uncertainty, which slows down investment expenditure and depresses consumption, as better explained in the following section.

General macro-economic picture and overall outlook for the Group

In 2012, world GDP grew by 3.2%, posting slower growth as opposed to 2011 (+3.9%). Emerging economies contributed most of the growth, which – albeit showing signs of a slowdown – continue to follow expansionary cycles, posting growth of 5.1% in 2012 (+6.3% in 2011). OECD economies, however, have grown at a much reduced pace (+1.3% in 2012 vs. +1.6% in 2011), with the Euro area mired in a deep recession. In fact, 2012 witnessed a further major contraction of GDP of the main Eurozone economies, bar Germany, with the 'real economy' hit particularly hard in the Southern economies, where unemployment has reached record highs, resulting in these weaker economies falling further behind vis-à-vis the economies of the Northern 'belt'. In 2012 Euro 27 GDP was down -0.3% while GDP for the Eurozone 17 countries contracted by -0.6% (*source: European Commission – Report 2012*). The Italian economy closed 2012 in deep recession after six consecutive quarters of negative growth. In the fourth quarter of 2012 GDP contracted at a slower pace (-0.2%) as opposed to the three previous quarters, thanks to a pick-up in exports, which have supported output growth for 60 basis points (*source: Bank of Italy*).Internal demand for consumption and fixed investments has fallen dramatically, reflecting the erosion in real income and purchasing power of Italian families as well as the bleak outlook for industrial and infrastructure investments. Aggregate industrial output has fallen significantly and early indications suggest that it won't pick up in 2013. Furthermore, the rate of unemployment reached 11.2% at the end of 2012, posting a +0.1% increase as opposed to a month earlier and growing 1.8% year on year.

In 2013, the European Commission and member states have enacted measures aimed at easing the pressures on financial markets and give trust back to investors. More recently the Euro-Group has renewed its support of the Greek economy, while EU economic and finance ministers have reached an agreement on a single European banking supervision system together with a handful of measures aimed at assuaging selling pressures on the Eurozone sovereign debt.

Within the construction sector, the year 2012 witnessed a remarkable contraction of investments in real estate and infrastructure. Prospects for the sector are indissolubly tied to the overall macro-economic picture. With a slowing economy and bank loans drying up (meaning that lenders have become incredibly selective in channelling the little credit available), the real estate market has ground to a halt, especially in Italy, notwithstanding the fact that the generalised fall in capital values has translated into very attractive valuations for savvy real estate investors.

A first direct consequence of this climate of uncertainty is that investors and clients have slowed down or in some cases put on hold their investment plans. On a number of projects this has generated a host of new problems for the Group, including financial strain, erosion of profitability margins and the overall increase in the complexity of managing large construction projects. In certain projects located in geographic areas that tend to be less affected by the international conjuncture (such as the Persian Gulf and North Africa) it was the emergence of unforeseen project-specific issues that has slowed down production, preventing the attainment of budget figures.

In this context, in 2012 the Group has concentrated its efforts on the acquisition of a smaller number of select significant projects as well as on consolidating the performance and profitability of the current orders book, achieving the results earlier described, which on the whole represents a good achievement. Specifically, at year end the orders backlog settles around Euro 1,714 million (as opposed to Euro 1,979 million in 2011), of which 70.8% from overseas orders (outside Italy), a percentage that is in line with the long term average for the Group. As regards turnover instead, overseas receipts as a percentage of total revenue have fallen to 50% in 2012 (it was 67% in 2011).

During 2012 the following new projects were added to the existing backlog:

_the construction of a special reinforced concrete slab, which will cover a particularly busy railway junction in Manhattan, NYC, next to 9th Avenue, for a contract amount of Euro 78 million, including the supply of special equipment by Deal and Tensacciai;
_the design and construction of an automated logistic warehouse in the Rostov region (Russia) for textile company Gloria Jean's Corporation, for a contract amount of Euro 22 million;
_the supply by Deal and Tensacciai of special equipment (launching girders, lifting frames, post-tensioning materials and equipment) for the Kuwait road infrastructure project under a contract worth Euro 17 million.

Furthermore, construction activities have proceeded apace on other large ongoing projects, in Algeria (which has required a remarkable organisation and logistic effort following the resumption of works after a long suspension), Kuwait, Bahrain and Qatar.

During 2012, Deal has completed the integration of Tensacciai and Tesit (two companies operating in the field of design, fabrication and installation of components and stay cables for concrete post-tensioning), which it had acquired in 2011 and merged in 2012, with the aim of streamlining the organisation and reducing costs.

The macro-economic outlook described in the foregoing section and reasonable estimates of the evolution of the current orders backlog in terms of production volumes and profitability all point in 2013 towards a further significant increase in the value of production (revenues) and the substantial confirmation of current profit margins.

For further comments and summary data on the Group please see the section '2012 at a glance'.

Treasury shares and shares in parent company

Rizzani de Eccher Spa does not have ownership of any of its own shares or shares of its own parent company, either directly or indirectly, through affiliated entities, trustees or nominees.

Research and development

No capitalised expenditures for research and development were recorded during the financial year 2012, which can be booked as asset and amortised on the basis of prevailing accounting standards. However, the technical employees of Deal and Tensacciai undertake constant research and development activities when designing and fabricating customised equipment and solutions. These activities have enabled the Group to become a world leader in the design and fabrication of special equipment for the construction of bridges and viaducts. All such costs are normally imputed to the income statement in the year they have been incurred.

Financial instruments: objectives and policies of the Group and description of risks

Pursuant to the provisions of art 40, section 1 and 2, sub-section d) bis of Legislative Decree 127/1991 we report the main risks and uncertainties to which the company is exposed, as well as the financial transactions, securities and instruments in which the Group is engaged or has open positions consist of net cash and cash equivalents, trade payables and receivables, advance payments from customers, bank debt and leasing liabilities.

Market risk, operational risk and price risk

The Group is chiefly engaged in the construction business, specifically in the construction of residential buildings, office buildings, industrial buildings, hospitals, hotels, military infrastructure, large-scale restoration works and large infrastructure projects such as roads, highways, railways and subways. Normally, Group companies operate as main contractor, acting alone or in joint ventures. Furthermore, through subsidiary Deal, the Group provides engineering services such as the design and fabrication of special equipment for the construction of bridges and viaducts. The Group is actively present in the following countries: Italy, USA, UAE, Qatar, Kuwait, Bahrain, Lebanon, Saudi Arabia, Russia, Ukraine, Kazakhstan, Algeria and Australia. The Group is therefore exposed to the general macro-economic risk of the countries in which it operates. The investment choices in buildings and infrastructures of potential clients are in fact influenced by the particular conjuncture in the economic cycle, whose principal variables are gross domestic product (GDP), fixed investment and

capital formation, inflation rate, interest rate and exchange rate. It is therefore entirely possible that adverse macro/micro economic environments as well as deteriorating social and political frameworks in the countries of operation may expose the Group to production slowdowns, contract suspensions and/or in extreme cases even the cancellation of ongoing contracts.
Moreover, the construction business (managing complex projects against a deadline in different environmental and regulatory contexts) typically implies a series of operational and execution risks, which can be mitigated but never entirely neutralized.
With regards to the risk of materials price escalation, if the projects require the purchase of raw materials which are subject to price fluctuations, appropriate hedging strategies that minimize this risk are assessed and implemented wherever and whenever possible.

Credit risk

Credit risk consists of the Group's exposure to potential losses deriving from clients not fulfilling their obligations. Although the Group operates in areas that may require the active management of the counterparty risk, the Group's counterparts are sovereign states, governmental entities or primary private clients well known internationally and entrusted by primary financial institutions.
Credit risk management strategies are articulated in several phases, beginning with due diligence on the counterpart and the project, moving on to the negotiation and finalisation of a well drafted contract, and ending with the punctual and attentive management of the contract itself once this becomes effective.

Liquidity risk

Liquidity risk consists of the risk that the Group's liquid resources may not be sufficient to meet its obligations in a timely manner and as agreed.
Management believes that the Group generates adequate cash flow to cover its requirements; that the maturity profile of short and medium-to-long term liabilities is well balanced and that it matches the corresponding maturity profile on the asset side of the balance sheet.
Management further believes that this risk is negligible in consideration of the Group's net financial position (calculated as in the past by excluding advance payments received from clients and made to suppliers, which are treated respectively as trade payables and trade receivables) in excess of Euro 75 million.

Interest rate risk

Bank credit lines made available to the Group are drawn under tenors and structures, which make for a balanced mix between short and medium term liabilities. The weighted average cost of debt was on average 2.7% in 2012.
As at 31 December 2012 no derivative contracts were in place for hedging purposes. It is the Group's policy to enter into derivative contracts solely for the purpose of hedging underlying transactions associated with normal operation requirements, and avoid speculative positions.
In keeping with the Group's general aversion to risk, the Group deals only in liquid securities/instruments with primary financial institutions.

Foreign exchange risk

The Group's extensive international presence means exposure to currency fluctuation risks.
The Group's policy and overriding objective is to match the currency of revenues with the currency of payments to local subcontractors and suppliers. However the Group does consider currency hedging transactions in the event that currency mismatches arise. As reported before, as of year end the Group is not involved in any foreign exchange derivative contracts.

Information concerning the staff, environment and organization

For detailed disclosure in the matter of human resources, health, safety and the environment, we refer the reader to the sections titled 'Human resources', 'Safety and Health' and 'Sustainable Development'.

Significant events occurring after closing of the financial year

On 18th February 2013, CityLife Spa notified Rizzani de Eccher with the suspension of construction works in connection with certain portions of the New Urban Development (CityLife) in Milan. This was followed by intense activities aimed at protecting and enforcing the rights of Rizzani de Eccher under the contract to the best extent possible. As at the date of this Annual Report, there are no significant facts or events in connection with this case that may have a material impact on these Financial Statements. On 30th March 2013, subsidiaries SACAIM Srl (formerly SINEDIL Srl) and SAFAU Iniziative Srl reached the

closing of the transaction for the acquisition of the business, assets and liabilities of S.A.C.A.I.M. (Società per Azioni Cementi Armati Ing. Mantelli) Spa 'under receivership'. This construction company, headquartered in Marghera (Venice) was established in 1920 and has a glorious history in marine works, ports construction, complex restorations and rehabilitations of historical buildings and infrastructures. In a complex transaction under the aegis of the Ministry of Economic Development, Rizzani de Eccher acquired a substantial portion (coinciding with the going concern) of the business of S.A.C.A.I.M. through SACAIM Srl, while through SAFAU Iniziative Srl formulated, proposed and underwrote a Debt Composition proposal in front of the Venice Tribunal, covering the remainder of the assets and liabilities of S.A.C.A.I.M..

Management reports no significant events occurring after closing of the financial year, which may have an impact on these Consolidated Financial Statements.

Business outlook

The outlook for 2013 points to a significant increase in production volumes, which will result in the substantial expansion of the Group's working capital.
The value of production (sales revenue) for the first quarter of 2013 reached Euro 110 million, as opposed to Euro 65 million over the same period the preceding year.
As regards profitability, management believes that 2012 margin levels will be confirmed in the current year, although certain criticalities remain, particularly on projects at an early stage of development.
In this regard, the Group's management has been strengthened by the entry of new experienced executives and continues to endeavour to improve the bottom line, acting on both fronts of reducing costs and claiming additional revenues through skilled contract management.

NOTES TO THE 2012 ANNUAL REPORT

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements as of 31 December 2012 provide a clear picture of the balance sheets, income statements and cash flow statements of the following companies:
_ Rizzani de Eccher Spa
_ Subsidiaries (Appendices 'A' and 'B').
The consolidated financial statements were drawn up in accordance with the following Legislative Decrees: no.127/91; no.213/98; no.6/03 and no.37/04, and no. 32/07.The Group waived the exemption right contemplated by Art. 27 (sub-section 3) of Legislative Decree 127/1991 in the matter of Corporate Disclosure.
For the purposes of consolidation, the Financial Statements as at 31 December 2012 of the subsidiaries and associated companies forming the Group, as drafted by their Boards and approved by their respective Shareholders' Annual General Meetings, have been used. These Financial Statements are truthfully derived from the corresponding entries in the ledgers and books duly kept and properly maintained in full compliance with the provisions of Art. 2423 et seq. of the Italian Civil Code, save for consolidation adjustments for the sake of consistency with Group policies.

Scope of consolidation

Includes the companies and consortia listed in:
- appendix 'A': i.e. companies consolidated using the full consolidation method;
- appendix 'B': i.e. companies consolidated using the proportional consolidation method.
In accordance with Art. 28 (subsection 2) of Legislative Decree no. 127/1991, the subsidiaries and associated companies listed in appendix 'C' are not consolidated.
As opposed to the Consolidated Financial Statements as at 31 December 2011, during FY2012 Safau Iniziative Srl has entered the area of consolidation, while Tesit Srl and Portocittà Spa have exited the same. Tesit Srl, which was 100% owned by Deal Srl, was sold to Deal's subsidiary Tensacciai Srl, and subsequently merged with this on 2nd July 2012. As regards Portocittà Spa instead, this could not be consolidated because its financial statements have not yet been approved (nor they are likely to be approved any time soon given the uncertainties surrounding the valuation criteria to be adopted). In fact this project finance special purpose vehicle is factually prevented from pursuing its corporate objectives because of external circumstances beyond management's control. Finally, with effect from 2012, San Giorgio Srl is consolidated with the full consolidation method since the Group has increased its stake to 100% of the share capital.

