GrandiStazioni

GROUP

Consolidated Financial statements
Statutory Financial Statements

As at 31 December 2012

Grandi Stazioni S.p.A.

Company subject to the management and coordination of Ferrovie dello Stato Italiane S.p.A.

Share Capital: EUR 4,304,201.10 fully paid-in.

Registered Offices: Via G. Giolitti 34 – 00185 ROME

Rome E&A Roster No. 841620

Rome Companies' Register No. 05129581004

Tax Code and VAT No.: 05129581004

WEBSITE:www.grandistazioni.it

Grandi Stazioni Group's Mission

The Grandi Stazioni Group is part of the Ferrovie dello Stato Italiane Group and has been tasked with the management of Rome's Tiburtina station and renovating and managing Italy's leading 13 railway stations: Rome Termini, Milan Central, Turin Porta Nuova, Florence Santa Maria Novella, Bologna Central, Naples Central, Venice Mestre and Santa Lucia, Verona Porta Nuova, Genoa Piazza Principe and Brignole, Palermo Central and Bari Central, as well as Prague's Central station and Mariànské Làzne in the Czech Republic.

The goal which guides the activities of the company and its subsidiaries is to spread a new concept of railway station among the general public: an enterprise with high business potential, a venue for city life and a lively and welcoming place, capable of offering quality services and opportunities to enjoy your time while waiting for a train or in which to spend your free time. Stations have a new urban role to play in this new concept.

Briefly, the company's mission involves:

- renovation and enhancement of the properties via leasing, promotional and advertising activities and direct management of passenger areas and services;
- improving the quality of and diversifying travel services by enhancing the existing offer and constantly striving to improve customer satisfaction;
- promotion of new methods for using the areas, introducing innovative services in the Network stations, such as a services centre with numerous branded shops, a specialised general surgery unit, a gym and numerous leisure activities;
- integration of the station property complexes with the surrounding urban area so as to transform stations into a lively part of the city, facilitating access to and inter-modality with all other means of transport;
- developing social projects and initiatives in favour of underprivileged individuals present in stations, in cooperation with volunteer organisations and bodies;
- spreading a new concept of stations via communication strategies and cultural initiatives.

The station building lease contracts, with a duration of 40 years from 2000 for those in Italy and 30 years for those in the Czech Republic, envisage the full management and functional upgrading of the station property complexes. Managing ordinary maintenance and providing services not related to train operations are part of the contractual undertakings, along with developing, funding and implementing a functional upgrading programme.

Governing Bodies of Grandi Stazioni SpA and the Independent Auditing Firm

Board of Directors:

Chairman:	Mauro MORETTI
CEO:	Fabio BATTAGGIA
Directors:	Massimiliano CAPECE MINUTOLO DEL SASSO
	Gaetano CASERTANO
	Fabio CORSICO
	Vittorio DE SILVIO
	Maurizio MARCHETTI
	Francesco ROSSI
	Carlo VERGARA

Board of Statutory Auditors:

Chairman:	Prof. Carlo CONTE
Acting Auditors:	Prof. Claudio BIANCHI
	Paolo BUZZONETTI
Alternate Auditors:	Francesco ROSSI RAGAZZI
	Giampiero TASCO

Executive responsible for drawing up the corporate accounting documents:

Giovanni RADDI

Independent Auditing Firm:

PRICEWATERHOUSECOOPERS S.p.A.

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Letter from the Chairman

Dear Shareholders,

The 2012 financial statements of the Group confirmed the positive results achieved in previous years and the continuation of its investment programmes.

With regard to refurbishment and enhancement work on stations (internal Works), activities were completed on the retail portion of the former Venice S. Lucia divisional building and work continued at the Bari, Bologna, Florence, Genoa Brignole and Principe, Palermo and Venice Mestre and Santa Lucia stations.

With regard to additional Works pursuant to the "Legge Obiettivo" (External Works), work concerning video-surveillance continued at the Bari, Florence, Genoa Brignole and Principe, Milan, Naples, Palermo, Turin, Venice S. Lucia and Verona stations, while the related work commenced at the Rome station. Surveys of visitors to stations indicated an overall customer satisfaction level of 97% at the end of the year, which is an improvement on the previous year. During the year, Gruppo Ferrovie dello Stato Italiane companies continued to vacate premises.

Despite the decrease registered during the year in the sales turnover of the real estate property sector (-4%), the letting of the refurbished premises reported a net decrease in revenues of around 1%. Despite the fact that the advertising market decreased by 14% with respect to 2011, revenues from media activities increased by around 1%. Customer services (car parks, left luggage and washrooms) fell by 2%.

The accounting period ending as at 31 December 2012 disclosed operating revenues of EUR 200 million, a net decrease of EUR 17 million with respect to 2011, EUR 15 million of which due to the proceeds from the sale of a property which took place in 2011.

Operating costs amounted to EUR 151 million, a net increase of EUR 4 million compared to 2011. The change was due to increased operating costs (EUR 1 million) additional provisions to for Risks and Charges (EUR 5 million) and minor costs for employees, services and use of third party assets (EUR 2 million).

The gross operating margin (EBITDA) consequently amounted to EUR 49 million, the operating result (EBIT) to EUR 36 million and net profit to EUR 21 million, the latter decreasing by EUR 11 million with respect to the previous year mainly as a result of the afore-mentioned sale of property. The areas that mostly contributed towards these results were leases and customer services.

Property investments and those in advertising systems over the year amounted to EUR 45 million, EUR 13 million of which for the internal renovation of stations, EUR 12 million in complementary infrastructures and video-surveillance, EUR 6 million in proprietary real estate, EUR 4 million in improvements and maintenance for property and EUR 10 in advertising systems.

Financial indebtedness as at 31 December 2012 amounted to EUR 198 million, with a financial debt/equity ratio of 1.2.

Mauro Moretti

REPORT ON OPERATIONS

Main consolidated results achieved in 2012

Main economic, equity and financial figures in the consolidated financial statements

Amounts in EUR millions	2012	2011
Operating revenues (OR)	**200**	**216**
Operating Costs	**151**	**148**
Gross Operating Margin (EBITDA)	**49**	**69**
Operating result (EBIT)	**36**	**54**
Net Result (NR)	**21**	**32**
Net Invested Capital (NIC)	**329**	**328**
Shareholders' equity (SE)	**166**	**160**
Net financial position	**163**	**168**

Main economic indicators in the consolidated financial statements

		2012	2011	2011 Reclassified
ROE	NR/SE*	**15%**	**25%**	**17%**
ROI	EBIT/NIC*	**11%**	**17%**	**12%**
ROS (EBIT MARGIN)	EBIT/OR	**18%**	**25%**	**19%**
EBITDA/OPERATING REVENUES (EBITDA MARGIN)	EBITDA/OR	**24%**	**32%**	**27%**
INVESTED CAPITAL TURNOVER (NAT)	OR/NIC*	**61%**	**67%**	**62%**
LEVEL OF FINANCIAL INDEBTEDNESS	FD/SE	**1.2**	**1.3**	**1.4**

The results and ratios for 2011 were largely affected by revenues from the sale of a property.

Without taking into account the net effect of these non-recurring revenues in the 2011 income statement, the ratios would present the values shown in the "2011 Reclassified" column.

KEY

NIC*: average net invested capital (from beginning to end of the year)

FD: Financial debt

EBITDA: Gross operating margin

SE*: Average shareholders' equity (from beginning to end of the year) net of the year-end result gross of the components relating to the fair value of the derivatives

SE: Shareholders' equity gross of the components relating to the fair value of the derivatives

OR: Operating revenues

NR: Net result

EBIT Operating result

Main events during the year

Internal renovation, complementary infrastructures and video-surveillance

January

By means of CIPE Resolution No. 2/2012 dated 20 January 2012, the restructuring of the essential variations of the "Legge Obiettivo" External Works were approved for the Bari, Central, Bologna Central, Rome Termini and Venice S. Lucia stations.

At the start of 2012, video-surveillance work resumed, as envisaged for the Genoa P.P. (end Phase 1 and start Phase 2) and Genoa Brignole (Phase 1 and 2) stations.

February

On 17 February 2012, the approval procedure for the executive planning of the External Works for Naples Central was concluded; consequently, on 24 February 2012 the works relating to the Railway Station/Underground Connection were launched.

With reference to the External Works on Bari Central, GS completed the forwarding of the detailed drawings requested by the Public Works Superintendency, in compliance with the matters which emerged during the Services Conference. By means of protocol note 2047 dated 23 February 2012, the Puglia-Basilicata Public Works Superintendency approved the project.

March

On 21 March 2012, Grandi Stazioni launched the "Legge Obiettivo" External Works for Naples Central relating to the former Officina Carica Accumulatori above-ground car park.

During the session held on 23 March 2012, the CIPE approved the alternative project for the Bari Central External Works with the instruction to create a car park for non-local buses outside the area of intervention of the "Legge Obiettivo" (hereinafter L.O.).

June

The reformulated amount of the external works for Bari Central with authorisation to use the bidding discount, became effective executively on publication in the Italian Official Gazette dated 29 June 2012.

July

On 9 July 2012, following signature of the Modification Document by means of which the Salini-Ircorp JV undertook the obligation to carry out works in compliance with the executive project developed and approved by the Cipe under Resolution No. 2/2012, work started on the Services area and the Car Park area at Rome Termini.

On 19 July 2012, Grandi Stazioni launched the "L.O." Additional Works for Bari Central.

By means of Urgent Works Commencement Notice dated 24 July 2012, renovation and restoration work was entrusted to the Bra Italia – Bruma Costruzioni JV for the roofing of the Turin Porta Nuova station.

September

On 7 September 2012, Grandi Stazioni launched the "Legge Obiettivo" Additional Works for Naples Central relating to the Multi-storey Underground Car Park.

The work on the new Trenitalia ticket office at Venice S. Lucia, forming the subject matter of a new contract entered into in August 2011 with CMB, was completed and the office opened up to the general public on 20 September 2012.

Phase one of the surface activities of the External Works for Verona Porta Nuova was completed with the creation of the new terminuses, activated as from September 2012. Consequently, work was launched relating to the realisation of phase 2 which envisages the building of an underground car park on the land of the piazza, as well as the building serving the new bus terminal.

October

Steps were taken to deliver the "L.O." External Works for the Bari Central station (South Lot Satrel-Mugnai JV).

On 16 October 2012, Guerrato S.p.A. was awarded the works for the creation of the Genoa Brignole and Genoa Principe Trenitalia areas.

At Venice Mestre, it was possible to remove at the end of October 2012 - further to legal agreements - the two glass-fronted constructions on platform 1 owned by the Retail which in fact had not made it possible to commence the Internal Renovation Works for the station.

November

On 6 November 2012, further to the vacation by Metropark on the same date of the spaces, Grandi Stazioni handed over the measures of the External Works for the Multi-storey Car Park in Via De Amicis, care of Genoa Brignole station, to Guerrato S.p.A..

December

The Services Conference was held on 19 December 2012, care of the Department of Infrastructures and Transport; during the same, a favourable opinion was expressed by the bodies concerned with regard to the alternative project for the external works at Bari Central stations which concerns the instruction to construct a car park for non-local buses.

The technical-administrative certificate for the Tender for Renovating Turin Porta Nuova was issued (Italiana Costruzioni – Ciotola JV).

The technical-administrative certificate for the Tender for Renovating Naples Central was issued (CCC-Gemmo JV).

"Legge Obiettivo" grants

March

In relation to the first programme of the strategic infrastructures (Italian Law No. 443/2001) as per the CIPE resolution No. 12 dated 21 December 2001 and the programme of measures for the renovation and construction of the additional Grandi Stazioni infrastructures (CIPE resolutions No. 10 dated 14 March 2003 and 129 dated 6 April 2006), Grandi Stazioni presented the first request for direct disbursement of the grant relating to the 2009/2011 period, for around EUR 30 million.

April

The request was reduced to around EUR 28 million, pending the conclusion of the approval process for the alterations relating to the Bari Central, Bologna Central, Rome Termini and Venice S. Lucia stations.

June

The Department of Infrastructures and Transport was requested to disburse an advance payment of around EUR 25 million, pending the conclusion of the examination of the grant on engineering services.

October

The Department of Infrastructures and Transport disbursed an advance payment of around EUR 25 million.
Following the clarifications provided on the Engineering services and the registration of the CIPE Resolutions regarding the Bari, Rome and Venice stations, the Ministry was requested to disburse the balance of over EUR 4 million.