Principles and basis of consolidation

The Financial Statements of foreign subsidiaries and associated companies have been converted into Euro using year-end spot exchange rates for balance sheet items and year-average exchange rate for income statement items. The foreign currency-denominated ending balances of overseas branches of the companies included in the consolidation were converted using the year-end spot rate. The following exchange rates were adopted (rounded to the nearest decimal):

Currency		Exchange rate 31.12.2012	Average rate 2012
US Dollar	USD	1.32	1.28
Canadian Dollar	CAD	1.31	1.28
Australian Dollar	AUD	1.27	1.24
Russian Rouble	RUR	40.33	40.31
Ukrainian Hryvnia	UAH	10.58	10.59
UAE Dirham	AED	4.85	4.72
Kazakhstan Tenge	KZH	198.62	191.60
Philippines Peso	PHP	54.11	53.80
Qatari Riyal	QAR	4.80	4.78
Tajikistani Somoni	TJS	6.28	6.25
Azerbaijan Manat	AZN	1.03	1.03
Algerian Dinar	DZD	103.38	102.86
Libanese Pound	LBP	1987.68	1933.88
Saudi Riyal	SAR	4.95	4.82
Kuwaiti Dinar	KWD	0.37	0.37
Bahrain Dinar	BHD	0.50	0.48

The following principles were adopted in consolidating Financial Statements with the full consolidation method:

a. substitution of book value of equity investments held by the parent company and by other companies within the consolidation perimeter with the net asset value as resulting at the date of consolidation; while assets and liabilities of the investee companies are consolidated to the parent company. If any gains arise as a result, these are booked, were applicable to the assets of the subsidiary and for the excess as a consolidation difference item.
Conversely, if a negative item arises, this is booked to the shareholders' equity under the entry 'consolidation reserve';

b. related-party transactions giving rise to intra-group payables-receivables and revenues-expenses are offset against each other;

c. unrealised gains and losses arising from related-party transactions are offset against each other in the consolidated financial statements;

d. minority interests in the equity of consolidated companies and their income are indicated as such in the consolidated financial statements;

e. dividend payouts from consolidated companies to other consolidated companies are offset against each other.

Participations in joint ventures and other companies included in the consolidation process over which control is exercised together with other partners were consolidated using the proportional method, booking their assets, liabilities and share of net income to the parent's consolidated financial statements pro-rata in proportion to the percentage of ownership detained.

Accounting principles and valuation criteria

The consolidated financial statements have been prepared in order to represent a true and fair view of the financial position and results of operations of the companies included in consolidation.

In the consolidated accounts, unrealised currency translation gains from overseas branches are offset against corresponding unrealised losses, including any tax liability or tax credit that may arise, and then booked to the shareholders' equity. Conversely, unrealised translation losses from subsidiaries and other consolidated entities are booked as accruals in the statutory accounts.
Save for the above, valuation criteria and accounting principles are the same as adopted in the parent's financial statements and there have been no changes as opposed to previous financial years.
The items of the current consolidated accounts as at 31.12.2012 are comparable to those of previous financial years.
The main evaluation criteria adopted in the preparation of the consolidated financial statements are detailed below.

Intangible assets
Intangibles are booked at historical cost net of cumulated amortisation. Intangibles are amortised in proportion to their useful life.
In the event of depreciation, loss of market value or other diminutions of value that exceed the accounting depreciation, intangible assets are written down based on prudent principles. With the exception of goodwill, depreciated assets may in future financial years be reinstated at their original value (solely by adding back depreciation charges) if the circumstances warrant it.
Goodwill, that is any excess of acquisition cost over net book value and originating from the acquisition of business units of other companies, is booked (with the prior consent of the

Board of Auditors) on the basis of the actual cost incurred and is amortised on a straight-line basis over a period of 10 years, in accordance to what is deemed as its useful life.
Likewise, consolidation differences emerging from the difference between acquisition price paid and the pro-rata share of net asset value is amortised over a 10-year period.
Intellectual property rights (patents and trade-marks) are booked at their acquisition cost and amortised in equal installments over a period of 5 years (patents) or 18 years (trade-marks). Incorporation, start up and development expenses are capitalised (with the prior consent of the Board of Auditors) on the basis of the actual cost incurred and amortised on a straight-line basis over a period of 5 years.
Project acquisition expenses, project planning, plant erection and site mobilisation expenses are expensed (booked to the income statement) in proportion to the progress payment certificates (revenues) of the specific project to which they refer.

Fixed assets

Fixed assets are entered in the financial accounts at their purchase cost or internal production cost. Fixed assets are depreciated during each accounting period at assigned rates that vary according to category and are indicated below. The depreciation rates are determined on the basis of their useful life and residual value, taking into account economic and technical factors. The assigned depreciation rates are reduced by 50% for new assets in their first year, in accordance to the average degree of their utilization.

Category	Annual rate
Buildings	3%
Operating machinery and special equipment	15%
Excavators and mechanical shovels	20%
General systems	10%
Photovoltaic system	9%
Formwork and scaffolding	25%
Light vehicles	25%
Heavy vehicles	20%
Miscellaneous equipment	40%
Light constructions	12.5%
Oggice furniture and equipment	12%
Electronic and electromechanical office equipment	20%

The depreciation of fixed assets of subsidiaries Rizzani de Eccher USA Inc. and Rizzani de Eccher Bahrain SPC is applied on the basis of different economic and technical factors. These consider the specific utilisation of machinery in the production process.
All goods of value not exceeding Euro 516.46 and unless independently valued otherwise, are expensed in their year of purchase, provided that their useful life is within the same year. In the event of permanent depreciation, long-term loss of market value or other permanent diminution of value that exceed the accounting depreciation, the assets are written down based on prudent principles. Depreciated assets may in future financial years be reinstated at their original value (solely reduced by depreciation charges) if the circumstances warrant it.
Recurrent maintenance charges are booked as expenses in the income statement. Extraordinary maintenance charges are booked as incremental value to the assets they refer to and depreciated pro-rata in accordance to the assets' residual useful life.

Leased assets

Assets acquired under financial leasing contracts are accounted for in the consolidated balance sheet in accordance with the leasing capitalization method, save for any adjustments applicable in the event that the relevant consolidated subsidiaries account for the same leasing contracts under the operating leasing method. Therefore:
_leased assets are booked as fixed assets at the cost of purchase as of the date of commencement of the leasing contract and are regularly depreciated in accordance with the assumed economic life of the assets;
_the outstanding obligation balances, which comprise of leasing instalments not yet due and the residual or redemption value of the assets, are booked as a payable in the section 'Amounts owed to other lenders';
_the interest portion of leasing instalments is recognised as an expense in the income statement in order to reflect a flat interest rate on the outstanding principal.

Investments

Investments in shares of companies and entities which are not fully consolidated are carried at their pro-rata share of net asset value (NAV). Other investments in companies and entities that are of minor relevance are carried are carried at cost, based on purchase price or share subscription price.
Equity investments are written down in the event of long-term loss or diminution of value, specifically in the event that the investee incurs substantial losses that are unlikely to be

reinstated by the subsequent generation of earnings.
Investment in securities are booked at cost and adjusted for any long-term loss of value.
Written down investments may be reinstated at a higher value in future fiscal years if the circumstances warrant it.
Other long-term investments such as loans and debentures are valued at the net realisable value at maturity.

Inventories
Raw materials are valued at the lower of purchase cost and net realisable value. Works in progress that have duration of more than 12 months include works that have been completed but have not yet received final commissioning and are valued on the basis of their physical progress, with the exception of works in progress in certain overseas projects, whose valuation is made on a 'cost to cost' basis, as this method offers a better representation of the economics of the specific construction contracts involved.
Works in progress, as attested by approved progress certificates, are booked net of any advances already paid by clients.
Works in progress expected duration of less than 12 months are booked on the basis of the related cumulative costs and expenses incurred to date.
Allocations of risk reserves or general prudential provisions arising from running projects or which are likely to arise from completed projects under guarantee schemes are classified under provisions for contingencies and other liabilities on the liabilities side of the balance sheet.
Works in progress of proprietary real estate developments are valued with reference to their production cost calculated by adding all imputable direct costs, and excluding indirect costs such as selling, general, administration and interest expenses.
Completed portions of proprietary real estate developments are valued at the lower of replacement cost and net realisable value.

Receivables and payables
Trade receivables are entered at their presumed realisation value.
Overdue receivables with interests accruing until 31 December 2002 are carried at their nominal value, integrated by penalty interest accruals in the corresponding tax exempt fund over the same period.
Overdue receivables with interests accruing in subsequent periods are posted at their assumed net realisation value, while any corresponding penalty or default interest is booked on an accrual basis only as a result of warranting circumstances such as serving of a default notice, favourable arbitration and court verdicts, etc. Interest on overdue receivables is a statutory penalty interest set by law.
Payables and other debts are booked at their face value.

Employees' severance indemnity
Accruals to the employee severance indemnity are made on the basis of the amounts actually owed to employees at the end of each accounting period, calculated in accordance with relevant legislation and the applicable employment contracts.
Management reports that pursuant to the modifications to the employees' severance indemnity by Law 296 of 27 December 2006 and ensuing regulations, the accruals to the employees' severance indemnity from 1st January 2007 onward (or any successive date) can be placed, at the option of the employee, with the Treasury Fund at INPS (Social Security Agency) or with private sector funds.
Any revaluations of the severance fund due to indexation or accrued legal interest carried out in the period up until 31 December 2006 are included in the fund's net asset value.

Accruals and deferred income/expenses
Accruals and deferred income are calculated on the basis of the accounting periods to which they refer.

Revenue and cost recognition
Revenues from the sale of materials, semi-finished and finished goods are recognised as of the time of delivery of goods. Revenues from the sale of services are recognised as of the time of the completion or delivery of service.
Revenues from works in progress under contract terms equal to or exceeding 12 months are recognised as of the time of formal attestation in a progress certificates endorsed by customer. Revenues from works in progress under contract terms of less than 12 months are booked as of the time of completion or delivery.
Claims are booked as revenues only in the event of deliberations and favourable arbitration verdicts, provided that objective circumstances warranting the claim do exist.
Costs and expenses for the purchase of goods and services are booked with reference to the corresponding revenue items as described above.

Income tax
Income tax for the accounting period is calculated on a time accrual basis. Tax charges are determined on the basis of relevant tax regulations during the accounting period.
Deferred tax assets and liabilities are calculated on the basis of any mismatch (provisional difference) between accounting and fiscal valuations of assets and liabilities, applying the projected tax rate presumed to be in effect as of the time when such differences arise. Deferred tax asset is recognised only if management is of the reasonable opinion that they will be refunded. Deferred tax liabilities are recognised with respect to taxable amounts arising from accounting and tax

valuation mismatches, except in the event that management is of the reasonable opinion that such liabilities are unlikely to arise. For this reason, no deferred tax liabilities were set off against the corresponding tax-exempt reserves in shareholders' equity, in consideration that no transactions giving rise to deferred tax liabilities are likely to occur.
Net balances between tax assets and tax liabilities are offset against each other as and whenever permitted by relevant laws.

Memorandum accounts
Memorandum accounts include back-to-back guarantees provided by the Group on behalf of subsidiaries and associated companies not consolidated and third party beneficiaries, in compliance with Art. 2424 of the Italian Civil Code. They also include bank and insurance guarantees in the form of performance bonds, retention money guarantees and bid bonds in which the Group is an obligor. To avoid duplications and uphold the principle of clarity of these Financial Statements, bank and insurance guarantees on contract advances are not included in the memorandum accounts, but are discussed in the Notes to this Annual Report as a comment on the relevant items of the financial statements.

Derivative contracts
Derivative contracts on interest rates and foreign currencies are booked in accordance to whether they meet the relevant regulatory requirements which qualify derivative contracts as a hedging position.
For derivative contracts on interest rates which qualify as hedging, only the portion of interest associated with the periodic liquidation of the maturing contract differential is booked. The contract fair value is indicated in the Note to this Annual Report but it's not reflected in the balance sheet.
For interest rate derivative contracts which do not qualify as hedging positions and whose fair value is out of the money, an allocation corresponding to the exposure towards the counterparty is made in the balance sheet.
If fair value is in the money, no gain is booked in the financial statements.
For foreign currency derivative contracts qualifying as hedging positions, the differential between spot rate and forward rate at year-end is booked in the accounts or, in the case of options, is booked the premium paid at the time of subscription, distributed over the options' life. Fair value is indicated in the Notes to this Annual Report. Foreign currency derivative contracts not intended for hedging are instead booked as a counterparty payable if out of the money, or counterparty receivable if in the money.
The determination of fair value of derivative contracts is made in accordance with generally accepted valuation methods and models. Besides fair value of derivative contracts, the Notes to this Annual Report also includes in the Memorandum accounts section the notional amount of open derivative contracts as at year end.

Foreign currency transactions
Foreign currency transactions are converted in Euro at the spot exchange rate as of the date of the transaction.
Assets and liabilities denominated in foreign currencies are converted in Euro at the year-end spot exchange rate; any foreign currency translation gains or losses are booked to the income statement.

Additional information
The disclosure required under the provisions of Art. 38 of Legislative Decree no. 127/1991 is provided along with supplementary comments item by item in the same order as they appear in the financial statements. The Group has not exercised its waivers under the provisions of Art. 29 sub-section 4, of Legislative Decree no. 127/1991.

Audited financial statements
Pursuant to Art. 2409-bis of the Italian Civil Code and the Art. 13, subsection 1, of Legislative Decree no. 39 of 27 January 2010, these Consolidated Financial Statements have been audited by Reconta Ernst & Young Spa.

Assets

B. Non-current assets

I. Intangible assets:
intangible assets amount to Euro 11,381,486. Details of the breakdown and the changes in the accounting period are provided in appendix 'D'.

1. Formation and start-up:
formation and start-up expenses amount to Euro 54,128 and consist mainly of costs related to establishing new companies and capitalized extraordinary expenses incurred in the current year, or carried over from previous accounting periods.

2. Costs of research, development and advertising:
these amount to Euro 2,880 and were incurred by Tensacciai.

3. Patents and rights to use patents of others:
amount to Euro 543,239 and consist of intangible assets such as patents and I.P. rights acquired by Deal with the acquisition of controlling stakes in Tensacciai and Tesit (the latter now merged with Tensacciai).