Legal Disputes

March

Within the sphere of the proceeding brought by a former employee, the Rome Court - acting as employment tribunal - by means of sentence dated 29 March 2012, ordered the Company to pay the plaintiff a total amount of around EUR 700,000, by way of professional damages and biological damages consequent to demotion, remunerative compensation for early termination of the work relationship, biological damages consequent to dismissal, leaving indemnity on remunerative compensation, plus legal costs. The plaintiff had taken steps to carry out two attachments care of third parties for the sums indicated in the sentence, with the legal increases.

The Company appealed against the sentence by means of petition to suspend execution, subsequently rejected. In November, further to the attachment, the payment was in any event made.

Within the sphere of the interim injunction proceedings as per Articles 670.1 and 676 of the Italian Code of Civil Procedure, or, subordinately, as per Article 700 of the Italian Code of Civil Procedure and the related trial proceedings launched care of the Bologna Court by a lessee, aimed at obtaining, respectively, the court-ordered seizure of premises located on the rails level of Bologna central station to be used for catering activities, and the assessment of the right to the consignment of said premises, as well as the ordering of Grandi Stazioni S.p.A. and Trenitalia S.p.A. to compensate the property and other damages suffered due to the delay in fulfilling the delivery obligation, a settlement was reached between the parties on the basis of which replacement premises have been identified at the same station, with the obligation for Grandi Stazioni S.p.A. to carry out certain alteration work on said premises at its own diligence and expense.

April

By means of petition pursuant to Article 700 of the Italian Code of Civil Procedure filed on 19 April 2012, a lessee of the Retail Group requested the Venice Civil Court to order Grandi Stazioni to proceed with the immediate consignment of the property located in Venice, close to Santa Lucia station, subject to a heads of agreement signed in 2003 and a lease agreement entered into in 2005; as well as to prevent Grandi Stazioni S.p.A. from establishing direct contact and commercial dealings aimed at excluding the plaintiff from the management of said sales outlet The Venice Court rejected the petition.

May

With reference to the Memorandum of Intent entered into by Roma Capitale (Rome City Council), FS Sistemi Urbani S.r.l. and Grandi Stazioni S.p.A. on 13 December 2010, concerning the creation of an Urban Center in the city of Rome by means of the acquisition under the property of the municipal authority of the structure known as "Capsula Tellus", installed by the Company in 1997 in Piazza dei Cinquecento, the Company - having noted the lack of issuance of the administrative documents by the competent bodies and in consideration of the precarious conditions of instability of the structure - by means of memo dated 7 May 2012, asked the afore-mentioned Authority to formally acknowledge the impossibility of implementing the agreements originally reached and to arrive at the consensual termination of said Memorandum of Intent.

June

A former associate shareholder appealed against the sentence dated 5 May 2011 by means of which the Rome Court of Law had ruled with regard to the proceedings implemented by Grandi Stazioni for the verification of termination due to just cause of the associate investment contract dated 19 April 2002, the return of the premises occupied at Rome Termini station and payment of amounts for various reasons, involving an overall total of EUR 125,677.11, as well as compensation for damages deriving from non-compliance and vacation of the premises. Grandi Stazioni S.p.A. filed its appearance before the court.

July

A second lessee of the Retail Group, by means of petition pursuant to Article 700 of the Italian Code of Civil Procedure and subordinately for court-ordered seizure *ante causam* as per Article 670 of the Italian Code of Civil Procedure, served on 18 July 2012, requested the Venice Civil Court to order Grandi Stazioni S.p.A.to proceed with the immediate consignment of the property located in Venice, close to Santa Lucia station, subject to a lease agreement entered into in 2005 and, subordinately, the court-ordered seizure of the property and to prevent Grandi Stazioni S.p.A. from establishing direct contact for the lease, consignment and sale to third parties of the premises. The Court upheld the petition during statement of claim.

A third lessee of the Retail Group, by means of petition pursuant to Article 700 of the Italian Code of Civil Procedure and subordinately for court-ordered seizure *ante causam* as per Article 670 of the Italian Code of Civil Procedure, served on 20 July 2012, requested the Venice Civil Court to order Grandi Stazioni S.p.A. to proceed with the immediate consignment of the property located in Venice, close to Santa Lucia station, subject to a lease agreement entered into in 2005 and, subordinately, the court-ordered seizure of the property and to prevent Grandi Stazioni S.p.A. from establishing direct contact for the lease, consignment and sale to third parties of the premises. The Court rejected the petition.

October

Under sentence No. 3370 dated 22 September 2012, published on 19 October 2012, the Genoa Court rejected the claims made by Grandi Stazioni S.p.A. in the proceedings brought vis-à-vis a former agent for the verification of the termination of the agency agreement dated 2 February 2004 and the ordering of the defendant to compensate the damages deriving from contractual breach and, upholding the counterclaim made by the former agent, declared the termination due to serious breach by Grandi Stazioni S.p.A. of the agency agreement, ordering Grandi Stazioni S.p.A. to pay the amounts accrued by the agent by way of commission, contractual end of agreement indemnity, indemnity pursuant to Article 1751 of the Italian Civil Code as well as compensation of the damages suffered by the former agent due to early and unlawful termination of the agreement plus legal interest, court costs and expert witness costs. On 24 October 2012, the former agent served said sentence on Grandi Stazioni S.p.A. with the related order for payment of the sums awarded.

Grandi Stazioni S.p.A. immediately appealed against the sentence by means of petition to suspend the provisional execution. By means of presidential order dated 31 October 2012, the Genoa Court of Appeal ordered the suspension of the executive nature of the first instance sentence relating to the count which laid down the condemnation of Grandi Stazioni S.p.A. to compensate damages due to lack of earnings. In January 2013, the sums not subject to suspension were paid. For greater details, reference should be made to explanatory note No. 21.

December

The operative part of the Arbitration award in the proceedings launched by Vidion S.r.l. was filed on 4 December 2012, in relation to the execution of the associate investment contract dated 19 February 2007. The award declared the termination of the associate investment agreement and ordered the transfer to Grandi Stazioni S.p.A. of complete ownership of the system for the installations which carry out projected advertising activities, created and installed by Vidion, the installations provisionally dismantled by Vidion upon the request of Grandi Stazioni S.p.A. , the spare parts for said installations, as well as the mediums and/or assets instrumental for the continuation of the activities, against payment, by Grandi Stazioni S.p.A. , of a total of EUR 9,758,591.00 plus VAT, for the transfer of the installations, spare parts and mediums and a total of EUR 541,409.00 plus VAT, as the balance of the advance items and balance of the profits accrued and not distributed as from the start of the contract until the date of the award. For further information, please see note 21 on the explanatory notes.

Tenders

June

On 15 June 2012, an acknowledgement clause was entered into with DEC S.p.A., SACAIM S.p.A. in extraordinary administration and Guerrato S.p.A., forming part of the JV which was awarded the activities for the execution, design and achievement of the measures for the functional adaptation of the station buildings and the infrastructural works relating to the Genoa Principe and Genoa Brignole railway stations, as well as the activities for the executive design and execution of the additional infrastructural works on the buildings of the Turin Porta Nuova and Milan Central stations by means of contract dated 22 February 2007; this clause led to the parties taking due note of the winding up of the relationship vis-à-vis DEC S.p.A. and SACAIM S.p.A. in extraordinary administration and the undertaking, by Guerrato S.p.A. of all the rights and obligations vis-à-vis the customers pertaining to the completion of the works as per the contract.

July

Further to publication in the Italian Official Gazette No. 105 dated 7 May 2012, of CIPE resolution No. 2 dated 20 January 2012, by means of which the executive project with alterations of the additional infrastructural works to the buildings of Rome Termini station was approved (buildings comprising a building intended to be used as "Parking area" on rails and one to be used as "Railway services area"), to be achieved within the sphere of the Strategic Infrastructures Plan as per Italian Law No. 443/2001, on 9 July 2012 a supplementary and amending clause to the tender contract drawn up on 10 September 2008 was entered into with the ICS Grandi Lavori S.p.A. (formerly Ing. Claudio Salini Grandi Lavori S.p.A.) - IRCOP s.r.l. JV, within the sphere of which the contracting JV undertook the obligation to accomplish the works forming the subject matter of the contract on the basis of the executive project with the approved changes, without exceptions and/or reservations. Within the sphere of the afore-mentioned clause, the contracting JV waived all the reservations inserted in relation to the contract. Once again on 9 July 2012, steps were taken to consign an initial part of the works in question to the contracting JV.

October

The contract for the entrusting of left luggage services was extended, pending the enforcement of the contract with KiPoint.

The contract for the entrusting of the washroom management services was extended, pending the completion of the new tender.

December

On 6 December 2012, the 2nd Additional clause was signed, to the contract dated 22 February 2007 concerning the executive design and execution of the measures for the functional adaptation of the station buildings and the additional infrastructural works relating to the Venice S. Lucia, Venice Mestre and Verona P. Nuova railway stations, by means of which the CMB-Fatigappalti S.p.A. JV was awarded the execution of additional work for a total amount, net of the reduction, of EUR 2,166,981.35 plus the charges for security totalling EUR 172,882.75 as well as EUR 15,000.00 for design costs relating to alterations during work. The reserves recorded by the contracting JV in the accounts register were defined in the same clause, with the payment to the contractor of the sum of EUR 650,000.00 and the waiver by said JV of any action or claim associated with all the activities carried out up until the date of signing the clause.

With reference to the Centre Lot and the South Lot, the assignee ICS Grandi Lavori S.p.A. ("ICS", formerly Ing. Claudio Salini Grandi Lavori S.p.A.) had served, on 15 October 2012, two writs of summons on Grandi Stazioni, by means of which it requested the legal termination of the tender contracts relating to the Centre and South Lots. By means of subsequent document dated 18 October

2012, ICS had informed the contracting client of the closure of the worksites subject to performance of all the work necessary for making them safe.

In the meantime, the JV's principal companies, Satrel S.p.A. and Mugnai S.p.A., by means of memo dated 26 October 2012, had informed Grandi Stazioni S.p.A. that they were dissociating themselves from the initiative aimed at winding up the relationship, undertaken by the assignee ICS, manifesting their intention to continue and finish the work covered by the tender contracts being executed, as well as the willingness to acquire from ICS the business segment inclusive of the legal positions regarding the contracts in question.

In conclusion, by means of deed dated 12 December 2012, ICS transferred the business segment to Satrel S.p.A., comprising:

- all the legal dealings outstanding with Grandi Stazioni S.p.A. for the Centre Lot and South Lot contracts;
- all the legal dealings outstanding with the companies forming part of the JVs awarded the tenders;
- all the legal dealings outstanding with the consortium companies established for the execution of the tenders;
- all the legal dealings outstanding with the third party sub-contractors and suppliers;
- the equity investments held by ICS in the afore-mentioned consortium companies.

By means of the entering into of the contract for the transfer of the business segment, ICS - as transferor of the business segment - definitively waived the legal action undertaken and any claim/reservation in any event formulated and/or to be formulated and for any reason requested and/or to be requested vis-à-vis the client, for all that which concerns the contractual dealings established with the tender contracts in question. The amount of the reserves recorded in relation to the work of the two Lots came to more than EUR 64 million.

Satrel S.p.A., in its capacity as the new assignee of the JV set up with Mugnai S.p.A., will therefore take steps to complete the work covered by the contracts, under the same terms, conditions and prices, undertaking all liability on the basis of current legislation, including therein the liability associated with the services carried out by ICS until the date of transfer of the business segment.

On conclusion of the contractual events described above, any disputed situation with the JV awarded the tender consequently ceased, and thus on 7 January 2013 Grandi Stazioni S.p.A. took steps to sign Additional Clause 1 with the consequent resumption of work.

Work has been awarded, further to tender, to Ansaldo STS for the modifications to the system of track head buffers and the consequent modifications to the signalling system pertaining to the Rome Termini External Works.

Miscellaneous

February

The SAP PM (Project Management) module has been launched in production and the corresponding SAVVION module for the management of the cleaning and maintenance of the property complexes abandoned, in concurrence with the change in the contractors following awarding of the tenders held.

October

On 2 October 2012, the contract for the concession of the economic exploitation of the Property Complex of Rome Tiburtina station was finalised between Rete Ferroviaria Italiana and Grandi Stazioni, involving functional management of the same by means of the entrusting to third party companies of the running and maintenance services.

November

Launch under partnership with the station retail operators of the new Web and Social platforms dedicated to the Rome Termini, Milan Central, Turin Porta Nuova and Naples Central stations.

Attendance of Mapic, the most important Retail Travel trade fair, for the presentation to the leading sector operators and for the marketing of the spaces relating to the new areas available for commercial letting.

December

On 18 December 2012, the Italian Internal Revenue Agency - Lazio Regional Division - Major Taxpayers Office served a notice of assessment on the Company in which a higher net value of production for IRAP (regional business tax) purposes was assessed for 2007, amounting to EUR 4,971 thousand, and consequently requested the payment of additional tax for EUR 247 thousand, plus fines and interest. The higher value of production derives from the disputed deductibility of the amounts paid to the supplier Vidion by virtue of the associate investment contract concerning the management of the advertising exploitation activities in the station complexes. After a series of attempts for cordial settlement which were unsuccessful, the company filed - on 15 February 2013 - a petition before the Rome Provincial Tax Commission, in which it requested the cancellation of the notice of assessment in question. For further information, please see note 21 in the explanatory notes to the financial statements.

On 21 December 2012, a business segment rental agreement organised by Grandi Stazioni was signed with KiPoint S.p.A., for the performance of the traditional left luggage service, as well as the provision of accessory services, care of the Rome Termini, Milan Central, Turin P.N., Venice S. Lucia, Venice Mestre, Verona P.N., Genoa Brignole, Genoa P. Principe, Bologna Central, Florence S.M.N., Naples Central - Naples Piazza Garibaldi, Bari Central and Palermo Central stations. The agreement will come into force during 2013.

Human Resources

Composition of and changes in staffing levels

The number of employees and those under other contracts with the Group rose from 274 as at 31 December 2011 to 280 as at 31 December 2012, involving an increase of 6 units, while the average number rose from 273.43 in 2011 to 274.33 in 2012.

Levelling off of the workforce with a slight increase over the year, is confirmation of the fact that the current streamlining with respect to the business is believed to be adequate also considering the effects of the arbitration with Vidion, which led to the acquisition of two resources, and without prejudice to further action to make processes more efficient.

In this context, the Grandi Stazioni Group however did not give up investing in hiring high potential, new-graduates, adding four new resources in 2012 as well.

The composition of and changes in the Group headcount were as follows:

GS Group Headcount in 2012 - FINAL BALANCE						
WORKFORCE	**31 Dec. 2011**	**INCREASE**	**DECREASE**	**31 Dec. 2012**	**AVERAGE FTE 2011**	**AVERAGE FTE 2012**
Executives	15	0	0	15	14.08	15.00
Middle management	44	2	0	46	43.06	45.48
White-collars	200	15	9	206	198.54	199.43
Blue collars	0	0	0	0	0.00	0
Total employees	**259**	**17**	**9**	**267**	**255.68**	**259.91**
Seconded c/o GS Ingegneria	-18	-1	-1	-18	-18.75	-18.10
Seconded from GS Spa	18	1	1	18	18.75	18.10
Other Contracts	15	4	6	13	17.75	14.42
Total	**274**	**21**	**15**	**280**	**273.43**	**274.33**

Industrial Relations

2012 was the year in which the Supplementary In-house Agreement (CIA) expired, having been entered into in 2010 and which contains a series of innovations for personnel management.

The Trade Union Organisations maintained a mature and constructive approach in view of the coming negotiations which will concern the renewal of the Agreement.

In consideration of its limited number of employees, Grandi Stazioni Ingegneria is not eligible – as was the case in previous years – for Trade Union Representation. Nonetheless, the principles and regulations ratified by Grandi Stazioni's CIA were also applied in relation to the workers of this Company in 2012.

Training

2012 Training			
Company	**No. of participants**	**Hours**	**Costs**
Grandi Stazioni S.p.A.	269	3,166	101,149
Grandi Stazioni Ingegneria S.r.l.	21	478	2,518

The main topics involved in training sessions throughout 2012 were as follows:

- Managerial training essentially intended for senior figures.
- Training on the on-line Performance Assessment System for all Department Managers and Organizational Unit Coordinators.

- Training in relation to the Environmental Management System implemented by Grandi Stazioni in accordance with Group policies and guidelines, for all staff in the Operations Management Department.
- Training with regard to Italian Legislative Decree No. 231/2001.
- Mandatory training with regard to health and safety in the workplace.
- Specific technical-professional refresher training by area for all company departments.

With regard to Grandi Stazioni Ingegneria, mainly technical-refresher courses concerning new laws and standards in the building industry were held.

Management Policy

In relation to Human Resource Management Policies, the Company focused its energies on a number of strategically important processes, which completed the organisational and management framework defined over the last few years:

- The review of the administrative processes and in particular of Management Control (processes, job descriptions, departments, workforces, procedures).
- Review of the Investment Management process (processes, departments, workforces, procedures).
- Continuation of the project to hire new graduates agreed with Ferrovie dello Stato Italiane SpA (six resources in 2009, 2 in 2010, 4 in 2011, 4 in 2012) to focus on developing talents in-house capable of undertaking direct responsibilities over the next thirty-six months.
- Review of the company MBO process, featuring standard rules in line with the process in force within Ferrovie dello Stato Italiane SpA.
- Review of the commercial letting management process (processes, procedures).
- Complete review of the process and the procedures on fulfilments concerning safety (Italian Legislative Decree No. 81/08) further to the organisational restructuring of the related departments and the new system of proxies in force.

With regard to Grandi Stazioni Ingegneria, in 2012 the Company focused its energies on maintaining the best possible dimensions for managing assigned orders.

Safety in the workplace

With regard to health and safety in the workplace, 2012 saw the development and completion of the Risk Assessment Document for all the property complexes of the stations. The focus complies with the singularity of the spaces which are work spaces and at the same time areas open to the general public.

In this sense, instrumental detection campaigns have been developed looking into the noisiness of the areas, the state of the water mains, the presence of dust and the levels of lighting in the Station areas; likewise, the premises were subject to technical and sanitary investigations aimed at improving the levels of safety and security.

At the same time, 2012 saw the development and progressive introduction of the technological systems created by means of station refurbishment measures. Said measures made it possible to increase the safety standards serving the premises and to launch the review of the emergency handling procedures and the simultaneous updating of the associated training.

Development of the process for the co-ordination of the activities was launched, for the purpose of eliminating and mitigating the risks from interference, by means of the drawing up and publication of a specific company procedure.

Health monitoring disclosed an adequate situation with regard to general health conditions and the specificity of the individual duties, subject what is more to accurate focus at the time of the review of the assessment of the risks; furthermore, recourse against the opinions of the Health professional did not emerge.

With regard to the workforce, 3 accidents were registered, of which 2 "while travelling to/from work"; no claims have been presented regarding occupational diseases.

Furthermore, Grandi Stazioni Ingegneria's safety management process has been redefined and will be fully up and running during 2013.

Environmental policy

The main activities relating to environmental policies carried out during 2012 are described below, divided up according to specific area

Energy

- -Signing of the electricity supply contract relating to the eligible market for all the GS network, with the aim of containing property service charges and procurement from renewable sources, requesting that 20% of the supply comes from certified renewable sources. Launch of publication activities for the supply tender call for the period May 2013 - December 2014;
- -Progress of the utilities separation process especially with regard to structural measures. Grandi Stazioni S.p.A. took delivery of the RFI substations in Florence and the new MV substation loop was created.
- -An energy audit was carried out at the Milan Grandi Stazioni S.p.A. offices in order to evaluate any investments for the reduction of consumption from lighting by means of the uses of technologies which are now mature, such as LED;
- -Continuation of the process to install remotely-read electronic meters at Roma Termini Station, so as to assess the efficiency of the system and identify the effective users in order to rationalize consumption and ascribe such to effective users.

Water supply and drain system

- -Construction of the sewage connection and attainment of the related authorisation for Palermo Central's "Mensa" Building.

-Continuation of the process for identification of the effective station users for targeted measures to rationalize consumption and ascribe such to the effective users, with particular reference to water consumption;

-Continuation of the process to renegotiate the minimum limits for water supplies (Turin P.N., Venice S.L., Venice Mestre, Genoa Piazza Principe) aimed at containing consumption/property service charges;

-Control and checking of water meter anomalies for restoring the correct functioning thereof, particularly at the Turin P.N. station.

Emissions

-Advancement of the work for constructing new gas heating plants which will replace the old diesel/fuel oil plants, within the sphere of the station renovation work (e.g. Venice Mestre, Genoa Brignole, Bari) and progressive adaptation of the heating and cooling system at Bologna Central further to new contracts for the supply of district heating and cooling;

-Activities for the running of heating and cooling plants, with daily analyses on pollutant emissions and related regulation measures.

-Handing over of the ETS management of the Milan Central and Rome Termini heating plants by the old maintenance contractor to the new one.

Waste management

-Continuation of ongoing waste collection at the refurbished Milan Central, Naples Central, Turin Porta Nuova and Rome Termini stations, paying particular attention to collection of recyclable waste from retail concerns (using trolleys with three separate compartments and, if necessary, introducing door-to-door collection);

-Ensuring ongoing efficiency in the entire recyclable waste collection system throughout areas open to the public:

- maintaining recyclable waste baskets;
- study to create new separate ecological collection depots for recyclable waste;
- implementation of the current waste collection points, requesting the municipally-owned companies for additional recyclable waste collection bins, with particular attention to the needs of the Trenitalia Freccia Clubs (Naples Central, Rome Termini, Bologna Central).

-Reviewing contracts for waste removal services and purchasing new compactors (Milan Central).

-Introduction of the obligation for the contracting companies providing the cleaning services for the areas open to the public to equip themselves with machines which:

-make it possible to limit the waste of detergents and water using automatic dosing systems;

-are electrically powered.

Public Health

- Implementing and ensuring the efficiency of no smoking signs around the station and signs for smokers' areas.
- Activities regarding materials containing asbestos: as part of the activities subsequent to the mapping of materials containing asbestos in the station property complexes under management, Grandi Stazioni S.p.A. has carried out clearance, sanitisation and safety implementation activities at the Bologna Central, Florence Santa Maria Novella, Naples Central and Palermo Central stations.

Environmental Monitoring

- During the first half of the year, steps were taken to assess the results of the 2011 monitoring and consequently plan the 2012 monitoring.
- The campaign involving instrumental readings carried out during 2012 involved 1,610 readings throughout Italy for the following:

PARTICULATES	248
DRINKING WATER CHEMICAL ANALYSIS	148
DRINKING WATER BIOLOGICAL ANALYSIS	148
LEGIONNAIRE'S DISEASE	176
AIRBORNE POLLUTANTS	148
LIGHTING	248
NOISE	248
RADON GAS SAMPLING	246
TOTAL	**1,610**

Environmental Management System (SGA) implementation

- Publication of Grandi Stazioni S.p.A.'s Environment Policy document in June 2012
- Accomplishment of the SGA procedures which acknowledge the guidelines provided by the parent company Ferrovie dello Stato Italiane SpA ready for publication at the start of 2013;
- Activation of the appointment for the extension of SGA operational implementation activities upstream from the Governance system outlined at organisational and procedural level during 2012;
- Performance of the first operational inspections on sample stations (Rome Termini) for the analysis of significant environmental aspects linked to the activities of Grandi Stazioni S.p.A..

Mobility Management

- Appointment of the company Mobility Manager in 2012;
- Activation of an agreement for concessions on public transport used by employees;
- Launch of a process for surveying the home-to-work travelling of employees.

Customer Relations

Marketing and Communication activities during 2012 involved action to support the Business areas, constant attention to customer satisfaction surveys and promotion of the company image.

Specifically, indication is made of the activities concerning:

a) ....Customer Satisfaction surveys carried out by RFI with members of the public at Stations, highlighting average customer satisfaction exceeding 90%, increasing with respect to the previous year. Detailed surveys carried out by the Company have made it possible to define plans for ongoing improvement of the service and information;

b)..The programme supporting the Commercial Letting Business Unit, achieved in collaboration with the retail outlet Leaseholders, at the Turin Porta Nuova (during Paratissima, the MiTo Festival and the Food & Floral show), Milan Central (during the MiTo Festival), Rome Termini (during the Rome International Cinema Festival) and Naples Central stations (with shows, prize competitions and other initiatives to boost shopping, liven up the station and increase the potential customer target).

c) ....The launch, supported by contractual agreements with the station commercial operators, of the new Web and Social platforms dedicated to the Rome Termini, Milan Central, Turin Porta Nuova and Naples Central stations.

d)..The communication campaign in the Grandi Stazioni S.p.A. Media circuit for the promotion of purchases in the shopping malls at Rome Termini, Milan Central, Turin Porta Nuova and Naples Central.