4. Concessions, licenses, trademarks and similar marks:
amount to Euro 52,296 and consist of intangible assets such as trademarks, logos and similar licenses acquired by Deal with the acquisition of controlling stakes in Tesit (now merged with Tensacciai) and Tensacciai.

5. Goodwill:
goodwill amounts to Euro 320,000 and arises from the acquisition of the post-tensioning and stay-cables business of Tensacciai. Goodwill is amortised in a straight line over a period of 10 years in relation to the economic life of the investment.

5 bis. Consolidation differences:
Euro 191,669 emerging from the consolidation of Rizzani de Eccher USA Inc. This difference is amortised over 10 years, which fairly represents the future value of such asset.

7. Other intangible assets:
other intangible assets amount to Euro 10,217,274 and are primarily constituted by site mobilisation and project design expenses for works with duration of more than 12 months. These expenses are amortised pro-rata in proportion with the progress payment certificates of the projects they refer to. Project design costs for Banca Intesa in Turin (Italy) are particularly significant, which at year end amount to Euro 7,729,382 and include Euro 2,534,073 of charges for the master plan design and Euro 5,195,309 of design charges associated with the detailed design of significant project portions such as façades, structure, lifts, MEP systems, etc. These design charges are contractually awarded to sub-contractors and are amortised in line with the progress of the specific portion that is object of the sub-contract.

II. Fixed assets:
these include land and buildings, plant and machinery, equipment and other assets for a total net book value of Euro 73,364,153. The breakup between historic cost and accumulated depreciation is detailed in the table below:

Fixed assets	31.12.2012	31.12.2011
Land and buildings	50,164,031	50,113,699
Accumulated depreciation	(5,448,197)	(4,305,421)
Land and buildings	44,715,834	45,808,278
Plant and machinery	45,532,130	40,549,473
Accumulated depreciation	(23,188,465)	(20,442,267)
Plant and machinery	22,343,665	20,107,206
Tools, fittings, furniture, fixtures and other equipment	13,142,175	14,392,761
Accumulated depreciation	(8,286,940)	(8,529,997)
Tools, fittings, furniture, fixtures and other equipment	4,855,235	5,862,764
Other assets	3,953,352	3,616,147
Accumulated depreciation	(2,562,434)	(2,404,966)
Other assets	1,390,918	1,211,180
Tangible assets under construction and prepayments	58,501	198,764
Total fixed assets	**73,364,153**	**73,188,191**

The relevant transactions concerning changes in fixed assets related to the current financial year are highlighted in appendix 'E'. New investments for the year (Euro 11.7 million) are attributable to the purchase of plants and machinery necessary to carry out construction works at the sites in Kuwait and Algeria, where production entered full steam in 2012.

III. Investments:
investments comprise of equity investments, loans and securities.

1. Equity investments:
equity investments amount to Euro 3,130,947 (as opposed to Euro 2,491,469 as of 31 December 2011). A detailed breakdown of equity investments in subsidiaries and associated companies (Euro 16,134 and Euro 2,626,713 respectively) whose accounts are not consolidated in these financial statements is shown in the following table.
As at year end, the Group holds also other equity investments for an aggregate Euro 488,100 (as opposed to Euro 489,075 as of 31 December 2011).

Subsidiary companies	share % 2012	Book value as at 31.12.2012	Book value as at 31.12.2011
Codruss	98.42%	1,608	1,608
Safau Iniziative Srl (1)	100.00%	-	10,000
Peloritani Scarl under liquidation	64.15%	6,549	6,549
Rizzani de Eccher DOO (2)	90.00%	1,971	4,838
Consorzio RdE America Centrale under liquidation (3)	99.97%	-	52,162
Prospettive Immobiliari Srl under liquidation	60.00%	1	1
Sacaim Srl (formerly Sinedil Srl)	99.00%	2	2
Volturno Scarl under liquidation	75.00%	6,000	6,000
Total		**16,134**	**81,160**

Associated companies			
Associated companies throught Deal Srl (2)	31.20%	1,295,194	1,348,273
de Eccher Interiors Srl (2)	20.00%	9,326	9,963
Store 26 Scarl	50.00%	5,000	5,000
Variante di Valico Scarl under liquidation	33.33%	27,340	27,340
Risalto Srl under liquidation	33.33%	27,463	27,463
VSL-RdE JV (2)	45.00%	66,098	66,098
Consorzio Lybia Green Way	24.50%	24,500	24,500
Futura Srl (2)	20.00%	379,274	412,597
Portocittà Spa (4)	25.00%	792,518	-
Total		**2,626,713**	**1,921,234**

(1) Fully consolidated since 2012
(2) Booked under the Net Equity Method
(3) Wound-up in 2012
(4) No longer consolidated since 2012

2. Accounts receivables: accounts receivables amount to Euro 2,268,725 (Euro 1,463,458 as of 31 December 2011). They consist of term loans to non-consolidated subsidiaries, associated companies and third parties.
Their breakdown is as follows:

a. Accounts receivable from subsidiaries	31.12.2012	31.12.2011
Peloritani Scarl under liquidation	252,539	252,129
Safau Iniziative Srl	-	165,000
Total	**252,539**	**417,129**

b. Accounts receivable from associated companies	31.12.2012	31.12.2011
Fressynet-Rizzani de Eccher JV (Australia)	39,333	39,299
Futura Srl	587,827	-
Total	**627,160**	**39,299**

d. Accounts receivable from other companies: for a total Euro 1,389,026 (as opposed to Euro 1,007,030 as of 31 December 2011). This item includes security deposits for Euro 1,081,048 and other loans for Euro 307,978.

3. Other investments: other investments amount to Euro 1,014,160 (Euro 2,074,740 as of 31 December 2011) and consist of securities issued by top rated financial institutions.

C. Current assets

I. Inventory: total inventory at year end amounts to Euro 137,047,340 (Euro 91,209,861 as of 31 December 2011) and are broken down as follows:

	31.12.2012	31.12.2011
Raw materials and consumables	20,770,393	9,420,999
Works in progress and components	22,838,708	7,373,372
Contracts in progress	52,466,382	45,654,809
Finished good and goods for resale	10,294,666	11,141,797
Advances to suppliers	30,677,191	17,618,884
Total	**137,047,340**	**91,209,861**

As described earlier in the introduction section to these Notes, total Contracts in progress are offset (i.e. reduced) by cumulative advance payments received from customers against regularly attested and duly invoiced progress certificates in the amount of Euro 448 million (Euro 1,085 million as of 31 December 2011).
The residual amount of Contracts in progress of Euro 52 million relates chiefly to (i) works in progress at the Kuwait project, (ii) certain works in progress carried out by Deal having duration of less than one year and (iii) certain other works in progress of Rizzani de Eccher that are not yet included in progress payment certificates as at 31 December 2012.
The significant increase in raw materials is correlated to the Algerian and Kuwait projects, which have entered full production regime.
The increase in Work in progress – which is the item that includes proprietary real estate projects being developed – relates to the acquisition of a building in Cortina d' Ampezzo, which is to undergo renovation, and a luxury residential complex in Udine currently being developed.
The item Advances to suppliers, for Euro 30.7 million relates to advance payments made to suppliers, subcontractors and professionals for the execution of works or portions thereof, chiefly in the projects in Algeria, in Kuwait and Lebanon. Such advance payments are for the most part counter-guaranteed and/or have been already reimbursed by clients (as it is often the case in cost plus fee contracts).
Management would like to highlight that the parent company Rizzani de Eccher and several of its affiliates have ongoing contractual claims (for variations and additional costs), which, in line with the policies adopted in preceding years, are booked to the income statement solely upon their definition and/or award.

II. Accounts receivable: current accounts receivable amount to Euro 156,730,742 (Euro 157,453,337 as of 31 December 2011).

1. Trade receivables: amount to Euro 139,774,934 (Euro 139,096,468 as of 31 December 2011) net of provisions for bad and doubtful debts of Euro 2,718,321 and after deducting Euro 1,478,598 set aside as interest on overdue receivables. The breakdown of trade receivable is as follows: net receivables due within 12 months Euro 135,135,034; net receivables due beyond 12 months Euro 4,639,900.
Receivables over 12 months relate to retention monies held by clients in connection with projects not yet formally commissioned.

The geographical break-down of trade receivables is as follows (amounts in thousands of Euro):

Italy and Europe	87,417
Russia and CSI	8,020
Middle East	29,202
Africa	7,557
North and Central America	5,520
Asia Pacific ex Australia	864
Australia	1,194
Total	**139,774**

Changes in provisions for bad and doubtful debts are summarised below:

Opening balance	2,733,814
Provisions	56,884
Collections (write-backs)	(72,377)
Closing balance at year-end	**2,718,321**

The provisions made to the contingency fund for bad and doubtful debts at year end reflect the most conservative assessment by management on the credit risk for the current year.
Provisions for interests on overdue receivables amount to Euro 1,478,598 having been reduced by Euro 157,118 as a result of the write-back of a receivable collected in 2012. Commencing in 2003 interest is booked with the underlying principal on a time-accrual basis.

Opening balance	1,635,716
Provisions	-
Collections (write-backs)	(157,118)
Closing balance at year-end	**1,478,598**

2. Receivables from subsidiary companies: amount to Euro 62,580 (Euro 61,326 as of 31 December 2011) and are all due within 12 months from subsidiaries companies which are not consolidated (because their impact on the accounts is immaterial or because they are under liquidation). They are broken down as follows:

	31.12.2012	31.12.2011
Peloritani Scarl under liquidation	60,786	60,786
Volturno Scarl under liquidation	1,748	-
Safau Iniziative Srl	-	540
Total	**62,580**	**61,326**

3. Receivables from associated companies: amount to Euro 467,449 (Euro 46,794 as of 31 December 2011), all due within 12 months by associated companies that are outside the scope of consolidation:

	31.12.2012	31.12.2011
de Eccher Interiors Srl	6,520	24,866
Store 26 Scarl	18,533	21,928
Portocittà Spa	442,396	-
Total	**467,449**	**46,794**

Portocittà Spa has been no longer consolidated since 2012.

4.bis Tax credits: amount to Euro 13,969,676 (Euro 12,690,017 as of 31 December 2011) and are broken down as follows:

	31.12.2012	31.12.2011
Corporate income tax and withholding tax	6,691,299	3,912,099
VAT receivables	7,278,377	8,777,918
Total	**13,969,676**	**12,690,017**

The above balances are posted net of any debt owed in connection with the same tax and are inclusive of the consolidation of the net tax credit/debit positions transferred to the parent company under applicable Italian rules and regulations in the matter of tax accounting for consolidation. The FY2012 increase in tax receivables as opposed to FY2011 is due for Euro 686,000 to the entry of Safau Iniziative into the

consolidation perimeter, for Euro 675,000 to tax receivables booked by Rizzani de Eccher USA Inc. (which last year had a tax payables) and for Euro 701,000 to the corporate income tax refund claim lodged with Italian tax authorities by certain Group companies for the overpayment of a regional payroll tax during the period 2007-2011. The refund claim was filed following the enactment of Legislative Decree No.16 of 2nd March 2012, as converted into Law No.44 of 26th April 2012, which has introduced important changes in the treatment of certain employee-related deductible costs.
VAT receivables include Italian VAT receivables for Euro 3,830,000 and overseas VAT receivables for Euro 3,449,000. Overseas VAT is for the most part related to Algerian VAT.

4.ter Deferred tax assets: deferred tax assets amount to Euro 248,619 net of deferred tax liabilities. The previous year deferred tax assets were Euro 2,368,250. The significant decrease of the net balance is due to the booking of deferred tax liabilities on the net income of Rizzani de Eccher Bahrain SPC, which, on the basis of the tax ruling obtained, will be taxed on the basis of the dividends distributed. The deferred tax assets on fiscal losses in Italy and USA have been booked because management believes highly likely that these will be recovered through the realisation of taxable income in the next few years.
The following table shows movements and balances in respect of deferred tax assets and liabilities.

Deferred tax assets	Tax rate	Balance 2011	(Decreases) 2012	Increases 2012	Balance 2012
Gains/(losses) on valuation of works in progress	27.5%	6,192	(6,192)	-	-
Provision for contingencies	31.4% - 27.5%	402,852	-	280,144	682,996
Provision for bad debs	27.5%	48,695	(48,695)	-	-
Public relation expenses	31.4%	274	(274)	-	-
Directors' compensations	27.5%	4,125	(4,125)	-	-
Tax losses in Italy and USA	27.5% - 34%	414,487	(123,059)	5,342,927	5,634,371
Losses on foreign exchange	27.5%	611,617	(361,160)	120,736	371,193
Goodwill amortisation	31.4%	103,272	-	19,538	122,810
SITAF Arbitration Award	31.4%	2,770,668	(2,770,668)	-	-
Consolidation adjustments	31.4%	218,403	(112,619)	(109,095)	(3,311)
Total deferred tax assets		**4,580.585**	**(3,426,792)**	**5,654,250**	**6,808,059**
Deferred tax liabilities					
Deferred capital gains	31.4%	123,182	(47,420)	22,588	98,350
Penalty interest (accruals)	27.5%	122,139	(121,852)	19,433	19,720
Gains on foreign exchange	27.5%	252,330	(235,004)	116,749	134,075
Accelerated depreciation RdE USA Inc.	34%	570,369	(289,923)	-	280,446
Consolidation adjustments (*)	31.4%	1,144,315	-	4,882,534	6,026,849
Total deferred tax liabilities		**2,212,335**	**(694,199)**	**5,041,304**	**6,559,440**
Net deferred tax assets / (liabilities)		**2,368,250**	**(2,732,593)**	**612,946**	**248,619**

(*) It includes the deferred tax liabilities on Bahrain income, as described in the foregoing section.