Development

Scouting continued as part of the development strategy, focusing - as far as abroad is concerned – on countries with above average economic growth rates and important potential for growth in rail traffic, particularly High-Speed Rail, where the know-how acquired by the Company in renovating and commercially re-launching stations is a considerable asset.

Macroeconomic scenario

Approximately four years on from the outbreak of the American financial crisis, the global economy is still in a state of apprehension. During 2012, global economic growth weakened even further, conditioned by both the slowdown in world trade and the persistent uncertainty of the process for consolidating public finances in the United States and the rising tension on the sovereign debt of certain countries in the Euro zone. In this context, a considerable divergence between the contribution to global economic growth of developed countries and that of developing and recently industrialised countries once again persisted. With regard to the latter, the economy grew - in terms of percentage change in GDP - once again this year at sustained rates (+5.1%), [1] drawn along above all else by China (+7.8%) and India (+4.7%). The contribution towards global economic growth of developed countries was by contrast decidedly more contained (+1.3%) [2]; in fact a contrast was seen in the contribution, with the United States with a rate of +2.3% and the Euro Zone with a drop of -0.4%. Overall, the world economy grew 3.0%, compared with 3.9% in 2011. World trade was also down, disclosing +2.6% during the year under review, compared with +7.2% in 2011.

Global economic figures		2011	2012
(% change on previous year)			
GDP			
	World	3.9	3.0
	Developed countries		
	USA	1.8	2.3
	United Kingdom	0.9	-0.2
	Euro zone	1.5	-0.4
	Developing countries		
	China	9.3	7.8
	India	7.3	4.7
	Latin America	4.7	2.4
Oil (Brent $ per barrel)		111.6	112.1
World trade		7.2	2.6
Source: Prometeia Forecast Report January 2013			

In the Euro zone, the persistent tension on markets caused by the sovereign debt crisis relaxed only in the second half of the year, following the ECB measures. However, high unemployment, as well as the weakness in internal demand, continued to curb the underlying trend in growth. Overall, the gross

[1] Source: International Monetary Fund (IMF)
[2] Source: International Monetary Fund (IMF)

domestic product of the area decreased 0.4% and, albeit within a scenario of generalised slowdown, there was a difference in growth heavily inconsistent between the EMU nations, where the core European countries reported a less pronounced slowdown than the peripheral ones.

Germany, whose GDP rose 0.9%, remained the benchmark for the Euro zone, followed by France which, up against considerable austerity measures, reported a growth rate of 0.1%. Among the peripheral countries, by contrast, the negative performances of Portugal (-3.1%) and Greece (-6.4%) stand out.

The inflation of the EMU, down with respect to the previous year, came in 2012 to 2.5%, encouraged by the deceleration of energy product prices in the second half of the year.

Euro zone economic figures		2011	2012
		(% change on previous year)	
GDP			
	Euro Zone	**1.5**	**-0.4**
	Germany	3.1	0.9
	France	1.7	0.1
	Italy	0.6	-2.1
	Spain	0.4	-1.4
Inflation (HICP)			
	Euro Zone	**2.7**	**2.5**
	Germany	2.5	2.2
	France	2.3	2.2
	Italy	2.9	3.3
	Spain	3.1	2.4
Internal demand			
	Euro Zone	**0.5**	**-1.9**
	Germany	2.6	-0.2
	France	1.7	-0.5
	Italy	-0.9	-4.7
	Spain	-1.9	-3.8
Source: Prometeia Forecast Report January 2013			

Internal demand in the Euro zone, heavily conditioned by both the corrective manoeuvres of public finance - what is more indispensable for avoiding more serious consequences on activities and on economic stability - and the weakness in household consumption, fell considerably (-1.9% compared with

+0.5% in 2011). Again in this case, there were clear disparities between the EMU countries: more contained decreases were seen for Germany (-0.2%) and France (-0.5%) compared with more pronounced ones for Italy (-4.7%) and Spain (-3.8%).

In Italy, the economic system in 2012 disclosed a decisive slowdown, due to both the tension on the financial markets and the effect on disposable income of the corrective manoeuvres of public finance. Furthermore, a strong earthquake in May in northern Italy, in an area with a high percentage of industrial and technological businesses, produced a further negative impact on the entire economy of the country.

The GDP trend disclosed a decrease of 0.8% in the first quarter of the year and 0.7% in the 2nd quarter. The most contained drop was seen in the 3rd quarter (-0.2%), followed however by a negative performance of -0.6% in the 4th quarter. Overall, on an average annual basis, the drop in GDP came to 2.1%, compared with modest growth of +0.6% in 2011.

Household consumption continued to drop with regard to all components, reflecting the prolonged decrease in disposable income and the high generalised uncertainty in the air. The decrease in the durables sector was particularly emphasised. In this connection, the generalised drop in vehicle registrations was revealing, which during 2012 fell to all-time lows last seen in 1979.

Italian economic figures	2012			
	1st quarter	2nd quarter	3rd quarter	4th quarter
	(% change on previous year)			
GDP	-0.8	-0.7	-0.2	-0.6
Internal demand	-1.6	-1.2	-0.7	-0.6
Household spending	-1.4	-1.2	-1.0	-0.6
PA and NPI spending	-0.1	0.1	-0.3	-0.4
Gross fixed investments	-4.1	-2.0	-1.4	-1.6
construction	-3.6	-1.2	-1.4	-1.9
other investment assets	-4.7	-3.0	-1.3	-1.3
Imports of goods and services	-3.5	-0.5	-1.4	0.1
Exports of goods and services	-0.5	1.0	0.5	0.0
Source: Prometeia Forecast Report January 2013				

The average annual rate of inflation (NIC) for 2012 came to 3.0% in Italy, up slightly by two tenths of a percentage point compared with 2.8% in 2011.

The unemployment rate was also up sharply, reaching 11.2 % in December; mention should be made, in particular, of youth unemployment which rose to 36.6% in the same period[3]. During 2012, Italian

[3] Source: Istat (National statistics institute)

businesses availed of 1,090 million hours of temporary lay-off benefits, compared with 973 million in 2011, disclosing an increase of 12% on an annual basis.

PERFORMANCE OF THE REFERENCE MARKETS

PROPERTY MARKET

During the second half of 2012, the trend in property demand, despite the genuine crash registered over the last few years, disclosed a new retraction.

With the drop reported during the year in the overall turnover of the property sector (equal to 4% on average), the retraction with respect to the peaks of the expansive phase (2007/2008) reached 12/12.5% for the residential and office sector and 10% for the commercial sector.

The Italian property market continued to suffer a crisis. In the residential sector, the number of transactions (1st-3rd quarter 2012 vs. 1st-3rd quarter 2011) fell 23.9% and the last figure (2nd half of 2012) relating to sales timescales reached values equal to 7.4 months (6.5 in 2011).

The non-residential sector also reported a significant decrease in volumes traded (-22.1%) over the period 1st-3rd quarter 2012, mainly linked to the commercial sector (-24.4%) and the office sector (-27%), accompanied by a further extension of the sales timescales (> 9 months). The drop in the prices for the 13 main urban areas in any event disclosed annual changes in 2012 double those in 2011, equating to -3.6% for homes, -4.3% for office and -3.4% for retail outlets. On the rental market, a drop in rents was confirmed for the 4th year running, for all the sectors along with a lengthening of the timescales for finalising contracts.

The high street market and shopping centres located in secondary areas felt the blow the most, because small retailers who occupy these spaces are finding it hard to survive. Despite the difficult accessory conditions, there are still many retailers who are expanding, but the majority of these are seeking prime locations in the centre of large cities. The leading international fashion brands continue to grow, like the discount chains, who are taking advantage of the difficult market conditions so as to occupy prime locations, both high street and in shopping centres.

Rentals

During 2012, a drop in occupancy was experienced entirely attributable to the effect of the vacating of spaces by the Ferrovie dello Stato Italiane SpA Group (-34 thousand sq.m. which join the approximately 30 thousand sq.m. vacated in the three previous years) and the disposal of the property owned by Rome Termini fully rented.

Therefore, the essential maintenance of the revenues was achieved by means of an increase in the renting out of the commercial surface areas refurbished (+4.4% with respect to 2011 for a total of 3.7 thousand sq.m. on average which join the approximate 26 thousand sq.m. on average of new commercial space rented out in the last three years) and an considerable improvement in the returns (+14.85%) by virtue of the improved commercialisation and different mix.

Summary table of Revenues and occupancy: Grandi Stazioni S.p.A.

Revenues €/1,000 – Sq.m. Averages

				DELTA VS. PREV. YEAR
	SUMMARY OF RENTALS	**Cons. 2011**	**Cons. 2012**	
	REVENUES (EUR mlns)	90.5	89.1	-1.5%
	RETAIL	55.3	60.4	9.2%
	OFFICE	35.1	28.7	-18.3%
	THIRD PARTIES	58.5	63.0	7.5%
	GROUP	31.9	26.1	-18.1%
	SUMMARY OF RENTALS	**Cons. 2011**	**Cons. 2012**	
	Unit Yield (EUR sq.m.)	322.3	370.2	14.9%
	RETAIL	668.4	698.8	4.6%
	OFFICE	177.5	186.0	4.8%
	THIRD PARTIES	418.9	468.2	11.8%
	GROUP	226.5	246.1	8.7%
	SUMMARY OF RENTALS	**Cons. 2011**	**Cons. 2012**	
	Surface area rented out (sq.m.)	280,657.1	240,683.9	-14.2%
	RETAIL	82,783.9	86,449.6	4.4%
	OFFICE	197,873.1	154,234.2	-22.1%
	THIRD PARTIES	139,743.6	134,463.1	-3.8%
	GROUP	140,913.5	106,220.7	-24.6%
	SURFACE AREA RENTED OUT	280,657.1	240,683.9	-14.2%
	SURFACE AREA NOT RENTED OUT	73,987.0	112,751.6	52.4%
	SURFACE AREA AVAILABLE	354,644.1	353,435.5	-0.3%
	% occupancy	79&	68%	

Retail

During 2012, the Company put together all the commercial and contractual action aimed at the best exploitation of the station areas, compatibly with the progress of the worksites in the property complexes of the network.

Despite the critical issues which emerged in the handling of the renovations tenders, the technical restrictions and the disputes, an effort was made to maximise the Company's revenues by means of the opening up to the public of new sales outlets and the entering into of new rental agreements.

More specifically, during the last year 45 new sales outlets were opened to the public (following the approximate 180 stores opened in the three-year period 2009/2011) at the Bari Central, Bologna Central, Florence Santa Maria Novella, Milan Central, Naples Central, Rome Termini, Turin Porta Nuova, Venice Santa Lucia and Verona Porta Nuova stations, for a total of around 14,500 sq.m. (of which around 3,300 sq.m. subject to re-marketing), in addition to around 40,000 sq.m. opened between 2009 and 2011 (of which around 2,700 subject to re-marketing).

The marketing of spaces continued, operating on two fronts: executing pre-existing preliminary agreements (in detail, these include the consignments/openings of the Autogrill premises care of the stations in Florence, Milan, Verona and Venice) and by means of activities for the choice of commercial partners for the opening of new sales outlets care of Rome Termini, Milan Central, Naples Central, Verona P.N., Florence S.M.N., Bologna Central and Bari Central stations with the launch of 36 new marketing procedures (inclusive of the contractual renewals), and marketing on the new Rome Tiburtina stations was started. The afore-mentioned activities gave rise to the signing of the related rental agreement for a total of 36.

The new brands that were introduced included Saturn, covering a total surface area of around 4,000 sq.m. distributed over several levels at Milan Central station, Thun, Euronics, Kiko, Muji, Tally Wejil, Celio*, Adidas, Reebok, Bianco&Nero, Old Wild West, brands whose appeal guaranteed improvement in the average level of the brands available in network stations.

At the same time as the progress of the renovation of network stations, the consignment and opening of the renovated spaces of the railway operators continued, care of the Venice S. Lucia, Bologna Central, Florence S.M.N. and Naples Central stations.

Development of the commercial areas proceeded despite the difficulties deriving from the permanent presence of extensive works, which limited the use of stores and/or the expectations of economic return for the Company (for example, in the case of the station renovations for Turin Porta Nuova and Naples Central and in the case of the Venice S. Lucia complex being renovated), where the negative effect of work, also outside the station, considerably affected the start-up of the new sales activities and/or the sales volumes for stores, even now leading a number of stores to request renegotiation of the contractual conditions and also making the marketing of remaining stores much more difficult.