5. Other receivables: amount to Euro 2,207,484 and are due from:

	31.12.2012	31.12.2011
Employees	116,621	130,944
Welfare and social security institution	379,557	483,120
Other	1,711,306	2,576,418
Total	**2,207,484**	**3,190,482**

Receivables from welfare and social security institutions include a Euro 330,533 receivable from an insurer in respect of the Directors' severance payment fund.
Other receivables for Euro 1,711,306 include Euro 501,888 in sureties for pending arbitration proceedings (whose outcome Management expects to be favourable to the Group), Euro 38,893 in insurance prepayments and Euro 142,032 in legal fees advanced by the Group on behalf of ANAS, which shall be refunded.

IV. Cash and cash equivalents: cash and cash equivalent reserves are Euro 109,347,817 and are held as follows:

	31.12.2012	31.12.2011
Bank deposits	109,099,500	121,654,999
Cash on hand	248,317	495,399
Total	**109,347,817**	**122,150,398**

The Group's net financial position as of 31 December 2012, taking into account cash and cash equivalent resources, net of bank loans and payables to other financial institutions (e.g. for unpaid leasing instalments) is a positive Euro 75.4 million (it was Euro 80.6 million as of 31 December 2011). The net financial position so determined excludes advance payments received from clients (which are considered as trade payables for services) and payments on account made to subcontractors and suppliers, which are accounted for in inventory.

D. Prepayments and accrued income

Prepayments and accrued income amount to Euro 4,197,939 (Euro 3,824,427 as of 31 December 2011). Accrued income is Euro 231,937 and chiefly relate to interest accruals on bank deposits. Prepaid expenses equal to Euro 3,966,002 are broken down as in the following table. The increase in prepayments in respect of insurance premia and sureties is primarily due to the projects in Kuwait and Algeria. The item 'Other prepaid expenses' includes Euro 473,694 in respect of project costs kept in abeyance and progressively charged to income statement proportionally to the project's progress.

	31.12.2012	31.12.2011
Insurance premia and guarantees	2,372,158	1,966,460
Rentals	547,650	460,328
Other prepaid expenses	1,046,194	1,338,092
Total	**3,966,002**	**3,764,880**

Liabilities

A. Consolidated shareholders' equity

	31.12.2012	31.12.2011
I. Share capital, authorised, issued and outstanding	20.000.000	20.000.000
IV. Legal reserves	3.205.298	3.168.442
VII. Other reserves: Extraordinary reserve	73.410.664	59.086.447
Reserve for foreign currency translation gains (losses)	604.695	1.318.130
Consolidation reserve	285.386	121.190
IX. Group profit (loss) for the financial period	6.796.853	14.696.658
Total Group shareholders' equity	**104.302.896**	**98.390.866**
Minority share of equity	9.067.984	6.652.768
Minority share of profit (loss)	(719.046)	3.452.938
Total minorities' equity	**8.348.938**	**10.105.706**
Total consolidated shareholders' equity	**112.651.834**	**108.496.572**

The share capital consists of 4,000,000 preferred shares (with privileged claim over dividend distribution) with a nominal value of Euro 1 each and 16,000,000 ordinary shares with a nominal value of Euro 1 each.
Balance sheet items of overseas subsidiaries and associated companies are converted in Euro at the spot exchange rate as at year end. The corresponding income statement items are converted at the average exchange rate for the year. In the foreign currency translation reserve are booked gains or losses arising from such exchange rate differential between average and spot rate.
The foreign exchange translation differences between balance sheet items and income statement items (converted each year at average rate) for overseas branches are booked as retained earnings (extraordinary reserve).
The increase in the consolidation reserve is due to the acquisitions of the remainder 50.01% shares not already owned in the capital of San Giorgio Srl.
Shareholders' equity includes reserves, which in the event of distribution would form part of the Group's taxable income. These are:
_ reserve for 6% increase according to Law 64/86, amounting to Euro 10,466;
_ capital subscription reserves pursuant to Law 64/86 amounting to Euro 417,896;
_ reserve for subsidised interest according to Law 904/77 amounting to Euro 2,644,521;
_ revaluation reserve according to Law 72/83 amounting to Euro 11,092.
Changes in consolidated shareholders' equity are shown in appendix 'F'.
Reconciliations of balances between shareholders' equity and net profit of the parent and the Group respectively, are detailed in appendix 'G'.

B. Provisions for contingencies and other liabilities

1. Provisions for pensions and similar obligations: amount to Euro 444,714 (Euro 432,713 as of 31 December 2011). They consist of allocations to severance payments for the directors of subsidiary Deal Srl.

2. Provisions for taxation, including deferred tax liabilities: the entire payable for deferred tax liabilities is Euro 6,559,440 and is represented in the asset side of the balance sheet as a deduction (offset) of the deferred tax assets.
It is worth noting that during the course of 2011, Rizzani de Eccher Spa and subsidiary Codest International Srl became the object of a tax audit by the Inland Revenue Office in respect of the 2008 financial year. As regards Codest, a first judgment

has been obtained, which has thrown out a portion of the charges levelled against Codest and awarded favourably on others. As regards Rizzani de Eccher, formal warrants have been received in respect of FY2007 and FY2008, against which the company has lodged a counter-claim. The Group is convinced of the strengths of its case and believes that no provisions should be made against possible tax liabilities in connection with this case.

3. Other provisions: amount to Euro 1,811,394 and consist of provisions for contractual contingencies, default risk and various other risks and charges associated with works in progress or works completed but not yet finally commissioned. Changes in provisions for contractual and default risks are detailed below:

Opening balance	810,765
Provisions	1,000,629
Write-backs	-
Closing balance at year end	**1,811,394**

The additional provisions of Euro 1,000,628 include Euro 108,450 as a provision against future maintenance charges contractually stipulated in the Bahrain contract; the provision is made in proportion to the progress of the construction contract. They also include Euro 892,179 of provisions against future losses, which are estimated to emerge from the ongoing project in Qatar.

C. Employees' severance indemnity

The employees' severance indemnity is calculated for each employee, pursuant to the labour and employment contracts currently in force, in Italy or abroad. The table beside highlights the movements in provisions and utilisations made during the current year. The employees' severance indemnity is posted net of any advances already paid to employees.

Following the enactment of Law No. 296 of 27 December 2006 and subsequent legislative decrees issued in 2007 in the matter of employees' severance indemnity, the amounts accruing to the employees' severance indemnity for each employee are - upon instruction of each employee – either deposited with the specific treasury fund with INPS (Social Security Agency) or placed in private sector investment funds. The amounts to be transferred are those accrued from 1 January 2007 or from the date of the employee's instruction.

	31.12.2012	Change	31.12.2011
Rizzani de Eccher Spa	2,583,272	(79,543)	2,662,815
Deal Srl	881,952	(9,208)	891,160
Sicea Srl	25,779	(41,833)	67,612
Codest International Srl	218,987	(73,166)	292,153
Codest Engineering Scarl	-	(66,680)	66,680
Treviso Maggiore Srl	3,425	(27,119)	30,544
de Eccher soc. agricola a rl	65,942	6,641	59,301
Rizzani de Eccher USA Inc.	296,430	152,663	143,767
Portocittà Spa	-	(239)	239
Torre Scarl	175,822	95,951	79,871
City Contractor Scarl	328,397	110,672	217,725
Tensacciai Srl	384,084	39,172	344,912
Tesit Srl	-	(130,521)	130,521
Iride Srl	12,303	11,101	1,202
Other Companies	18,994	18,994	-
Total	**4,995,387**	**6,885**	**4,988,502**

D. Debts and other payables

3. Amounts owed to shareholders for loans: loans from shareholders amount to Euro 1,744,301 (Euro 1,234,278 as on 31 December 2011) and consist of the third party's portions of shareholders loan extended to Torre Scarl and Riflessi Srl, respectively.

4. Amounts owed to banks: total bank loans outstanding at year-end amount to Euro 28,198,185 (Euro 35,358,051 as of 31 December 2011). They consist of short term debt (due within 12 months) for Euro 11,187,135 and long term loans (maturity beyond 12 months but within 5 years) for Euro 17,011,050. At year-end, the weighted average cost of debt was 2.7%, in line with the previous financial year. Total credit lines from the banking system as at 31 December 2012 amount in aggregate to Euro 662 million, of which Euro 73 million in cash credit lines (of which Euro 28.2 drawn) and Euro 589 million non-cash in the form of guarantees and surety bonds: at year-end, the utilisation of the non-cash lines was Euro 356 million in guarantees issued and surety bonds.

5. Amounts owed to other lenders: amount to Euro 5,691,971 of which Euro 534,971 in the short-term and Euro 5,157,000 in the medium and long-term (of which Euro 2,190,637 beyond 5 years). This is actually a single payable and represents the outstanding payable balance arising from the takeover in 2010 of a third party debtor position in a real estate leasing contract. The outstanding payable consists of the 'principal-only' portion of leasing instalments due and the residual value of the asset.

6. Advance payments from customers: amount to Euro 144,422,404 (Euro 133,601,065 as of 31 December 2011). These consist of advance payments on works in progress for Euro 140,502,219 and advance payments received in connection with the sale of real estate assets for Euro 3,920,185. Sureties and bonds issued as guarantees in support of such advance payments amount to Euro 134,000,016 as opposed to Euro 101,277,676 as of 31 December 2011. The increase is due primarily in connection with the substantial advance payments received in connection with the Moscow VTB Arena and the Kuwait projects.
Break-down by geografic area (in Euro thousand):

Italy	14,304
Russia and CSI	35,307
Middle East	45,232
Africa	41,720
North and Central America	4,848
Asia Pacific ex Australia	3,011
Australia	-
Total	**144,422**

7. Amounts owed to suppliers: payables to suppliers and subcontractors amount to Euro 170,155,370 as opposed to Euro 174,037,682 of the previous year.
Break-down by geografic area (in Euro thousand):

Italy	124,931
Russia and CSI	4,107
Middle East	33,294
Africa	3,249
North and Central America	3,237
Asia Pacific ex Australia	1,025
Australia	312
Total	**170,155**

9. Amounts owed to subsidiary companies: payables to subsidiaries amount to Euro 89,313 and relate to debts owed to subsidiaries which are outside the scope of consolidation. Their composition is as follows:

	31.12.2012	31.12.2011
Peloritani Scarl under liquidation	5,984	5,984
Volturno Scarl under liquidation	75,414	167,388
Sacaim Srl (formerly Sinedil Srl)	7,915	6,289
Consorzio RdE America Centrale under liquidation	-	12,729
Safau Iniziative Srl	-	20,417
Total	**89,313**	**212,807**

10. Amounts owed to associated companies: payables to non-consolidated associated companies are Euro 69,054 and consist mainly of remuneration for works executed by associated companies that are out of the scope of consolidation. They are as follows:

	31.12.2012	31.12.2011
de Eccher Interiors Srl	9,457	-
Variante di Valico Scarl	23,770	23,770
Consorzio Lybia Green Way	29,630	11,258
Consorzio No.Mar	6,197	-
Total	**69,054**	**35,028**

11. Amounts owed to parent company: payables to the parent company amount to Euro 288,397 (Euro 285,794 in FY 2011) and relate to trade payables associated with services rendered and invoiced by the parent company Marienberg SA.

12. Amounts owed to the tax authority: tax payables at year-end amount to Euro 10,156,083 and are broken down in the table beside.

The increase in payables overseas VAT is due primarily to the Russian VAT payable on the advance payment received for the VTB Arena Park project.

	31.12.2012	31.12.2011
Tax c/IRPEF (personal income tax)	1,334,311	1,486,774
Tax c/IRES (corporate income tax)	4,598	77,079
Tax c/IRAP (regional revenue tax)	86,520	60,518
Tax c/IVA Italy (domestic VAT)	88,524	34,208
Tax c/cross border VAT	6,675,256	381,338
Overseas taxation	1,007,713	3,550,992
Other tax payables	959,161	787,479
Total	**10,156,083**	**6,378,388**

13. Amounts owed to the social security institutions: social security payables amount to Euro 1.755.398 and consist mainly of sums owed to social security agencies in connection with salaries and emoluments pertaining to the month of December 2012 and including year-end bonuses and emoluments paid in January 2013.

	31.12.2012	31.12.2011
INPS payables	1,211,092	1,338,244
INAIL payables	173,690	177,711
Other payables	370,616	202,815
Total	**1,755,398**	**1,718,770**

14. Other payables: other and sundry payables amount to Euro 14,300,733 (Euro 13,152,739 as of 31 December 2011) and consist of the following items:
_payables to employees for salaries and wages for the month of December 2012, paid in January 2013, and the corresponding allocation of holiday entitlements Euro 3,958,712;
_payables to consortium partners for their share of client payments received by Rizzani de Eccher by virtue of its role as consortium leader, for Euro 3,310,125;
_other payables of Euro 7,031,896 of which: Euro 700,000 being the balance outstanding on the purchase consideration of a building acquired in 2010; Euro 906,184 in surety deposits from third parties; and Euro 1,247,957 in respect of the assumption of debt within the framework of the Debt Composition procedure of SAFAU.

E. Accruals and deferred income

Accrued expenses and deferred income are Euro 1,708,771 (it was Euro 783,474 as of 31 December 2011) and include adjustments to revenues and costs in the income statement pursuant to the timing accrual method. These adjustments mainly comprise of accrued expenses for Euro 1,611,650 which relate to fees and commissions on bank guarantees (primarily in connection with the project in Algeria) paid by Rizzani de Eccher in financial year 2013 but pertaining to financial year 2012. They also include deferred income for Euro 97,121.