Marketing of the stores with upcoming lease expiry, particularly at Roma Termini Station, continued according to the number of lessees requested to give notice over the previous years.

The opportunities for the marketing of the spaces made available further to the settlement of disputes pending on premises subject to the eviction process fit in on a parallel, leading in 2012 to the opening of the new Wind flagship store at Rome Termini. Mention is also made of the partnership between Wind and the Rome Luiss University, which will lead during 2013 to the implementation of the "Luis Idea Incubator" within the Mazzoni room located in Rome Termini station.

The implementation and management of the rental contract with Network Italia Edicole continued, despite the criticalities which emerged during 2012, dependent on various factors, such as: the relationships between Network Italia Edicole and the individual newsagents/operators associated with the same, the need to rationalise the spaces in certain Network stations and, on a more general note, the crisis which has affected the publishing sector.

Intense contractual activities led to analytical action, carried out jointly with the lessee, aimed at identifying the instruments for overcoming the criticalities relating to the business model launched on the circuit; these activities generated an overall redefinition of the contractual balance, imminently due to be formalised and which is taken into account in the financial statements.

With regard to the handling of the relationship under dispute with Retail Group SpA, compatibly with the action permitted by the pending of the arbitration proceedings underway, the objective was pursued of demanding from the other party the observance of the commitments contractually undertaken, both with regard to the obligation to take deliver and consequent opening to the public of premises renovated in the Network's station complexes and, in general, with regard to the fulfilment of the economic and contractual obligations.

Even the complex management of additional and separate dealings with the companies entirely invested in by the same Retail Group has been marked by the same principle of severity in the request to fulfil, with the adoption of the consequent action, at times also judicial, aimed at protecting the Company's revenues and activating the sales outlet in the properties already promised under rental.

New openings:

February

Grandi Stazioni opened a new Thun store in Naples Central station covering around 60 sq.m..

March

Six new stores were opened: two in Turin P.N. station covering around 1,500 sq.m. (the Old Wild West steakhouse and the Forexchange exchange), three "Casa Italo" premises of the NTC railway operator in Bologna Central, Florence S.M.N. and Naples Central stations for a total of around 900 sq.m. and the renewal of the Blue Spirit sales outlet in Rome Termini station covering a surface area of 75 sq.m..

April

4 new stores were opened: one at Milan station covering around 635 sq.m. (Nike), one at Rome Termini station for around 43 sq.m. (Kiko), one at Turin station covering about 12 sq.m. (365 Travel Agency) and one in Venice S. Lucia station covering around 120 sq.m. (Muji).

June

Two new stores were opened: one in Bologna Central station covering 22 sq.m. (herbalist shop) and another at Rome Termini station covering around 100 sq.m. under the Adidas brand.

July

Five new sales outlets were opened: one Tentazioni Cafè (Autogrill) at Florence S.M.N. station covering around 250 sq.m., two in Naples Central station covering around 80 sq.m (Triumph and Nina Morena) and two Desigual stores in the Rome Termini and Verona Porta Nuova stations for a total of around 550 sq.m..

August

Six new stores were opened: one in Milan Central station covering around 40 sq.m. (Bianco&Nero bar and coffee shop), two in Rome Termini station covering around 150 sq.m. (Bianco&Nero and Swarovski), one in Turin P.N. station (Mango), one covering 60 sq.m. in Verona P.N. station (Triumph) and another in Venice S.Lucia station covering a surface area of about 250 sq.m. (Sephora).

September

Five new sales outlets were opened: at Venice S. Lucia station a new Trenitalia ticket office and the Eurostar Freccia Club were opened covering around 730 sq.m. and the NTV "Casa Italo" over a surface area of around 140 sq.m.; a Motivi clothing store was opened at Bologna station covering around 210 sq.m. and a Kiko outlet (73 sq.m.) at Verona P.N. station. Five new sales outlets were opened: at Venice S. Lucia station a new Trenitalia ticket office and the Eurostar Freccia Club were opened covering around 730 sq.m. and the NTV "Casa Italo" over a surface area of around 140 sq.m.; a Motivi clothing store was opened at Bologna station covering around 210 sq.m. and a Kiko outlet (73 sq.m.) at Verona P.N. station.

October

Four new stores were opened: one tobacconists at Bari Central station, a 30 sq.m. chocolate shop at Naples central station, and two Tally Wejil clothing stores at Rome Termini and Turin P.N. stations covering a total surface area of around 400 sq.m..

November

Three new sales outlets were opened: a new pharmacy at Bologna Central station covering about 200 sq.m. and two sports clothing stores, one at Rome Termini on 50 sq.m. (Reebok) and another at Turin P.N. covering 230 sq.m. (Nike).

December

Nine new stores were opened: one at Florence S.M.N. station covering a surface area of approximately 650 sq.m. (McDonald's-Mokà), four at Milan Central stations for a total surface area of around 5,500 sq.m.) (Saturn, Desigual, Celio*, Road House), three at Rome Termini station for around 450 sq.m. (Wind, Euronics, Euronet) and a Feltrinelli bookstore at Verona Porta Nuova station covering around 900 sq.m.

Office use

As at 31 December 2012, square metres rented out for Office use came to 150 thousand sq.m. in total.

During the year, the Ferrovie dello Stato Italiane Group continued its rationalisation process making vacations for around 9.5 thousand sq.m., taking the occupancy of the Ferrovie dello Stato Italiane Group companies to 100.4 thousand sq.m. of which 10.7 thousand sq.m. for retail rentals and 89.8 thousand sq.m. for Office rentals.

The vacations mainly concerned Trenitalia for a total of 7.3 thousand sq.m. and Italferr for 2.2 thousand sq.m. in the Florence proprietary office block.

Further to the spin-off deeded entered into between RFI and Ferrovie dello Stato Italiane SpA concerning the ownership of the Naples, Rome Termini, Milan Central and Turin Porta Nuova stations, the parent company Ferrovie dello Stato Italiane took over, in its capacity as proprietor, the contractual relationship regarding the "former Lodo Barbieri" occupancy of the "Other RFI" categories in said stations for a total of 4 thousand sq.m..

During the year, negotiations were launched with the Ferrovie dello Stato Italiane Group for the re-entry of Trenitalia, Italferr and Ferservizi which involve 19 thousand sq.m. of space for office use currently leased to third parties.

With reference to the office market vis-à-vis third parties, a reverse was seen in the trend with respect to the Group in that the volume of occupancies rose, passing from almost 58.0 thousand sq.m. to more than 60.2 sq.m..

Agreements with Ferrovie dello Stato Italiane Group companies

Trenitalia

Trenitalia occupancy came to 51.1 thousand sq.m. of which 9.0 thousand sq.m. for retail space and 42.3 sq.m. for office use.

Agreements were entered into for the re-entry of the company within the Turin P.N. and Naples Central stations.

Ferservizi

Ferservizi occupancy came to 11.9 thousand sq.m., up slightly with respect to last year (11.5 sq.m.) due to the consignment of the new headquarters of Bari Central.

Agreements were entered into for the re-entry of the company within the Bologna Central station for the lease of space to be set aside for Ferrotel.

RFI/ Ferrovie dello Stato Italiane SpA

Occupancy relating to RFI came to 35.7 thousand sq.m., net of the portion of office rentals transferred to Ferrovie dello Stato Italiane SpA for 4 thousand sq.m..

In relation to the space occupied by company canteens (originally the responsibility of RFI), direct contractual relations with Gemeaz-Elior – the company awarded the tender by Ferservizi - are still being defined due to the difference in economic terms between the value agreed with Grandi Stazioni S.p.A. and that agreed in the Framework Agreement between Ferservizi and Gemeaz that came to light at the time of awarding the tender.

Other Contracts

DLF (Dopo Lavoro Ferroviario – Recreational Club)

Despite reiterated attempts, Dopo Lavoro Ferroviario (DLF) has not entered into any lease agreement. At the same time, the plan for the freeing up of space by DLP has been continued; during 2012 occupancy fell to 1.0 thousand sq.m..

Other third party dealings

Lease agreements were entered into with third party clients during the year. The main Office use contracts are illustrated below:

Station	Contract No.			Company Name	Activity/Intended Use
Florence S.M.N.	FI	3	2012	ANTUOFERMO MARISA	Lodgings
Florence S.M.N.	FI	4	2012	GANGIORNELLA	Lodgings
Naples Central	NA	3	2012	STELLE IMMOBILIARE Sas	Property
Rome Termini	T	7	2012	ANGEL SERVICE	Offices and locker rooms
Turin P.N.	TO	1	2012	SINTESI Spa	Offices
Turin P.N.	TO	4	2012	TELECOM ITALIA Spa	Utilities room
Milan Central	MI	17	2012	ODONTOIATRICA SAN MICHELE Srl	Offices /Studio
Naples Central	NA	7	2012	IMPRESA PIZZAROTTI & C	Offices
Naples Central	NA	6	2012	CODIMES Spa	Offices
Milan Central	MI	18	2012	TRENITALIA VEOLIA TRANSDEV Spa	Offices
Rome Termini	T	24	2012	WIND TELECOMUNICAZIONI Spa	Offices
Florence S.M.N.	FI	8	2012	ORDINE DEGLI ARCHITETTI DI FIRENZE	Offices

Proprietary buildings

Naples Central – Palazzo Alto: lease agreements were entered into for premises intended for office use involving a total of around 600 sq.m.; furthermore, agreements were finalised for the lease of a further 2,300 sq.m., again for office use. Marketing of the remaining sections for office use continued and activities are underway for the selection for the lease of the portion for hotel use.

Genoa Principe - Via A. Doria: activities are underway for the lease of the spaces identified within the sphere of the re-entry negotiations with Ferrovie dello Stato Italiane Group companies.

Bologna Central - Via Pietramellara: marketing of the entire property complex is underway. Agreements were entered into for the re-entry of Italferr for the lease of an entire floor for office use.

Florence SMN - Via Alamanni: in September 2012, the process for the rationalisation of the offices leased to Italferr in the Florence office block was finalised, with the consequent freeing up of 2.2 thousand sq.m.. The marketing of the remaining unleased portion of the property complex is underway.

ADVERTISING MARKET

The total advertising market at the end of 2012 disclosed a drop of -14.3% on 2011 (Nielsen figures), falling for the first time under the threshold of EUR 8.0 billion per year to EUR 7,442 million.

With regard to the total traditional Outdoor segment, the decrease at year end came to -12% (Nielsen figures), disclosing a downwards trend, registered for the first time, for the Digital OOH segment (-10.2%). (Nielsen figures)

Grandi Stazioni S.p.A.'s media sector, bucking the trend, had slightly increased levels in 2012 Advertising turnover when compared with 2011 (+0.63%) and an increase in related Market Share.

In a scenario of decreasing clients, budget and number of campaigns, Grandi Stazioni S.p.A. processed around 600 campaigns with 230 clients (figures essentially in line with 2011), with a turnover of 50% of new customers activated vs 2011.

MEDIA

Summary table 2012 vs 2011 Trend in Media Revenues Grandi Stazioni S.p.A.

Media Revenues	Cons. 2011	Cons. 2012	% Delta
Total EUR mlns	**19.3**	**19.4**	**0.63%**
Market Share	3.5%	4.0%	
Traditional ADV	10.2	10.4	2.7%
Engagement	1.7	0.6	-64.4%
Video communication	5.3	4.8	-8.9%
Special Systems	2.2	3.6	65.05%

CUSTOMER SERVICES

The three sectors described below underwent a negative trend in terms of final balance, due to the drop in consumption and the great uncertainty regarding the economic situation which also penalised the service sector in Italy.

Washrooms

In relation to 2011: Revenues +5.1% and flows +1.7%

Restyling work continued in 2012 in the premises dedicated to paid services, with the accomplishment of the new concept:

- Mestre – activation of the service against payment as from the end of April 2012
- Venice S.L. – bringing forward of the refurbishment and extension of the premises by around 4 months (April) with satisfactory economic results with respect to the previous year.
- The closure of the Rome Termini F Building location was carried out (January/March 2012 with protraction of one month) without any penalisation of the service, with a drop in revenues but an improvement in EBITDA.
- In response to the drop in flow, action was undertaken to contain costs, with a decrease of 15%.

Left luggage

In relation to 2011: Revenues +8.2% and luggage acceptances -9.1%

The positive value in terms of revenues is due to the change in pricing while a considerable decrease was seen in the number of acceptances, due to many pre-existing causes:

- Fewer overnight stays for business, due to a reduction in travelling time, with the arrival of High-Speed Rail
- More contained and technologically more advanced trolleys, thus avoiding left luggage
- Criticalities in tourist flows in art cities
- Climate problems in the first quarter (snow) with the blockage of train traffic
- Economic crisis which led to a drop in consumption
- Work for the renovation of railway stations

In order to improve the left luggage service with integration of quality supplementary activities (e.g. porter service, shipment and transportation of baggage to final destination, national and international express courier, sales of travel, office and stationery products, lost property service, internet browsing, bill payment, photocopying), a tender was called for the rental of the business segment subsequently awarded to Kipoint (Poste Italiane company) with formalisation of the contract in December 2012 and activation of the service as from 1 February 2013.

Car parks

In relation to 2011: Revenues -10.8% and occupancy -10.8%

- Rome Piazza dei Cinquecento- For the whole of 2012, the car park suffered from the presence of invasive building sites due to the renovation work on the underground carried out by "Roma Metropolitane"
- Rome Marsala – Losses in terms of revenues limited, thanks to a prepaid service agreement for electric vehicles (5) with the car rental firm Maggiore (EUR 25,000).
- Verona - results in line with those estimated in the budget. Activities were concluded in October, since renovation work for the stations was started in the area.

Group balance sheet and income statement performance

Consolidated income statement

The reclassified consolidated income statement is presented as follows..
The 2011 column reflects a number of reclassifications made for the purpose of presenting a clearer and more correct reclassified economic situation.

in thousands of EUR

	2012	2011	Changes	(% change)
Operating revenues	**199,753**	**216,484**	**(16,731)**	**(7.73)**
Revenues from sales and services	196,378	198,963	(2,585)	(1.30)
Other income	3,375	17,521	(14,146)	(80.74)
Operating Costs	**(151,212)**	**(147,593)**	**(3,619)**	**(2.45)**
Payroll and related costs	(17,615)	(18,564)	949	5.11
Other net costs	(133,597)	(129,029)	(4,568)	(3.54)
GROSS OPERATING MARGIN (EBITDA)	**48,541**	**68,891**	**(20,350)**	**(29.54)**
Amortisation and depreciation	(11,045)	(10,947)	(98)	(0.90)
Writedowns and impairment losses (writebacks)	(1,261)	(3,996)	2,735	68.44
OPERATING RESULT (EBIT)	**36,235**	**53,948**	**(17,713)**	**(32.83)**
Financial income and expense	(5,794)	(4,679)	(1,115)	(23.83)
PRE-TAX RESULT	**30,441**	**49,269**	**(18,828)**	**(38.21)**
Income taxes	(9,933)	(17,639)	7,706	43.69
RESULT OF ON-GOING ACTIVITIES	**20,508**	**31,630**	**(11,122)**	**(35.16)**
NET PROFIT (LOSS) FOR THE YEAR	**20,508**	**31,630**	**(11,122)**	**(35.16)**
Group net result	19,797	30,700	(10,903)	(35.51)
Minority interest net result	711	930	(219)	(23.55)

"Operating revenues" in 2012 amounted to EUR 199.8 million, involving a net decrease of EUR -16.7 million

when compared with 2011 due essentially to the absence in 2012 of the 2011 capital gain deriving from the sale of the property in Rome (EUR -14.9 million).

The "*Gross Operating Margin (EBITDA)*" amounted to EUR 48.5 million, with a decrease of EUR 20.4 million when compared with 2011, of which EUR 14.7 million due to the net effect of the sale of the property in Rome and EUR 4.8 million for additional provisions to the Reserve for Risks and Charges.

The "*Operating Result (EBIT)*" amounted to EUR 36.2 million, with a decrease of EUR 17.7 million when compared with 2011, of which EUR 14.7 million due to the net effect of the sale of the property in Rome.

The "*Net result for the year*" disclosed net profit of EUR 20.5 million, with a decrease of EUR 11.1 million compared to last year. The reasons for this significant decrease in the net result can mainly be identified in the capital gain net of taxation from the sale of the property in Rome present in 2011 (EUR 10.5 million).

A breakdown of the individual items of the reclassified consolidated income statement is presented as follows.

"Revenues from sales and services" amounted to EUR 196.4 million, with a negative change of EUR 2.5 million when compared with the previous year, due to the decrease in revenues from letting (EUR -1.4 million) and contract work in progress (EUR -2.4 million) and the increase in revenues due to reimbursement of lease-related charges (EUR +1.3 million), revenues for engagement activities (EUR +0.3 million) and income due to sundry reimbursements (EUR +0.6 million), and comprise:

Amounts in millions	**2012**	**2011**	**CHANGE**
Lease revenues	95.3	96.7	-1.4
Reimbursement of accessory charges	69	67.7	1.3
Engagement and special installations revenues	4.2	3.9	0.3
Advertising revenues	15.3	15.4	-0.1
Revenues for customer services	10.3	10.5	-0.2
Revenues from engineering services	0	0	0
Change in work in progress	2.3	4.7	-2.4
Total	**196.4**	**198.9**	**-2.5**

"Other income" amounted to EUR 3.4 million, disclosing a decrease of EUR 14.1 million, due essentially to the absence of the 2011 capital gain deriving from the sale of the property in Rome (EUR -14.9 million) and the increase in reimbursements and sundry income (+0.8%), and comprises:

Amounts in millions	**2012**	**2011**	**CHANGE**
Sale of property and land	0	14.9	-14.9
Sundry reimbursements	2.8	2.2	0.6
Other income	0.6	0.4	0.2
Total	**3.4**	**17.5**	**-14.1**

"Operating costs amounted to EUR 151.2 million, up EUR 3.6 million, and were made up as follows:
"*Payroll and related costs"*, amounting to EUR 17.6 million and decreased by around EUR 1.0 million due to the release of provisions for risks and charges set aside in previous years (+ 0.9 million) due to disputes with employees and for the reduction in freelance staff and collaboration (+ 0.1 million).

Amounts in millions	**2012**	**2011**	**CHANGE**
Employees	(16.6)	(17.5)	0.9
Freelance, seconded staff and collaborators	(1.0)	(1.1)	0.1
Total	**(17.6)**	**(18.6)**	**1.0**

Purchases of raw materials remained unchanged with respect to the previous year, at EUR 0.2 million.
Service costs amounted to EUR 87.6 million, decreasing by EUR 0.9 million with respect to 2011.
The variation within service costs was mainly due to:

- an increase of EUR 4.7 million for utility costs following the transfer of former RFI utilities and an increase in the sphere of management;

- a decrease of EUR 4.8 million due to cleaning and maintenance costs further to the activation of new tender contracts as from February/March 2012;
- a decrease of EUR 2.2 million for costs relating to engineering services acquired from third parties;
- an increase of EUR 1.7 million due to the provision to the reserve for risks and charges for services;
- an increase of EUR 0.9 million for security, cleaning and maintenance services and utilities recharged to leaseholders;
- an increase of EUR 0.6 million in costs for commission and fees for associate investment linked to the rise in media revenues.

The "*Use of third party assets*" amounted to EUR 39.2 million, with a decrease of EUR 0.9 million with respect to the previous year. The decrease was mainly due to the drop in the reconveyance fee for the contract for use of station premises.

"*Other operating costs*" amounted to EUR 10.0 million, increasing by EUR 4.5 million with respect to the previous year and mainly involved tax liabilities and provisions for damage compensation.

"*Capitalisations*" amounted to EUR 3.4 million, with a decrease of EUR 0.2 million, and comprised the costs relating to the technical structure used in renovation and enhancement activities

Amounts in millions	2012	2011	CHANGE
Payroll and related costs	**(17.6)**	(18.6)	**1.0**
Raw and consumable materials	**(0.2)**	**(0.2)**	**-**
Services			
Cleaning	(19.4)	(21.8)	2.4
Maintenance	(18.2)	(20.6)	2.4
Utilities	(19.3)	(14.6)	(4.7)
Engineering services	(0.8)	(3.1)	2.3
Services - Security	(5.9)	(4.9)	(1.0)
Improvements on company assets	-	0.0	-
Associate investment fees	(3.7)	(3.0)	(0.7)
Customer service costs	(5.6)	(5.4)	(0.2)
Commission	(2.2)	(2.3)	0.1
Professional services	(2.1)	(2.4)	0.3
Insurance premiums	(1.0)	(1.0)	-
IT services	(0.9)	(0.8)	(0.1)
Consulting	(0.2)	(0.2)	-
Advertising and promotional expenses	(1.2)	(1.2)	-
Remuneration of corporate bodies	(0.3)	(0.3)	-
Travel expenses and board	(0.6)	(0.6)	-
Other	(4.3)	(4.4)	0.1
Provisions/(Releases)	(1.9)	(0.2)	(1.7)
Sub-total Services	**(87.6)**	**(86.8)**	**(0.8)**
Use of third party assets	**(39.2)**	**(40.1)**	**0.9**
Other operating costs	**(10.0)**	**(5.5)**	**(4.5)**
Capitalisations	**3.4**	**3.6**	**(0.2)**
Total	**(151.2)**	**(147.6)**	**(3.6)**

	31 Dec. 2012	31 Dec. 2011	Changes
Net operational working capital	(5,136)	3,139	(8,275)
Other net assets	36,929	32,735	4,194
Working capital	**31,793**	**35,874**	**(4,081)**
Technical fixed assets	307,955	301,318	6,637
Equity investments in long-term financial assets	0	0	0
Net fixed assets	**307,955**	**301,318**	**6,637**
Employee leaving indemnities (TFR)	(2,190)	(1,906)	(284)
Other provisions	(15,279)	(14,295)	(984)
Employee leaving indemnity (TFR) and Other provisions	**(17,469)**	**(16,201)**	**(1,268)**
Net assets /(liabilities) held for sale	**7,266**	**7,266**	**0**
NET INVESTED CAPITAL	**329,545**	**328,257**	**1,288**
Short-term net financial position	(16,905)	(29,030)	12,125
Medium/long-term net financial position	180,399	197,185	(16,786)
Net financial position	**163,494**	**168,155**	**(4,661)**
Shareholders' equity	**166,051**	**160,102**	**5,949**
TOTAL HEDGES	**329,545**	**328,257**	**1,288**

"*Amortisation and depreciation*" amounted to EUR 11.0 million and increased by EUR 0.1 million with respect to the previous year, due to the depreciation during the year of the work on the properties of Verona Porta Nuova and the Venice Divisional Building and for the purchase at year end of the advertising system for the former investment associate.

"Write-downs and impairment losses/writebacks" amounted to EUR 1.3 million, decreasing by EUR 2.7 million with respect to previous year. The allowance for doubtful receivables amounted to EUR 9.5 million, decreasing EUR 0.8 million with respect to 2011.

The balance for "*Financial income and expense*" amounted to EUR 5.8 million in expense, increasing by EUR 1.1 million with respect to previous year, mainly due to lower interest income and exchange gains.

Due to the above, "*Income taxes*" amounted to EUR 9.9 million, a decrease of EUR 7.7 million with respect to previous year

Reclassified consolidated balance sheet

in thousands of EUR

	31.12.2012	31.12.2011	Variazioni
Capitale circolante netto gestionale	(5.136)	3.139	(8.275)
Altre attività nette	36.929	32.735	4.194
Capitale circolante	**31.793**	**35.874**	**(4.081)**
Immobilizzazioni tecniche	307.955	301.318	6.637
Partecipazioni delle immobilizzazioni finanziarie	0	0	0
Capitale immobilizzato netto	**307.955**	**301.318**	**6.637**
TFR	(2.190)	(1.906)	(284)
Altri fondi	(15.279)	(14.295)	(984)
TFR e Altri fondi	**(17.469)**	**(16.201)**	**(1.268)**
Attività/(Passività) nette detenute per la vendita	**7.266**	**7.266**	**0**
CAPITALE INVESTITO NETTO	**329.545**	**328.257**	**1.288**
Posizione finanziaria netta a breve	(16.905)	(29.030)	12.125
Posizione finanziaria netta a medio/lungo	180.399	197.185	(16.786)
Posizione finanziaria netta	**163.494**	**168.155**	**(4.661)**
Mezzi propri	**166.051**	**160.102**	**5.949**
TOTALE COPERTURE	**329.545**	**328.257**	**1.288**

"*Net invested capital*" as at 31 December 2012 amounted to EUR 329.5 million, increasing by EUR 1.3 million with respect to the end of 2011, due to changes in "*working capital*" (EUR -4.1 million), "*net fixed assets*" (EUR +6.6 million), "*employee leaving indemnities (TFR) and provisions*" (EUR -1.2 million); whereas "*coverage*" increased due to changes in the "*net financial position*" (EUR -4.6 million) and "*shareholders' equity*" (EUR +5.9 million).