Memorandum accounts

The total balance of the memorandum accounts at year-end amounts to Euro 284,003,629 posting an increase of Euro 26,488,000 with respect to 31 December 2011, which can be mainly ascribed to the performance bond issued in connection with the VTB Arena Park project in Moscow. Memoraundum accounts consist of the following off-balance sheet items:

A. Guarantees provided in favour of third parties:

	31.12.2012	31.12.2011
A1. in favour of subsidiary companies	-	5,063,000
A2. in favour of associated companies	9,899,374	11,239,520
A3. in favour of other companies	-	-
Total A	**9,899,374**	**16,302,520**

B. Guarantees issued by third parties on behalf of Group companies:

	31.12.2012	31.12.2011
B1. By banks:		
Performance bonds	183,519,303	133,989,193
Bid bonds	4,986,467	23,984,671
For early release of retention monies	3,442,299	8,339,020
Other guarantees	14,813,212	3,384,834
Total	**206,761,281**	**169,697,718**
B2. By insurance companies:		
Performance bonds	60,452,230	61,982,991
Bid bonds	1,213,030	2,503,820
For early release of retention monies	935,973	3,247,405
Other guarantees	4,741,741	3,781,175
Total	**67,342,974**	**71,515,391**
Total B	**274,104,255**	**241,213,109**
Total Memorandum accounts	**284,003,629**	**257,515,629**

Income statement

A. Value of production (revenues)

In 2012 the aggregate value of production for the Group (consolidated revenues) is Euro 423,947,329 (Euro 355,466,803 in FY2011). The table below provides the geographical split for revenues (in Euro thousand):

	Year 2012		Year 2011	
Italy	210,452	49.6%	117,993	33.2%
Russia and CSI	39,372	9.3%	58,959	16.6%
Middle East	127,602	30.1%	116,907	32.9%
Africa	13,487	3.2%	37	0.0%
North and Central America	26,313	6.2%	47,017	13.2%
Asia Pacific ex Australia	5,421	1.3%	5,184	1.5%
Australia	1,300	0.3%	9,370	2.6%
Total	**423,947**	**100%**	**355,467**	**100%**

1. Sales of goods and services: these amount to Euro 386,976,011 (Euro 334,797,795 in 2011) and consist of revenues from works in progress, claims (based on the valuation criteria set out in the first section of these Notes), revenues from the sale of real estate and units thereof, service fees and revenues from the sale of special equipment and machinery.

2. Change in finished goods and work in progress inventory: changes in inventory account for a positive Euro 14,582,690 (Euro 2,051,525 in 2011). This item consists of the algebraic sum of opening and closing balances of construction stock and inventories (under construction and completed) of real estate projects developed for the Group's own account. The increase in inventory is mainly due to the acquisition of a building that has to undergo renovation before being commercialised.

3. Change in contracts in progress: shows a positive balance of Euro 9,315,820 (it was also positive for Euro 7,330,747 in 2011) and represents the algebraic sum of opening and closing balances of contracts in progress and construction inventories not yet accounted for in progress payment certificates approved by clients.

4. Work performed for own purposes and capitalised: this amounts to Euro 469,532 (it was Euro 2,299,828 in 2011) and consist for the most part (Euro 415,816) in capitalised site mobilisation, preparation and erection expenses for the Banca Intesa Tower project in Turin, amortised in proportion to the progress of works.

5. Other revenues and income: amount to Euro 12,603,276 (they were Euro 8,986,908 in 2011) and are broken down in the table below. Other sundry revenues of Euro 8.7 million include, among others, Euro 1.8 million from a final client settlement in respect of the Baku hotel project, Euro 1.4 million from a judicial award compensating the Group for the non-occurrence of certain contract provisions (Basileus dispute), Euro 520 thousand from the lease of equipment and Euro 941 thousand from charging the share of personnel and human resources costs attributable to joint venture partners in the Bahrain project. The remainder consists primarily of building site services and costs charged to suppliers/ subcontractors.

	Year 2012	Year 2011
Sales of raw materials	1,660,712	2,607,100
Rents and ancillary revenues	1,082,459	1,142,202
Insurance compensation	119,542	158,046
Capital gains from sales of fixed assest	730,914	681,592
Contribution booked as income	272,920	92,968
Other sundry revenues	8,736,729	3,059,604
Write-back of provisions	-	1,245,396
Total	**12,603,276**	**8,986,908**

B. Costs of production

Costs of production amount in aggregate to Euro 416,750,792 (Euro 336,890,318 in 2011). A detailed breakdown of these items is included in the income statement.

6. Costs for raw materials, consumables and goods for sale: amount to Euro 93,133,238 (they were Euro 68,727,215 in 2011) and consist primarily of purchases of raw materials, semi-finished products, finished products and sundry consumables.

7. Costs for services: amount to Euro 234,598,517 (Euro 180,226,897 in 2011) and consist of expenses incurred in connection with services rendered by third parties for sub-contracts, design and technical consulting services, and transportation. The significant increase in 2012 is commensurate with the increase in the value of production.

8. Costs for use of assets owed by others: amount to Euro 5,424,272 (they were Euro 6,193,732 in 2011) and refers to rentals and leasing expenses for machinery, plant and equipment.

	31.12.2012	31.12.2011	Average FY 2012	Average FY 2011
Employees - Italy:				
Management	53	50	53	52
Staff	192	187	188	188
Workers	219	202	226	205
Total Italy	**464**	**439**	**466**	**445**
Employees - Overseas:				
Management	20	21	21	23
Staff	426	326	372	306
Workers	755	399	543	420
Total overseas	**1,202**	**746**	**936**	**748**
Total	**1,666**	**1,185**	**1,402**	**1,193**

9. Costs for employees: amount to Euro 71,783,935 (Euro 60,307,766 in 2011).
The increase in employee costs as opposed to the preceding year is commensurate with an increase in the average number of employees in 2012, as detailed by the table beside which provides the total number of Group employees as at year-end and the average for FY2012 and FY2011. It should be pointed out that the increase in the number of employees is linked to the production ramp-up in the Kuwait and Algerian projects.

10. Depreciation, amortisation and devaluations (valuation adjustments): the total for this item is Euro 13,475,960 at year end (Euro 11,094,160 in 2011) of which Euro 4,629,437 pertaining to amortisation of intangible assets and Euro 8,789,639 pertaining to depreciation of fixed assets.
The increase in amortisation of intangible assets reflect an increase in production, in that site mobilisation and preliminary set up expenses are amortised in proportion to the progress of works. Furthermore, provisions and write-downs for bad and doubtful receivables were made for Euro 56,884 (Euro 72,106 in 2011).
Further details on depreciation and amortisation can be found in appendices 'D' e 'E'.

11. Change in raw materials, consumables and goods for sale inventory: the change in stock of raw materials and consumables is negative for Euro 11,247,889, while it was positive for Euro 1,626,937 in FY2011.

14. Other operating costs: amount to Euro 9,582,759 (Euro 8,713,610 in 2011) and include fees and duties for bank and insurance guarantees (Euro 4.7 million), registry fees and stamp duties, various taxes including the property tax (IMU) (Euro 1 million), bank commissions and fees (Euro 520 thousand), capital losses on the sale of assets (Euro 318 thousand) and donations to charities (Euro 162 thousand). This item also includes the award of the commercial 'going concern' (which by law in Italy must be paid by the lessor to the lessee upon expiry of a lease contract and vacation of the premises) paid in connection with the expiry of the lease for the 'ex-Upim' department store building in the centre of Udine.

C. Financial income and expenses

Net financial income for the year is Euro 1,072,960 (Euro 2,762,842 in 2011). The reduction as opposed to the preceding financial year is mainly due to the impact of net foreign exchange gains/losses, which were Euro 2.016 million gains in 2011 and have become a loss of Euro 158 thousand in 2012. There follow details of the composition of financial income and expenses:

15. Income from equity investments: amounts to Euro 366 (Euro 1,691 in 2011) and refers primarily to income from securities in portfolio.

16. Other financial income: amounts to Euro 2,500,709 (it was Euro 1,957,902 in 2011).

	Year 2012	Year 2011
Interest income from bank and securities	2,080,129	1,729,716
Penalty interest on overdue receivables	315,841	153,208
Interest on other receivables	104,739	74,978
Total	**2,500,709**	**1,957,902**

17. Interest expenses and similar charges: interest expenses and similar charges in 2012 are Euro 1,269,970 (it was Euro 1,213,340 in 2011).

	Year 2012	Year 2011
Bank interest expenses	1,019,633	956,706
Interest on real estate leasing	184,496	256,634
Interest on other debt	65,841	55,554
Total	**1,269,970**	**1,213,340**

17 bis. Foreign currency translation gains/(losses): the management of foreign currency exposure in the face of increased volatility of the Euro, has led to a net loss of Euro 158,153 as opposed to a net gain of Euro 2,016,589 in 2011.

D. Valuation adjustments in respect of investments

18. Revaluations: the valuation of associated companies using the net equity method did not give rise to revaluations in 2012 (they were Euro 81,149 in 2011).

19. Devaluations: write-downs of net equity of associated companies totalled Euro 204,770 in 2012 (they were Euro 81,744 in 2011).

E. Extraordinary income and charges

20. Extraordinary income: extraordinary income and gains in 2012 are Euro 1,449,511 (they were Euro 3,462,926 in 2011) and include the following: claim of Euro 701 thousand booked to revenue in connection with the afore-mentioned tax receivable regarding the refund of Corporate Income Tax overpayment, and Euro 405,000 of very old payables to suppliers that have been booked to revenue following the expiry of the time limitation period.

21. Charges: extraordinary charges are detailed in the following table.

	Year 2012	Year 2011
Extraordinary losses	348,763	397,319
Realised capital losses	-	1,715
Total	**348,763**	**381,034**

22. Corporate income tax for the period: corporate income tax for the year under review is Euro 3,087,668 (it was Euro 6,271,029 in 2011) of which Euro 968,021 in current taxes and Euro 2,119,631 in deferred tax liabilities. The tax payable is commensurate with the taxable income, as derived from the accounting profit for the financial year and adjusted in relation to the applicability of tax laws and regulation of the different countries where companies are established.

Disclosure in the matter of compensation to members of the board of directors, statutory auditors and external auditors

(pursuant to Art. 38, Paragraph 1, Sub-Paragraph o) and Sub-Paragraph o) septies of Legislative Decree 127/1991)

Pursuant to Article 38 paragraph 1, Sub-Paragraph o) of Legislative Decree no, 127/91, the Company reports that directors' compensations in 2012 reached in aggregate Euro 973,000 while the aggregate amount of compensations to the internal board of auditors was Euro 57,100. These sums include compensations for directorships and internal board of auditors positions in other Group subsidiaries and associated companies.

Pursuant to Article 38, Paragraph 1, Sub-Paragraph o) septies of Legislative Decree 127/91, we further report that the aggregate compensation payable to the auditing firm mandated with the annual audit of the consolidated financial statements of the Group is Euro 167,729. Such compensation covers fees and charges in respect of the audits performed on parent company Rizzani de Eccher Spa (Euro 82,589), on the consolidated annual report (Euro 18,424) and on the annual reports of the subsidiaries, for which the same auditor has been appointed (Euro 66,716).

Related party transactions (pursuant to Art. 38, Paragraph 1, Sub-Paragraph o) quinquies of Legislative Decree 127/1991)

The following table provides details of payables, receivables, revenues and costs associated with related parties having relevance in the context of these Financial Statements. We further report that the transactions herein contemplated are conducted on an arm's length basis on the basis of current market rates.

	Receivables	Payables	Income	Expenses
Marienberg SA*	-	288,397	3,260	396,790
Total	**-**	**288,397**	**3,260**	**396,790**

* Parent company of Rizzani de Eccher Spa

Information in respect of transactions and commitments off-balance sheet

(pursuant to Art. 38, Paragraph 1, Sub-Paragraph o) sexies of Legislative Decree 127/1991)

The Group is not involved in any off-balance sheet transactions or commitments that for any reason whatsoever are not disclosed in the balance sheet.

INDEPENDENT AUDITORS' REPORT

ERNST & YOUNG

Reconta Ernst & Young S.p.A.
Viale Appiani, 20/b
31100 Treviso

Tel. (+39) 0422 358811
Fax (+39) 0422 433026
www.ey.com

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
Rizzani de Eccher S.p.A.

1. We have audited the consolidated financial statements of Rizzani de Eccher S.p.A. and its subsidiaries (the "de Eccher Group"), as of and for the year ended 31 December 2012. The preparation of these financial statements in compliance with the Italian regulations governing financial statements is the responsibility of Rizzani de Eccher S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was performed 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 consolidated 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 and correct application of the accounting principles and the reasonableness of the estimates made by Directors. We believe that our audit provides a reasonable basis for our opinion.

   For our opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes as required by the law, reference should be made to our report dated 13 June 2012.

3. In our opinion, the consolidated financial statements of de Eccher Group as of and for the year ended 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 of de Eccher Group as of 31 December 2012 and the results of its operations for the year then ended.

4. The Directors of Rizzani de Eccher S.p.A. are responsible for the preparation of the Management Report in accordance with the applicable laws. Our responsibility is to express an opinion on the consistency of the Management Report with the financial statements, as required by the law. For this purpose, we have performed the procedures required under auditing standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by the Italian Stock Exchange Regulatory Agency (CONSOB). In our opinion the Management Report is consistent with the consolidated financial statements of de Eccher Group as of and for the year ended 31 December 2012.

Treviso, 18 June 2013

Reconta Ernst & Young S.p.A.

Signed by: Claudio Passelli, Partner

This report has been translated into the English language solely for the convenience of international readers.