The reclassified consolidated balance sheet discloses the following:

- a decrease of EUR 8.3 million in "*operational net working capital*" due to the decrease in inventories (EUR -2.0 million), the increase in trade receivables (EUR +4.8 million), the increase in trade payables (EUR -1.3 million) and the decrease in advances paid to suppliers (EUR - 9.8 million);

- an increase of EUR 4.2 million in "*other net assets*" due to the changes for taxes and other assets/liabilities;
- an increase of EUR 6.6 million in net fixed assets mainly due to an increase in fixed assets (EUR +45.4 million) and a decrease in amortisation/depreciation (EUR -11.0 million), and for capital grants (EUR -25.2) and reclassifications (EUR -2.6 million).
- a decrease of EUR 4.7 million in the *net financial position* due to a decrease in short-term financial receivables (EUR 12.1 million) and repayments of the loans previously taken out (EUR 16.8 million);
- an increase in *shareholders' equity* of EUR 5.9 million due to profit generated in 2012 excluding dividends paid and a number of components of the statement of comprehensive income for the year recognised directly under equity. The reclassified value of shareholders' equity differs from the statutory net equity due to the financial liabilities relating to derivatives, amounting to EUR 10.6 million in 2012.

The reclassified statements and related explanatory notes commenting on the separate financial statements of Grandi Stazioni S.p.A. have been omitted as they mainly coincide with the values in the consolidated statements. Separate illustration was not considered useful in terms of additional information for those reading the financial statements.

Risk factors

The activities carried out by the Group expose it to a series of financial risks, which include market risk (interest rate risk, price risk and exchange rate risk), liquidity risk and credit risk.
The Group's financial and operating policies are focused on, amongst other aspects, minimising the negative impact of these risks on the Group's financial performance. By way of protection from exposure to certain risks, the Company makes use of financial derivatives.
In section 4 of the explanatory notes to the annual financial statements, information is provided regarding the exposure to each of the risks indicated above, the objectives, policies and management processes applied to such risks and the methods used to assess them. The management of the risk focuses on the volatility of financial markets and seeks to minimize potential undesirable effects on financial and economic performance.

Related party transactions

Relations between Gruppo Grandi Stazioni and Gruppo Ferrovie dello Stato Italiane SpA companies and between these and other related parties are carried out according to the criteria of essential correctness with the aim to ensuring reciprocal economic benefit in line with standard market conditions and are identified – if necessary – with support from external experts.
Intercompany operations aim to generate value for the entire Ferrovie dello Stato Italiane Group. In this connection, it is pointed out that, according to the Ferrovie dello Stato Italiane Group's Business Plan, a more rational allocation of assets and resources within said Group is currently underway for the purpose of focusing on the core business of each company, improving the valorisation and use of equity not strictly related to the standard operations of companies in the Ferrovie dello Stato Italiane Group

entrusting these activities to experts – including via spin-offs and conferrals – and improving inter-company synergies and economies of scale.

These processes and operations take place according to civil and tax regulations specific to the sector, in compliance with the guidelines established by supervisory Ministries and taking into account the features and peculiarities of the activities carried out by many of the companies in the Ferrovie dello Stato Italiane Group.

The receivable and payable transactions with Parent Companies and other associated companies during the year and information on dealings with related parties are described in the explanatory notes to the financial statements.

Investments

Situation concerning tenders

North West Lot Tender

Following the signing - on 15 June 2012 - of the acknowledgement clause, a long and agonising process was concluded which, in the presence of the withdrawal expressed by DEC SpA and SACAIM SpA from the JV, made it possible to renew the contract with the sole principal Guerrato S.p.A. thereby ensuring the continuity of the tender and avoiding recourse to a new awarding of the contract with the consequent unascertainable standstill of the work.

On 2 October 2012, the contracting client approved the new time schedule relating to the renovation work and the accessory infrastructural works for the Genoa Brignole and Principe stations.

On 6 November 2012, further to the vacation by Metropark on the same date of the spaces, Grandi Stazioni handed over the works pertaining to the construction of the multi-storey car park in Via De Amicis, care of Genoa Brignole station.

North East Lot Tender

With regard to the additional works for Verona P.N., a postponement in the implementation timescales envisaged of around six months is the result of the criticalities in the handling of the relations with a local urban and non-urban transport body (ATV), since the works in question have affected Piazza XXV Aprile with the considerable flow of vehicles and passengers. To-date, work is underway for the clearing out of explosive devices left after the war for phase II (underground car park) in close synergy with the local Bodies in relation to recent findings (skeletal remains, various material left over from the war, unexploded devices).

With regard to the additional internal work, activities are underway for the Verona station relating to the creation of an external fire-fighting tank, the laying of *loges* routes and the fixed signs on the rails level.

With regard to the internal work at Mestre station following the favourable outcome of the petition pursuant to Article 700 for the removal from platform 1 of the glass-fronted structures, whose presence prevented the possibility of continuation of the work in its entirety, consolidation of the external pillars was terminated.

Work for the completion of the technological plant rooms, left luggage and neighbouring areas is underway.

With regard to the above-ground car park in Mestre, following the construction of a new cable duct, activities continued to sort out the considerable interference in agreement with RFI relating to the construction of the foundations; appraisals are also underway relating to the transfer of polluted ground to landfills following characterisation of the soil.

All the areas subject to the renovation measures at Venice SL have been handed over to the contractor.

The work on the new Trenitalia ticket office and Freccia Club at Venice SL was completed and they were opened up to the general public on 20 September 2012.

The MV/LV substation and pumping unit were completed.

With regard to the infrastructural works at Venice SL station, structural consolidation work was completed on the Cavane along with the first stage of the consolidation work for the Front of the Divisional Building; work is underway for the last phase of the Divisional Front and the S. Chiara side.

The areas for the Surface Area Layout, Grand Canal side, were handed over.

On 6 December 2012, Additional Clause No. 2 was signed, deriving from the approval of the alteration and supplementary expert appraisal.

Centre Lot Tender

With reference to the works, all the disputes have been settled, having arisen with the assignee company of the contracting JV. In fact, it is recalled that the assignee ICS Grandi Lavori S.p.A. ("ICS", formerly Ing. Claudio Salini Grandi Lavori S.p.A.) had served, on 15 October 2012, two writs of summons, by means of which it requested the legal termination of the tender contracts relating to the Centre and South Lots. By means of subsequent document dated 18 October 2012, ICS had informed the contracting client of the closure of the worksites subject to performance of all the work necessary for making them safe. In the meantime, the JV's principal companies, Satrel S.p.A. and Mugnai S.p.A., by means of memo dated 26 October 2012, had informed Grandi Stazioni S.p.A. that they were dissociating themselves from the initiative aimed at winding up the relationship, undertaken by the assignee ICS, manifesting their intention to continue and finish the work covered by the tender contracts being executed, as well as the willingness to acquire from ICS the business segment inclusive of the legal positions regarding the contracts in question.

In conclusion, by means of deed dated 12 December 2012, ICS transferred the business segment to Satrel S.p.A., comprising:

- all the legal dealings outstanding with Grandi Stazioni S.p.A. for the Centre Lot and South Lot contracts;
- all the legal dealings outstanding with the companies forming part of the JVs awarded the tenders;
- all the legal dealings outstanding with the consortium companies established for the execution of the tenders;
- all the legal dealings outstanding with the third party sub-contractors and suppliers;
- the equity investments held by ICS in the afore-mentioned consortium companies.

By means of the entering into of the contract for the transfer of the business segment, ICS - as transferor of the business segment - definitively waived the legal action undertaken and any claim/reservation in any event formulated and/or to be formulated and for any reason requested and/or to be requested vis-à-vis the client, for all that which concerns the contractual dealings established with the tender contracts in question. The amount of the reserves recorded in relation to the work of the two Lots came to more than EUR 64 million. Satrel S.p.A., in its capacity as the new assignee of the JV set up with Mugnai S.p.A., will therefore take steps to complete the work covered by the contracts, under the same terms, conditions and prices, undertaking all liability on the basis of current legislation, including therein the liability associated with the services carried out by ICS until the date of transfer of the business segment. On conclusion of the contractual events described above, any disputed situation with the JV awarded the tender consequently ceased, and thus on 7 January 2013 Grandi Stazioni S.p.A. took steps to sign Additional Clause 1 with the consequent resumption of work.

South Lot Tender

With reference to the works, all the disputes have been settled, having arisen with the assignee company of the contracting JV. In fact, it is recalled that the assignee ICS Grandi Lavori S.p.A. ("ICS", formerly Ing. Claudio Salini Grandi Lavori S.p.A.) had served, on 15 October 2012, two writs of summons, by means of which it requested the legal termination of the tender contracts relating to the Centre and South Lots. By means of subsequent document dated 18 October 2012, ICS had informed the contracting client of the closure of the worksites subject to performance of all the work necessary for making them safe. In the meantime, the JV's principal companies, Satrel S.p.A. and Mugnai S.p.A., by means of memo dated 26 October 2012, had informed Grandi Stazioni S.p.A. that they were dissociating themselves from the initiative aimed at winding up the relationship, undertaken by the assignee ICS, manifesting their intention to continue and finish the work covered by the tender contracts being executed, as well as the willingness to acquire from ICS the business segment inclusive of the legal positions regarding the contracts in question.

In conclusion, by means of deed dated 12 December 2012, ICS transferred the business segment to Satrel S.p.A., comprising:

- all the legal dealings outstanding with Grandi Stazioni S.p.A. for the Centre Lot and South Lot contracts;
- all the legal dealings outstanding with the companies forming part of the JVs awarded the tenders;
- all the legal dealings outstanding with the consortium companies established for the execution of the tenders;
- all the legal dealings outstanding with the third party sub-contractors and suppliers;
- the equity investments held by ICS in the afore-mentioned consortium companies.

By means of the entering into of the contract for the transfer of the business segment, ICS - as transferor of the business segment - definitively waived the legal action undertaken and any claim/reservation in any event formulated and/or to be formulated and for any reason requested and/or to be requested vis-à-vis the client, for all that which concerns the contractual dealings established with the tender contracts in question. The amount of the reserves recorded in relation to the work of the two Lots came to more than EUR 64 million. Satrel S.p.A., in its capacity as the new assignee of the JV set up with Mugnai S.p.A., will

therefore take steps to complete the work covered by the contracts, under the same terms, conditions and prices, undertaking all liability on the basis of current legislation, including therein the liability associated with the services carried out by ICS until the date of transfer of the business segment. On conclusion of the contractual events described above, any disputed situation with the JV awarded the tender consequently ceased, and thus on 7 January 2013 Grandi Stazioni S.p.A. took steps to sign Additional Clause 1 with the consequent resumption of work.

Rome Termini Tender

On 9 July 2012, following signature of the Modification Document by means of which the Contractor undertook the obligation to carry out works in compliance with the executive project developed and approved by the Cipe under Resolution No. 2/2012, work started on the Services area and the Car park area at Rome Termini. Work has been awarded, further to tender, to Ansaldo STS for the modifications to the system of track head buffers and to the signalling system

Integrated video-surveillance Tender

Since the measures of the so-called phase 1 have been concluded, the activities are strictly related to the stage of completion of the renovation programmes, and therefore the activities continue as per these timescales.

Former Venice Divisional Building - Retail phase

Following the end of the works relating to the retail portion Ground Floor of the former Divisional Buildings at Venice S. Lucia, steps were taken to carry out the technical-administrative closure of the tender and hand over the premises to the retailer for the related fitting out of the stores.

Palazzo Alto, Naples

Floors Five and Six have been completed in Naples, already with movable walls and equipped with locker systems, joining the Fourth and Seventh floors already completed in 2011. Furthermore, renovation work has been completed on Floor Two so as to allocate the offices of Grandi Stazioni S.p.A., and work relating to the renovation of the internal stairwells from Floor Eighteen down continued, along with renovation of the outside access ramp to the car Park and First Floor, as well as the restructuring of the entrance halls. Work has been completed for the construction of the Food Court located on the basement Group and First floors of the skyscraper.