Reconta Ernst & Young S.p.A.
Sede Legale: 00198 Roma - Via Po, 32
Capitale Sociale € 1.402.500,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CC.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584
P.I. 00891231003
Iscritta all'Albo Revisori Contabili al n. 70945 Pubblicato sulla G.U.
Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n. 10831 del 16/7/1997

A member firm of Ernst & Young Global Limited

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

	Assets	31.12.2012	31.12.2011	Change YoY
A	**Receivable from shareholders for capital stock**			
	Shares not called up	0	0	0
	Shares already called up	0	0	0
Total receivable from shareholders for capital stock		**0**	**0**	**0**
B	**Non current assets**			
I)	**Intangible assets**			
1	Formation and start up	54,128	74,828	(20,700)
2	Costs of research, development and advertising	2,880	0	2,880
3	Patents and rights to use patents of others	543,239	743,163	(199,924)
4	Concessions, licences, trademarks and similar rights	52,296	47,222	5,074
5	Goodwill	320.000	460,000	(140,000)
5 bis	Consolidation differences	191,669	315.634	(123,965)
6	Intangible assets in progress and prepayments	0	0	0
7	Other	10,217,274	12,241,859	(2,024,585)
	Total intangibles assets	**11,381,486**	**13,882,706**	**(2,501,220)**
II)	**Fixed assets**			
1	Land and buildings	44,715,834	45,808,278	(1,092,444)
2	Plant and machinery	22,343,665	20,107,206	2,236,459
3	Tools, fittings, furniture, fixtures and other equipment	4,855,235	5,862,764	(1,007,529)
4	Other	1,390,918	1,211,180	179,738
5	Tangible assets in course of construction and prepayments	58,501	198,764	(140,263)
	Total fixed assets	**73,364,153**	**73,188,191**	**175,962**
III)	**Investments**			
1	Equity investments in:			
	a) subsidiary companies	16,134	81,160	(65,026)
	b) associated companies	2,626,713	1,921,234	705,479
	c) parent company	0	0	0
	d) other companies	488,100	489,075	(975)
	Total	**3,130,947**	**2,491,469**	**639,478**
2	Accounts receivable due from:			
	a) subsidiary companies	252,539	417,129	(164,590)
	b) associated companies	627,160	39,299	587,861
	c) parent company	0	281	(281)
	d) other companies	1,389,026	1,006,750	382,276
	Total	**2,268,725**	**1,463,458**	**805,267**
3	Other investments	1,014,160	2,074,740	(1,060,580)
4	Treasury stock	0	0	0
	Total investments	**6,413,832**	**6,029,667**	**384,165**
Total non current assets		**91,159,471**	**93,100,565**	**(1,941,094)**

Assets		31.12.2012	31.12.2011	Change YoY
C	**Current assets**			
I)	**Inventory**			
1	Raw materials and consumables	20,770,393	9,420,999	11,349,394
2	Work in progress and components	22,838,708	7,373,372	15,465,336
3	Contracts in progress	52,466,382	45,654,809	6,811,573
4	Finished goods and goods for resale	10,294,666	11,141,797	(847,131)
5	Advances to suppliers	30,677,191	17,618,884	13,058,307
	Total inventory	**137,047,340**	**91,209,861**	**45,837,479**
II)	**Accounts receivable**			
1	Trade receivables			
	a) amounts falling due within 12 months	135,135,034	135,746,907	(611,873)
	b) amounts falling due beyond 12 months	4,639,900	3,349,561	1,290,339
	Total	**139,774,934**	**139,096,468**	**678,466**
2	Receivable from subsidiary companies	62,580	61,326	1,254
3	Receivable from associated companies	467,449	46,794	420,655
4	Receivable from parent company	0	0	0
4bis	Tax credits	13,969,676	12,690,017	1,279,660
4ter	Deferred tax assets	248,619	2,368,250	(2,119,631)
5	Others	2,207,484	3,190,482	(982,998)
	Total accounts receivable	**156,730,742**	**157,453,337**	**(722,595)**
III)	**Investments**			
1	Subsidiary companies	0	0	0
2	Associated companies	0	0	0
3	Parent company	0	0	0
4	Other companies	0	0	0
5	Treasury stock	0	0	0
6	Other investments	0	0	0
	Total investments	**0**	**0**	**0**
IV)	**Cash and cash equivalents**			
1	Bank and postal current accounts	109,099,500	121,654,999	(12,555,499)
2	Checks deposited	0	0	0
3	Cash on hand	248,317	495,399	(247,082)
	Total cash and cash equivalents	109,347,817	122,150,398	(12,802,581)
Total current assets		**403,125,899**	**370,813,596**	**32,312,303**
D	**Prepayments and accrued income**	4,197,939	3,824,427	373,512
Total assets		**498,483,309**	**467,738,589**	**30,744,720**

CONSOLIDATED BALANCE SHEET

	Liabilities	31.12.2012	31.12.2011	Change YoY
A	**Consolidated shareholders' equity**			
I	Share capital, authorized, issued and outstanding	20,000,000	20,000,000	0
II	Additional paid-in capital	0	0	0
III	Revaluation reserve	0	0	0
IV	Legal reserve	3,205,298	3,168,442	36,856
V	Statutory reserves	0	0	0
VI	Reserve for treasury stock owned	0	0	0
VII	Other reserves:			
	- extraordinary reserve	73,410,664	59,086,447	14,324,217
	- reserve for foreign currency translation gains (losses)	604,695	1,318,130	(713,435)
	- consolidation reserve	285,386	121,190	164,196
VIII	Retained earnings	0	0	0
IX	Group profit (loss) for the financial period	6,796,853	14,696,658	(7,899,805)
	Total Group shareholders' equity	**104,302,896**	**98,390,866**	**5,912,030**
	Minority share of equity	9,067,984	6,652,768	2,415,216
	Minority share of profit (loss)	(719,046)	3,452,938	(4,171,984)
	Total minorities' equity	**8,348,938**	**10,105,706**	**(1,756,768)**
Total consolidated shareholders' equity		**112,651,834**	**108,496,572**	**4,155,262**
B	**Provision for contingencies and other liabilities**			
1	Provisions for pensions and similar obligations	444,714	432,713	12,001
2	Provision for taxation, included deferred tax	0	0	0
3	Other provisions	1,811,394	810,765	1,000,629
Total provisions for contingencies and other liabilities		**2,256,108**	**1,243,478**	**1,012,630**
C	**Employees' severance indemnity**	4,995,387	4,988,502	6,885
D	**Debts and other payables**			
1	Debenture loans	0	0	0
2	Convertible debenture loans	0	0	0
3	Amounts owed to shareholders for loans	1,744,301	1,234,278	510,023
4	Amounts owed to banks			
	a) falling due within 12 months	11,187,135	17,696,043	(6,508,908)
	b) falling due beyond 12 months	17,011,050	17,662,008	(650,958)
	Total	**28,198,185**	**35,358,051**	**(7,159,866)**
5	Amounts owed to other lenders			
	amounts falling due within 12 months	534,971	517,039	17,932
	amounts falling due beyond 12 months	5,157,000	5,694,922	(537,922)
	Total	**5.691.971**	**6,211,961**	**(519,990)**
6	Advance payments from customers	144,422,404	113,601,065	30,821,339
7	Amounts owed to suppliers			
	a) falling due within 12 months	167,470,342	174,037,682	(6,567,340)
	b) falling due beyond 12 months	2,685,028	0	2,685,028
	Total	**170,155,370**	**174,037,682**	**(3,882,312)**
8	Debts represented by bills of exchange	0	0	0
9	Amounts owed to subsidiary companies	89,313	212,807	(123,494)
10	Amounts owed to associated companies	69,054	35,028	34,026
11	Amounts owed to parent company	288,397	285,794	2,603
12	Amounts owed to the tax authority	10,156,083	6,378,388	3,777,695
13	Amounts owed to the social security institutions	1,755,398	1,718,770	36,628
14	Other payables	14,300,733	13,152,739	1,147,994
Total debts and other payables		**376,871,209**	**352,226,563**	**24,644,646**
E	**Accruals and deferred income**	1,708,771	783,474	925,297
Total liabilities and consolidated shareholders' equity		**498,483,309**	**467,738,589**	**30,744,720**

Memorandum accounts		31.12.2012	31.12.2011	Change YoY
1	**Guarantees**			
a)	**Guarantees provided in favour of third parties**			
	a1) in favour of subsidiary companies	0	5,063,000	0
	a2) in favour of associated companies	9,899,374	11,239,520	(1,340,146)
	a3) in favour of other companies	0	0	0
	Total	**9,899,374**	**16,302,520**	**(6,403,146)**
b)	**Guarantees issued by third parties on behalf of Group companies**			
	b1) by banks	206,761,281	169,697,718	37,063.,563
	b2) by insurance companies	67,342,974	71,515,391	(4,172,417)
	Total	**274,104,255**	**241,213,109**	**32,891,146**
	Total Guarantees	**284,003,629**	**257,515,629**	**26,488,000**
Total memorandum accounts		**284,003,629**	**257,515,629**	**26,488,000**

CONSOLIDATED INCOME STATEMENT

		Year 2012	Year 2011	Change YoY
A	**Value of production**			
1	Sales of goods and services	386,976,011	334,797,795	52,178,216
2	Change in finished goods and work in progress inventory	14,582,690	2,051,525	12,531,165
3	Change in contracts in progress	9,315,820	7,330,747	1,985,073
4	Work performed for own purposes and capitalised	469,532	2,299,828	(1,830,296)
5	Other revenues and income	12,603,276	8,986,908	3,616,368
Total value of production		**423,947,329**	**355,466,803**	**68,480,526**
B	**Costs of production**			
6	For raw materials, consumables and goods for sale	93,133,238	68,727,215	24,406,023
7	For services	234,598,517	180,226,897	54,371,620
8	For use of assets owned by others	5,424,272	6,193,732	(769,460)
9	For employees:			
	a) wages and salaries	54,976,078	44,740,398	10,235,680
	b) social security costs	9,496,436	8,641,223	855,213
	c) employees' severance indemnity	1,883,090	1,806,009	77,081
	d) provision costs	30,987	0	30,987
	e) other costs relating to employees	5,397,344	5,120,136	277,208
	Total costs for employees	**71,783,935**	**60.307.766**	**11.476.169**
10	Valuation adjustments:			
	a) amortization of intangible assets	4,629,437	2,110,658	2,518,779
	b) depreciation of tangible assets	8,789,639	8,911,397	(121,758)
	c) writedown in the carrying value of non-current assets	0	0	0
	d) allowance for doubtful accounts receivable included in current assets and other current assets	56,884	72,106	(15,222)
	Total valuation adjustments	**13,475,960**	**11,094,160**	**2,381,800**
11	Change in raw materials, consumables and goods for sale inventory	(11,247,889)	1,626,937	(12,874,826)
12	Amounts provided for contingencies	0	0	0
13	Other accruals	0	0	0
14	Other operating costs	9,582,759	8,713,610	869,149
Total costs of production		**416,750,792**	**336,890,318**	**79,860,474**
Operating margin (EBIT) (A-B)		**7,196,537**	**18,576,485**	**(11,379,948)**
C	**Financial income and expenses**			
15	Income from equity investments	366	1,691	(1,325)
16	Other financial income:			
	a) from accounts receivable included in non-current assets	29,531	55,484	(25,953)
	b) from other permanent investments which are non-current assets other than equity investments	45,628	132,987	(87,359)
	c) from other investments classified as current assets	0	0	0
	d) other income	2,425,558	1,769,431	656,127
	Total other financial income	**2,500,717**	**1,957,902**	**542,815**
17	Interest expenses and similar charges	1,269,970	1,213,340	56,630
17bis	Foreign currency translation gains / (losses)	(158,153)	2,016,589	(2,174,742)
Total financial income and (expenses)		**1,072,960**	**2,762,842**	**(1,689,882)**

		Year 2012	Year 2011	Change YoY
D	**Valuation adjustments in respect of investments**			
18	Revaluations:			
	a) of equity investments	0	81,149	(81,149)
	b) of other non-current assets which are not equity investments	0	0	0
	c) of non-permanent investments	0	0	0
	Total	**0**	**81,149**	**(81,149)**
19	Devaluation:			
	a) of equity investments	104,809	81,744	23,065
	b) of other non-current assets which are not equity investments	99,961	0	99,961
	c) of non-permanent investments	0	0	0
	Total	**204,770**	**81,744**	**123,026**
Total valuation adjustments in respect of investment		**(204,770)**	**(595)**	**(204,175)**
E	**Extraordinary income and charges**			
20	Income			
	a) realised gains from disposal of assets	84,585	423,080	(338,495)
	b) other extraordinary income	1,364,926	3,039,846	(1,674,920)
	Total	**1,449,511**	**3,462,926**	**(2,013,415)**
21	Charges			
	a) realised losses from disposal of assets	0	1,715	(1,715)
	b) other extraordinary losses and expenses	348,763	379,319	(30,556)
	Total	**348,763**	**381,034**	**(32,271)**
Total extraordinary income and (charges)		**1,100,748**	**3,081,892**	**(1,981,144)**
Profit or (loss) before income taxes		**9,165,475**	**24,420,624**	**(15,255,149)**
22	Income taxes for the period			
	a) current taxes	968,037	6,561,927	(5,593,890)
	b) deferred tax (assets) / liabilties	2,119,631	(290,899)	2,410,530
	Total	**3,087,668**	**6,271,029**	**(3,183,361)**
Profit or (loss) for the financial period		**6,077,807**	**18,149,596**	**(12,071,789)**
Minority share of (profit) or loss for the financial period		719,046	(3,452,938)	4,171,984
Consolidated Group profit or (loss) for the financial period		**6,796,853**	**14,696,658**	**(7,899,805)**

CASH FLOW STATEMENT

		Year 2012	Year 2011
a)	**Cash flow from operations**	6,796,853	14,696,658
	Group Profit for the financial period		
	Changes to adjust the profit for the financial period to the cash flow generated (utilised) by operating activities		
	Minority share of profit	(719,046)	3,452,938
	Depreciation and amortization	13,419,076	11,022,054
	Provision for employees' severance indemnity	1,914,075	1,858,268
	Drawing from employees' severance indemnity	(1,895,191)	(1,416,284)
	Change in net deferred tax assets/(liabilities)	2,119,631	(3,104,350)
	Net (Revaluation)/devaluation of investments	204,770	595
	Provision/(drawing) for contingencies and other liabilities	1,000,629	(2,051,329)
	Allowance for doubtful accounts receivable included in current assets	56,884	72,106
	Dividends from equity investments	(366)	(1,691)
	Realised losses from disposal of assets	318,000	173,612
	Realised gains from disposal of assets	(815,499)	(1,035,237)
	sub total	**22,399,816**	**23,667,340**
	Changes in working capital		
	Decrease (Increase) in accounts receivable (excluded deferred tax asset)	(1,453,920)	35,824,744
	Decrease (Increase) in inventory	(45,837,479)	(21,153,852)
	Decrease (Increase) in prepayments and accrued income	(373,512)	(947,642)
	Increase (Decrease) in debts and other paybles	993,140	9,170,664
	Increase (Decrease) in advance payments from customers	30,821,339	(8,793,534)
	Increase (Decrese) in accruals and deferred income	925,297	325,088
	Total cash flow from operations	**7,474,682**	**38,092,806**
b)	**Cash flow from investing activities**		
	Fixed assets' additions	(11,990,863)	(15,104,231)
	Change in consolidation area: fixed assets	248.,257	(901,602)
	Fixed assets' disposals	3,274,505	4,886,141
	Intangible assets' additions	(2,395,774)	(12,029,930)
	Change in consolidation area: intangible assets	267,558	(93,484)
	Dividends from equity investments	366	1,691
	Investments' additions	(1,675,616)	(425,215)
	Investments' disposals	1,086,682	2,843,620
	Total cash flow from investing activities	**(11,184,886)**	**(20,823,010)**
c)	**Cash flow from financing activities**		
	Increase (Decrease) in shareholders' loans	510,023	866,654
	Increase (Decrease) in current and non current amounts owed to banks and other lenders	(7,679,856)	28,817,991
	Dividends paid to shareholders	(300,000)	0
	Increase (Decrease) in minorities' equity	(1,037,722)	199,594
	Total cash flow from financing activities	**(8,507,555)**	**29,884,239**
d)	**Increase (Decrease) in currency translation reserve of branch balances**	**(35,584)**	**(476,388)**
e)	**Increase (Decrease) in foreign currency translation reserve**	**(713,434)**	**1,188,908**
f)	**Increase (Decrease) in consolidation reserve**	**164,196**	**54,085**
	Total cash flow	**(12,802,581)**	**47,920,640**
	Cash and cash equivalents at the beginning of the financial period	122,150,398	74,229,758
	Cash and cash equivalents at the end of the financial period	109,347,817	122,150,398
	Changes in cash and cash equivalents during the financial period	**(12,802,581)**	**47,920,641**

APPENDICES

APPENDIX A

List of consolidated companies adopting the line-by-line method
Pursuant to Art. 26 of Legislative Decree 127/91
(Art. 38, sub-section 2, point a) of Leg. Decree 127/91)

Corporate Name	Based in	Currency	Share capital	Ownership % 2012	Ownership % 2011
Rizzani de Eccher Spa	Pozzuolo del Friuli (UD)	Euro	20,000,000	parent company	parent company
Codest International Srl	Pozzuolo del Friuli (UD)	Euro	10,400	98.00%	98.00%
Codest Srl	Pozzuolo del Friuli (UD)	Euro	100,000	100.00%	100.00%
Codest Engineering Scarl	Pozzuolo del Friuli (UD)	Euro	53,000	98.42%	98.42%
Cortelicini Srl	Pozzuolo del Friuli (UD)	Euro	98,000	98.00%	98.00%
Deal Srl	Pozzuolo del Friuli (UD)	Euro	46,800	98.00%	98.00%
de Eccher società agricola a r.l.	Rivignano (UD)	Euro	27,375	70.32%	70.32%
Gabi Srl	Pozzuolo del Friuli (UD)	Euro	42,702	100.00%	100.00%
Iride Srl	Pozzuolo del Friuli (UD)	Euro	5,000,000	100.00%	100.00%
Metrobus Scarl	Pozzuolo del Friuli (UD)	Euro	10,000	64.92%	64.92%
Riflessi Srl	Pozzuolo del Friuli (UD)	Euro	10,200	60.00%	60.00%
Sicea Srl	Vigonza (PD)	Euro	100,000	100.00%	75.00%
Safau Iniziative Srl	Pozzuolo del Friuli (UD)	Euro	10,000	100.00%	100.00%
San Giorgio Srl	Pozzuolo del Friuli (UD)	Euro	10,000	100.00%	49.90%
Tensacciai Srl *	Milan	Euro	100,000	98.10%	98.10%
Torre Scarl	Pozzuolo del Friuli (UD)	Euro	10,000	70.00%	70.00%
Codest Kazakhstan LLP **	Almaty (KZ)	KZT	1,000,000	98.00%	98.00%
Interbridge Technologies BV	Hoofddorp (NL)	Euro	50,000	51.00%	51.00%
Rizzani de Eccher Australia Pty LTD	Adelaide (AUS)	AUD	100	100.00%	100.00%
Rizzani de Eccher Canada Inc***	Vancouver (CDN)	CAD	100	100.00%	100.00%
Rizzani de Eccher RAK FZ-LLC	Ras al Khaimah (EAU)	AED	10,000,000	100.00%	100.00%
Rizzani de Eccher Matta Sarl	Beirut (LBN)	LBP	150,000,000	51.00%	51.00%
Rizzani de Eccher Usa*	Miami (USA)	USD	3,010,090	50.50%	50.50%
Rizzani de Eccher Bahrain SPC	Manama (Bahrain)	BHD	500,000	100.00%	100.00%
Mediterranea Lavori Marittimi Sarl****	Beirut (LBN)	LBP	28,000,000	98.70%	98.70%

* Subsidiary company controlled with Deal Srl
** Subsidiary company of Codest International Srl
*** The 50% participation in RSL JV is consolidated in the financial statements of Rizzani de Eccher Inc (Canada)
**** Subsidiary company controlled with Cortelicini Srl

APPENDIX B

List of consolidated companies adopting the proportional method
Pursuant to Art. 37 of Legislative Decree 127/91
(Art. 38, sub-section 2, point b) of Leg. Decree 127/91)

Corporate Name	Based in	Currency	Share capital	Ownership % 2012	Ownership % 2011
City Contractor Scarl	Milan	Euro	10,000	50.00%	50.00%
Consorzio Mantegna	Vigonza (PD)	Euro	50,000	28.00%	28.00%
Treviso Maggiore Srl	Ponzano Veneto (TV)	Euro	12,000	33.33%	33.33%
Tiliaventum Scarl	Pozzuolo del Friuli (UD)	Euro	10,000,000	50.00%	50.00%
Pizzarotti-Rizzani de Eccher Saudi Arabia Ltd	Riyadh (Saudi Arabia)	SAR	10,000,000	50.00%	50.00%
VFR Ltd	Cyprus	CYP	5,000	33.33%	33.33%

APPENDIX C

List of subsidiary and associated companies consolidated by the equity method
(Art. 38, sub-section 2, point c) of Leg. Decree 127/91)

Corporate Name	Based in	Currency	Share capital	Direct ownership %	Group ownership %
de Eccher Interiors Srl	Pozzuolo del Friuli (UD)	Euro	100,000	20.00%	20.00%
Associated company throught Deal Srl	Padua	Euro	100,000	-	30.58%
Futura Srl	Brescia	Euro	2,500,000	20.00%	20.00%
VSL - Rizzani de Eccher JV	Berna (CH)	CHF	100,000	45.00%	45.00%
Rizzani de Eccher Doo	Rijeka (HR)	HRK	20,000	90.00%	92.00%
Portocittà Spa	Triest	Euro	2,933,248	25.00%	25.00%

List of subsidiary and associated companies under the cost method
(Art. 38, sub-section 2, point d) of Leg. Decree 127/91)

Corporate Name	Based in	Currency	Share capital	Direct ownership %	Group ownership %	Reason of esclusion from consolidation area
Peloritani Scarl under liquidation	Pozzuolo del Friuli (UD)	Euro	10,000	64.15%	64.15%	Art. 28 sub. 2 point a) Leg. Decree 127/91
Prospettive Immobiliari Srl under liquidation	Triest	Euro	50,000	60.00%	60.00%	Art. 28 sub. 2 point a) Leg. Decree 127/91
Sacaim Srl (ex Sinedil Srl)	Venice	Euro	50,000	50.00%	99.00%	Art. 28 sub. 2 point a) Leg. Decree 127/91
Store 26 Scarl	Vicenza	Euro	10,000	50.00%	50.00%	Art. 28 sub. 2 point a) Leg. Decree 127/91
Risalto Srl under liquidation	Rome	Euro	88,917	33.33%	33.33%	Art. 28 sub. 2 point a) Leg. Decree 127/91
Variante di Valico Scarl under liquidation	Rome	Euro	90,000	33.33%	33.33%	Art. 28 sub. 2 point a) Leg. Decree 127/91
Volturno Scarl under liquidation	Pozzuolo del Friuli (UD)	Euro	10,000	75.00%	75.00%	Art. 28 sub. 2 point a) Leg. Decree 127/91
OOO Koruss	Moscow	RUB	100,000	100.00%	100.00%	Art. 28 sub. 2 point a) Leg. Decree 127/91
Codruss	Moscow	RUB	55,000	-	98.42%	Art. 28 sub. 2 point a) Leg. Decree 127/91
Consorzio Libya Green Way	Milan	Euro	100,000	24.50%	24.50%	Art. 28 sub. 2 point a) Leg. Decree 127/91

APPENDIX D

Schedule of intangible assets

	31.12.2011	Change in consolidation area	Increase (decrease)	Effects for currency translation and reclassification	Amortization	31.12.2012
Formation and start up	74,828	(5,168)	28,855	(185)	(44,203)	54,128
Costs of research, development and advertising	-	3,600	-	-	(720)	2,880
Goodwill	460,000	(79,539)	40,000	303,152	(211,944)	511,669
Patents and rights to use patents of others	743,163	(1,570)	3,977	-	(202,331)	543,239
Concessions, licences, trademarks and similar rights	47,222	-	30,518	-	(25,444)	52,296
Other	12,557,493	(184,881)	2,616,923	(627,466)	(4,144,795)	10,217,274
Total intangible assets	**13,882,707**	**(267,558)**	**2,720,273**	**(324,499)**	**(4,629,437)**	**11,381,486**

APPENDIX E

Schedule of fixed assets

	31.12.2011	Change in consolidation area	Increase	Decrease	Depreciation	Effects for currency translation and reclassification	31.12.2012
Land and buildings	50,113,699	-	-	(15,581)	-	65,250	50,163,368
Accumulated depreciation	(4,305,421)	-	-	2,052	(1,144,165)	-	(5,447,534)
Land and buildings	**45,808,278**	**-**	**-**	**(13,529)**	**(1,144,165)**	**65,250**	**44,715,834**
Plant and machinery	40,549,473	(69,926)	8,497,177	(4,025,504)	-	(502,021)	44,449,199
Accumulated depreciation	(20,442,267)	21,473	-	2,648,716	(5,352,578)	1,019,122	(22,105,534)
Plant and machinery	**20,107,206**	**(48,453)**	**8,497,177**	**(1,376,788)**	**(5,352,578)**	**517,101**	**22.343,665**
Tools, fittings, furniture, fixtures and other equipment	14,392,761	(1,556)	2,382,536	(3,358,404)	-	(273,117)	13,142,220
Accumulated depreciation	(8,529,997)	606	-	2,051,802	(1,893,077)	83,681	(8,286,985)
Tools, fittings, furniture, fixtures and other equipment	**5,862,764**	**(950)**	**2,382,536**	**(1,306,602)**	**(1,893,077)**	**(189,436)**	**4,855,235**
Other	3,616,147	(83,441)	824,944	(499,212)	-	49,791	3,908,229
Accumulated depreciation	(2,404,967)	24,850	-	419,125	(399,819)	(156,500)	(2,517,311)
Other	**1,211,180**	**(58,591)**	**824,944**	**(80,087)**	**(399,819)**	**(106,709)**	**1,390,918**
Tangible assets in course of construction and prepayments	198,764	(140,263)	-	-	-	-	58,501
Tangible assets in course of construction and prepayments	**198,764**	**(140,263)**	**-**	**-**	**-**	**-**	**58,501**
Total historical cost	108,870,844	(295,186)	11,704,657	(7,898,701)	-	(660,097)	111,721,517
Total accumulated depreciation	(35,682,652)	46,929	-	5,121,695	(8,789,639)	946,303	(38,357,364)
Total fixed assets	**73,188,191**	**(248,257)**	**11,704,657**	**(2,777,006)**	**(8,789,639)**	**286,206**	**73,364,153**

APPENDIX F

Schedule of changes in consolidated shareholders' equity

	Share capital	Legal reserve	Consolidation reserve	Foreign currency translation reserve	Extraordinary reserve	Group profit (loss)	Total Group sharholders' equity	Minority share of equity and profit	Total consolidated shareholders' equity
Situation as of 31st December 2010	**20,000,000**	**2,755,131**	**67,105**	**129,221**	**46,453,314**	**13,522,831**	**82,927,602**	**6,453,174**	**89,380,776**
Allocation of profit for the year 2010	-	413,310	-	-	13,109,521	(13,522,831)	-	-	-
Change in consolidation area	-	-	54,085	-	-	-	54,085	(171,821)	(117,736)
Foreign currency translation gain (loss) of branch balances	-	-	-	-	(476,388)	-	(476,388)	-	(476,388)
Gain (loss) on foreign currency translation	-	-	-	1,188,908	-	-	1,188,908	371,415	1,560,323
Profit (loss) for the financial period	-	-	-	-	-	14.696.658	14.696.658	3.452.938	18.149.596
Situation as of 31st December 2011	**20,000,000**	**3,168,441**	**121,190**	**1,318,129**	**59,086,447**	**14,696,658**	**98,390,866**	**10,105,706**	**108,496,572**
Allocation of profit for the year 2011	-	36,857	-	-	14,659,801	(14,696,658)	-	-	-
Dividends distribution	-	-	-	-	(300,000)	-	(300,000)	(691,649)	(991,649)
Change in consolidation area	-	-	164,196	-	-	-	164,196	(245,149)	(80,953)
Foreign currency translation gain (loss) of branch balances	-	-	-	-	(35,584)	-	(35,584)	12,454	(23,130)
Gain (loss) on foreign currency translation	-	-	-	(713,434)	-	-	(713,434)	(113,378)	(826,812)
Profit (loss) for the financial period	-	-	-	-	-	6,796,853	6,796,853	(719,046)	6,077,807
Situation as of 31st December 2012	**20,000,000**	**3,205,298**	**285,386**	**604,695**	**73,410,664**	**6,796,853**	**104,302,896**	**8,348,938**	**112,651,834**

APPENDIX G

Reconciliation between parent company and consolidated accounts

Thousand of Euro	Shareholders' equity 2012	Profit (loss) 2012	Shareholders' equity 2011	Profit (loss) 2011
Statutory financial statements of the parent company	**69,556**	**2,368**	**67,636**	**737**
Off-set of consolidated equity investments				
difference between book value of equity investments and net assets value	22,166	-	10,053	-
consolidation differences	192	(128)	316	(241)
allocation of differential between purchase price and pro rata share of net assets value	2,357	-	2,357	-
foreign currency translation differences	605	-	1,318	-
pro rata share of profit of consolidated companies	12,756	12,756	16,431	16,431
write-down / write-up on investements in consolidated companies	(4,395)	(4,395)	-	-
Off-set of related party transactions				
capital gains/losses and intercompany profit	(594)	242	(836)	1,024
dividends distribution including currency translation gains or losses	-	(4,172)	-	(3,248)
Adjustment due to consolidation accounting principles				
foreign currency translation gain (loss) of branch balances	(76)	-	(494)	-
Other adjustments				
valuation of investments due to application of equity method	1,154	(89)	1,243	(207)
valuation of leasing contract	582	215	367	202
Total Group consolidated shareholders' equity	**104,303**	**6,797**	**98,391**	**14,698**
Minority share of equity and profit	8,349	(719)	10,106	3,452
Total consolidated shareholders' equity	**112,652**	**6,078**	**108,497**	**18,150**

STATUTORY FINANCIAL STATEMENTS OF THE PARENT COMPANY

STATUTORY BALANCE SHEET

Assets		31.12.2012	31.12.2011	Change YoY
A	**Receivable from shareholders for capital stock**			
	Shares not called up	0	0	0
	Shares already called up	0	0	0
Total receivable from shareholders for capital stock		**0**	**0**	**0**
B	**Non current assets**			
I)	**Intangible assets**			
1	Formation and start up	0	0	0
2	Costs of research, development and advertising	0	0	0
3	Patents and rights to use patents of others	0	0	0
4	Concessions, licences, trademarks and similar rights	0	0	0
5	Goodwill	0	100,000	(100,000)
6	Intangible assets in progress and prepayments	0	0	0
7	Other	1,409,235	2,473,944	(1,064,709)
	Total intangibles assets	**1,409,235**	**2,573,944**	**(1,164,709)**
II)	**Fixed assets**			
1	Land and buildings	6,567,499	6,839,481	(271,982)
2	Plant and machinery	10,699,771	7,277,482	3,422,289
3	Tools, fittings, furniture, fixtures and other equipment	3,031,859	2,504,322	527,537
4	Other	961,288	604,642	356,646
5	Tangible assets in course of construction and prepayments	0	0	0
	Total fixed assets	**21,260,417**	**17,225,927**	**4,034,490**
III)	**Investments**			
1	Equity investments in:			
	a) subsidiary companies	42,554,340	32,988,487	9,565,853
	b) associated companies	7,570,933	7,528,415	42,518
	c) other companies	159,974	159,974	0
	Total	**50,285,247**	**40,676,876**	**9,608,371**
2	Accounts receivable due from:			
	a) subsidiary companies	1,009,413	2,959,188	(1,949,775)
	b) associated companies	0	0	0
	c) parent company	0	0	0
	d) others companies	794,600	327,245	467,355
	Total	**1,804,013**	**3,286,433**	**(1,482,420)**
3	Other investments	98,155	98,155	0
4	Treasury stock	0	0	0
	Total investments	**52,187,415**	**44,061,464**	**8,125,951**
Total non current assets		**74,857,067**	**63,861,335**	**10,995,732**

Assets		31.12.2012	31.12.2011	Change YoY
C	**Current assets**			
I)	**Inventory**			
1	Raw materials and consumables	9,923,811	2,248,489	7,675,322
2	Work in progress and components	1,055,760	2,489,112	(1,433,352)
3	Contracts in progress	41,694,226	19,015,702	22,678,524
4	Finished goods and goods for resale	1,538,201	1,722,260	(184,059)
5	Advances to suppliers	14,613,152	2,718,486	11,894,666
	Total inventory	**68,825,150**	**28,194,049**	**40,631,101**
II)	**Accounts receivable**			
1	Trade receivables			
	a) amounts falling due within 12 months	91,598,232	77,753,708	13,844,524
	b) amounts falling due beyond 12 months	0	0	0
	Total	**91,598,232**	**77,753,708**	**13,844,524**
2	Receivable from subsidiary companies	24,264,132	8,116,699	16,147,433
3	Receivable from associated companies	2,706,302	1,184,564	1,521,738
4	Receivable from parent company	0	1,137	(1,137)
4bis	Tax credits	7,627,138	4,840,918	2,786,220
4ter	Deferred tax assets	3,060,979	3,011,941	49,038
5	Others	1,232,738	1,708,617	(475,879)
	Total accounts receivable	**130,489,521**	**96,617,584**	**33,871,937**
III)	**Investments**			
1	Subsidiary companies	0	0	0
2	Associated companies	0	0	0
3	Other companies	0	0	0
4	Treasury stock	0	0	0
5	Other investments	0	0	0
	Total investments	**0**	**0**	**0**
IV)	**Cash and cash equivalents**			
1	Bank and postal current accounts	34,968,680	85,370,113	(50,401,433)
2	Checks deposited	0	0	0
3	Cash on hand	92,941	70,361	22,580
	Total cash and cash equivalents	**35,061,621**	**85,440,474**	**(50,378,853)**
Total current assets		**234,376,292**	**210,252,107**	**24,124,185**
D	**Prepayments and accrued income**	**2,552,232**	**1,977,290**	**574,942**
Total assets		**311,785,591**	**276,090,732**	**35,694,859**

STATUTORY BALANCE SHEET

Liabilities		31.12.2012	31.12.2011	Change YoY
A	**Shareholders' equity**			
I	Share capital, authorized, issued and outstanding	20,000,000	20,000,000	0
II	Additional paid-in capital	0	0	0
III	Revaluation reserve	0	0	0
IV	Legal reserve	3,205,299	3,168,442	36,857
V	Statutory reserves	0	0	0
VI	Reserve for treasury stock owned	0	0	0
VII	Other reserves	43,982,700	44,057,107	(74,407)
VIII	Retained earnings	0	0	0
IX	Profits (loss) for the financial period	2,368,215	737,147	1,631,068
	Total shareholders' equity	**69,556,214**	**67,962,696**	**1,593,518**
B	**Provision for contingencies and other liabilities**			
1	Provisions for pensions and similar obligations	0	0	0
2	Provision for taxation, included deferred tax	0	0	0
3	Other provisions	892,179	0	892,179
Total provisions for contingencies and other liabilities		**892,179**	**0**	**892,179**
C	**Employees' severance indemnity**	**2,583,272**	**2,662,815**	**(79,543)**
D	**Debts and other payables**			
1	Debenture loans	0	0	0
2	Convertible debenture loans	0	0	0
3	Amounts owed to shareholders for loans	0	0	0
4	Amounts owed to banks			
	a) falling due within 12 months	348,717	1,089,606	(740,889)
	b) falling due beyond 12 months	0	348,928	(348,928)
	Total	**348,717**	**1,438,534**	**(1,089,817)**
5	Amounts owed to other lenders	0	0	0
6	Advances payments from customers	81,419,111	60,249,023	21,170,088
7	Amounts owed to suppliers	67,276,968	92,671,437	(25,394,469)
8	Debts represented by bills of exchange	0	0	0
9	Amounts owed to subsidiary companies	45,867,057	21,547,528	24,319,529
10	Amounts owed to associated companies	31,033,703	18,626,258	12,407,445
11	Amounts owed to parent company	122,184	127,258	(5,074)
12	Amounts owed to the tax authority	2,305,687	1,551,665	754,022
13	Amounts owed to the social security institutions	935,402	821,560	113,842
14	Other payables	8,178,434	7,981,778	196,656
Total debts and other payables		**237,487,263**	**205,015,041**	**32,472,222**
E	**Accruals and deferred income**	**1,266,663**	**450,180**	**816,483**
Total liabilities and shareholders' equity		**311,785,591**	**276,090,732**	**35,694,859**

Memorandum accounts		31.12.2012	31.12.2011	Change YoY
1	**Guarantees**			
a)	in favour of subsidiary and associated companies	227,923,684	143,094,633	42,507,149
b)	issued by third parties in favour of the company	155,823,658	151,356,811	739,837
Total memorandum accounts		**383,747,342**	**294,451,444**	**49,303,429**

STATUTORY INCOME STATEMENT

		Year 2012	Year 2011	Change YoY
A	**Value of production**			
1	Sales of goods and services	226,579,450	149,475,319	77,104,131
2	Change in finished goods and work in progress inventory	(1,617,410)	2,210,436	(3,827,846)
3	Change in contracts in progress	22,685,873	11,274,487	11,411,386
4	Work performed for own purposes and capitalised	50,922	1,602,114	(1,551,192)
5	Other revenues and income	6,272,892	4,365,697	1,907,195
Total value of production		**253,971,727**	**168,928,053**	**85,043,674**
B	**Costs of production**			
6	For raw materials, consumables and goods for sale	40,649,440	17,808,712	22,840,728
7	For services	183,492,284	117,440,141	66,052,143
8	For use of assets owned by others	708,565	1,493,390	(784,825)
9	For employees:			
	a) wages and salaries	24,141,061	16,696,078	7,444,983
	b) social security costs	5,191,166	4,824,454	366,712
	c) employees' severance indemnity	1,129,370	1,109,828	19,542
	d) provision costs	0	0	0
	e) other costs relating to employees	3,413,956	2,603,218	810,738
	Total costs for employees	**33,875,553**	**25,233,578**	**8,641,975**
10	Valuation adjustments:			
	a) amortization of intangible assets	1,228,497	423,388	805,109
	b) depreciation of tangible assets	3,381,894	3,186,756	195,138
	c) writedown in the carrying value of non-current assets	0	0	0
	d) allowance for doubtful accounts receivable included in current assets and other current assets	0	0	0
	Total valuation adjustments	**4,610,391**	**3,610,144**	**1,000,247**
11	Change in raw materials, consumables and goods for sale inventory	(7,708,739)	3,208,250	(10,916,989)
12	Amounts provided for contingencies	0	0	0
13	Other accruals	0	0	0
14	Other operating costs	6,618,868	6,149,857	469,011
Total costs of production		**262,246,362**	**174,944,072**	**87,302,290**
Operating margin (EBIT) (A-B)		**(8,274,635)**	**(6,016,019)**	**(2,258,616)**
C	**Financial income and expenses**			
15	Income from equity investments	3,190,520	3,272,163	(81,643)
16	Other financial income:			
	a) from accounts receivable included in non-current assets	235,217	45,816	189,401
	b) from other permanent investments which are non-current assets other than equity investments	0	0	0
	c) from other investments classified as current assets	0	0	0
	d) other income	1,759,017	1,460,135	298,882
	Total other financial income	**1,994,234**	**1,505,951**	**488,283**
17	Interest expenses and similar charges	434,982	623,263	(188,281)
17bis	Foreign currency translation gains / (losses)	398,426	1,397,433	(999,007)
Total financial income and (expenses)		**5,148,198**	**5,552,284**	**(404,086)**

		Year 2012	Year 2011	Change YoY
D	**Valuation adjustments in respect of investments**			
18	Revaluations:			
	a) of equity investments	4,395,337	0	4,395,337
	b) of other non-current assets which are not equity investments	0	0	0
	c) of non-permanent investments	0	0	0
	Total	**4,395,337**	**0**	**4,395,337**
19	Devaluation:			
	a) of equity investments	332,482	27,779	304,703
	b) of other non-current assets which are not equity investments	0	0	0
	c) of non-permanent investments	0	0	0
	Total	**332,482**	**27,779**	**304,703**
Total valuation adjustments in respect of investment		**4,062,855**	**(27,779)**	**4,090,634**
E	**Extraordinary income and charges**			
20	Income	883,538	990,254	(106,716)
21	Charges	141,073	18,152	122,921
Total extraordinary income and (charges)		**742,465**	**972,102**	**(229,637)**
Profit or (loss) before income taxes		**1,678,883**	**480,588**	**1,198,295**
22	Income taxes for the period			
	a) current taxes	(640,294)	(24,103)	(616,191)
	b) deferred tax (assets) / liabilties	(49,038)	(232,456)	183,418
	Total	**(689,332)**	**(256.559)**	**(432,773)**
Profit or (loss) for the financial period		**2,368,215**	**737,147**	**1,631,068**

Graphic design: Polystudio
Francesco Messina with Francesca Zucchi
Photos: Archive Rizzani de Eccher,
Printed: GFP.it June 2013