Replacement of the roofing of the Turin P.N. station

The works were handed over on 24 July 2012. Further to the need for the formation of the facade scaffolding for the realisation of the project to recover, restore and preserve the entire facade on Corso Emanuele II, steps were taken to draw up the expert appraisal for alteration No. 1.

Activities carried out up to 31 December 2012

Plan for "Internal Works" (Renovation + Preparation + Works on Railway Areas)

In relation to the initial situation of overall costs amounting to EUR 173.1 million (GS financing) and EUR 196.3 million (RFI financing) for Renovation, progress in investments in 2012 amounted to around EUR 13.1 million (GS) and EUR 9.5 million (RFI).

Consequently, investments as at 31 December 2012 amounted to EUR 207.7 million (GS net of reclassifications) and EUR 177.4 million (RFI), in other words 104% of the overall investments of EUR 369.3 million envisaged in the FSI/GS agreement dated 2000.

With regard to the activities carried out, these are mainly attributable to Renovation (by the contractors), as well as Engineering for the accomplishment phase seen to by Grandi Stazioni S.p.A. (Works management, executive stage Safety and Test & Inspections) at the Genoa Principe, Genoa Brignole, Bari Central, Bologna Central, Florence S.M.N., Verona Porta Nuova, Venice Mestre and Venice S. Lucia stations (Grandi Stazioni S.p.A.-RFI funds).

"Legge Obiettivo" additional works (Infrastructures + CCTV)

In relation to the initial situation of overall costs amounting to EUR 209.8 million (Infrastructures) and EUR 51.0 million (Integrated Video-surveillance for the 13 Grandi Stazioni S.p.A. stations) for which the State was responsible (in addition to the EUR 23.7 million for Infrastructures under the responsibility of Grandi Stazioni S.p.A.), investments continued relating to supply activities for the new Video-surveillance System and External Works. Overall investments in 2012 amounted to EUR 11.9 million.

By means of CIPE Resolution No. 2/2012 dated 20 January 2012, the preliminary phase for the restructuring of the alterations deemed essential for the remaining four stations of Bari Central, Bologna Central, Rome Termini and Venice S. Lucia, was concluded.

With regard to the activities carried out, these are mainly attributable to Integrated Video-surveillance and Additional Works (by the contractors), as well as Engineering for the accomplishment phase seen to by Grandi Stazioni S.p.A. (Works management, executive stage Safety and Test & Inspections) at the Bari Central, Naples Central, Palermo Central, Milan Central, Turin Porta Nuova, Genoa Principe, Genoa Brignole, Florence S.M.N., Milan Central, Rome Termini, Verona Porta Nuova, Venice Mestre and Venice S. Lucia stations.

Other works

Investments in property during 2012 has been made for EUR 5.4 million (Grandi Stazioni S.p.A. financing), for the renovation work on Palazzo Alto in Naples and Venice Ground Floor.

In conclusion, there were other investments made by Grandi Stazioni S.p.A. for EUR 14.3 million, due to various initiatives linked mainly to "retail development" and other ventures by Grandi Stazioni S.p.A. furthered by the Operations, Sales and Media Management Departments, for example Renovating the "Viaggiatori" Building in Palermo (Ferservizi offices), MS and Upgrading Stores, Washrooms, Car Parks, Left Luggage Office, Safety Assurance and creation of new Advertising Systems.

Therefore, the following activities were completed during 2012:

- issue of a test & inspection certificate for the functional modernisation work of the retail spaces on the ground floor owned by Grandi Stazioni S.p.A. at the Venice S. Lucia station, as well as progress of the work for renovating the Palazzo Alto offices in Naples and the Food Court (Grandi Stazioni S.p.A. funds);
- execution of various initiatives linked to the Grandi Stazioni S.p.A. "retail development" furthered by the Operations, Sales and Media Management Departments, MS and Upgrading Stores, Washrooms, Car Parks, Left Luggage Office, Safety Assurance and creation of new Advertising Systems (Grandi Stazioni S.p.A. funds);
- development of fixed and variable message boards (Genoa Brignole, Genoa
- Piazza Principe stations (RFI funds);
- measures of various kinds financed by various RFI divisions (Milan, Naples, Venice, Genoa) to raise the pavements on platforms for HSR trains and – at Genoa Principe and Genoa Brignole Stations – to implement the variable IaP system.

Grandi Stazioni Group - Investments in property and facilities

(figures in thousand of EUR)	Progress as at 31 Dec. 2011	Reclassifications 31 Dec. 2011 (*)	Progress 2012	Progress as at 31 Dec. 2012	cost Full life	% progress as at 31 Dec. 2012
Internal renovation work	**197.2**	**-2.6**	**13.1**	**207.7**	**226.6**	**92%**
Bari Central	2.6		1.7	4.3	5.4	80%
Bologna Central	7.1		1.7	8.8	13.1	67%
Florence S.M.Novella(**)	5.4		1.7	7.1	8.4	85%
Genoa Piazza Principe	1.5		1.0	2.5	5.7	44%
Genoa Principe	4.7		1.4	6.1	9.2	67%
Milan Central (**)	66.2	**-2.0**	0.2	64.4	64.0	101%
Naples Central	35.8	**-0.3**	0.7	36.2	36.3	100%
Palermo Central	2.3		0.3	2.6	5.7	45%
Rome	28.8		0.0	28.8	28.8	100%
Turin Porta Nuova ****)	33.1	**-0.3**	0.0	32.8	32.3	101%
Venice Mestre	1.3		0.4	1.7	3.5	49%
Venice S. Lucia (**)	5.0		2.7	7.7	9.4	82%
Verona Porta Nuova	3.4		1.3	4.7	4.7	100%
Additional infrastructures and video-surveillance	**70.4**	**0.0**	**11.9**	**82.3**	**284.6**	**29%**
Bari Central	1.2		0.2	1.4	11.2	13%
Bologna Central	1.7		0.0	1.7	22.9	7%
Florence S. M. Novella	0.4		0.3	0.7	2.3	30%
Genoa Piazza Principe	0.8		0.4	1.2	5.1	24%
Genoa Principe	5.4		0.3	5.7	13.1	44%
Milan Central	2.3		0.4	2.7	8.1	34%
Naples Central	1.4		1.6	3.0	20.1	15%
Palermo Central	0.4		0.4	0.8	4.3	18%
Rome	7.0		1.7	8.7	104.6	8%
Turin Porta Nuova	1.0		0.4	1.4	9.6	15%
Venice Mestre	0.7		0.2	0.9	5.3	17%
Venice S. Lucia	1.3		1.3	2.6	5.6	47%
Verona Porta Nuova	2.6		1.9	4.5	16.1	28%
regulations Acknowledgement of CIPE	5.4		0.0	5.4	5.4	100%
Video-surveillance	38.8		2.8	41.6	51.1	81%
Group properties	**39.0**	**0.0**	**5.4**	**44.4**	**46.3**	**96%**
Bologna Central	7.8		0.0	7.8	7.8	100%
Florence S. M. Novella	0.1		0.0	0.1	0.1	100%
Genoa Piazza Principe	0.0		0.0	0.0	-	
Naples Central	23.7		5.0	28.7	30.5	94%
Rome Termini	**0.0**		0.0	0.0	-	
Venice S. Lucia	**7.4**		0.4	7.8	7.9	99%
of properties Enhancement	**2.8**		**3.2**	**6.0**	**71.6**	**8%**
assets Maintenance	**1.6**		**1.2**	**2.8**	**44.0**	**6%**
Media systems (***)	**1.1**		**9.8**	**10.9**	**20.0**	**54%**
Other works	**8.2**		**0.1**	**8.3**	**8.4**	**99%**
GRAND TOTAL	**320.3**	**-2.6**	**44.7**	**362.4**	**701.4**	**52%**

(*) The reclassifications concern the investments pertaining to Rete Ferroviaria Italiana SpA reimbursed to GS S.p.A. who paid for them up-front
(**) The full life cost excludes the investments pertaining to Rete Ferroviaria Italiana SpA paid up-front by GS S.p.A.
(***) The cost is inclusive of the purchase of the asset Vidion for EUR 9.8 million

Research & Development activities

The Group did not carry out any R&D activities in 2012.

Economic performance of the subsidiary companies

Information relating to the following business areas of the Group is provided below:

- property leasing;
- communal services management;
- media;
- customer services;
- engineering and works.

Grandi Stazioni SpA

Grandi Stazioni SpA is the group parent and operates in all the aforementioned areas in Italy.
The Company invested around EUR 45 million in renovation, improvements and advertising systems during the year.
Overall investments of around EUR 701 million – about EUR 362 million of which already used – is covered for around an original EUR 233 million by long-term loans, for around EUR 261 million by "L.O." grants and for the remaining amount by shareholders' equity, property transfers to be carried out and cash flows which will be generated by operations.

In EUR thousands

Key indicators	2012	2011	Change	%
Operating revenues	193,856	210,569	- 16,713	(7.9)%
Gross operating margin (EBITDA)	45,543	65,836	- 20,293	(30.8)%
Operating result (EBIT)	33,279	51,083	- 17,804	(34.9)%
Result for the period	19,272	29,995	- 10,723	(35.8)%
Net financial position	137,385	141,427	-4,042	(2.9)%
Shareholders' equity	159,051	154,822	4,229	2.7%
Average workforce	230.5	231.5	-1.0	(0.4)%

Key ratios		
ROE	14.6%	24.5%
ROI	11.2%	17.2%
ROS (EBIT MARGIN)	17.2%	24.3%
EBITDA/OPERATING REVENUES (EBITDA MARGIN)	23.5%	31.3%
INVESTED CAPITAL TURNOVER (NAT)	65.4%	71.0%
DEBT/EQUITY	1.06%	1.20

The key indicators and ratios by business area are provided below:

Key indicators						
2011 in EUR thousand	Engineering and Works	Customer Services	Property leasing	Communal services	Media	Total
Revenues and income	2,474	10,516	92,842	68,484	19,540	193,856
Gross operating result (EBITDA)	(1,685)	3,232	46,637	(3,946)	1,306	45,543
Operating result (EBIT)	(2,158)	3,195	35,695	(4,144)	692	33,279
Key ratios						
ROS (EBIT MARGIN	-87%	30%	38%	-6%	4%	17%
MOL/OPERATING REVENUES (EBITDA MARGIN)	-68%	31%	50%	-6%	7%	23%

Results by operational area take into account the reversal of operating costs and revenues of staff processes onto business areas using specific drivers, for a total of EUR 13.7 million (7% of revenues).
The Engineering and Works Division disclosed a negative operating result due to the fact that revenues from technical orders (sub-contracted to the subsidiary Grandi Stazioni Ingegneria S.r.l. under the same tender contract conditions), whilst subject to market conditions, do not always fully cover general costs.
The Communal Services Division (condominium) had a negative operating result due to the fact that the average contract management fee, applied to just external direct costs, manages to cover internal direct costs but not general costs.
The Media Division was affected by important provisions to the reserve for risks and charges carried out during the year and the charges for the closure of the associate investment agreement for a total of EUR 6.1 million.

Grandi Stazioni Ceska Republika SRO

Grandi Stazioni Ceska Republica SRO (GSCR) is a special purpose company established to renovate and manage Prague Central and Marianske Lazne stations. The company has share capital of CZK 240 million (approximately EUR 10 million), underwritten by Grandi Stazioni SpA (51%), BERS (39%) and SIMEST SpA (10%), and equity of CZK 297.8 million (around EUR 12 million).
The Company has completed renovation at the Marianske Lazne and Prague Central (New Hall) stations.
Overall investments of CZK 1,147 million (around EUR 46 million), CZK 57 million of which (about EUR 2 million) to be used, is covered for an original CZK 720 million (around EUR 29 million) by a long-term loan and for the remaining amount by shareholders' equity and cash flows which will be generated by operations.

The key indicators and ratios are provided below:

In thousand of CZK	2012	2011	Change	%
Key indicators				
Operating revenues	166,651	162,483	4,168	2.6%
Gross operating margin (EBITDA)	74,732	75,887	(1,155)	(1.5)%
Operating result (EBIT)	74,317	71,644	2,673	3.7%
Result for the period	36,460	46,625	(10,165)	(21.8)%
Net financial position	656,537	682,178	(25,641)	(3.8)%
Shareholders' equity	323,555	281,976	41,579	14.7%
Average workforce	3	3	0	0%

Key ratios		
ROE	14.0%	20.5%
ROI	7.6%	8.2%
ROS (EBIT MARGIN)	44.6%	44.1%
EBITDA/OPERATING REVENUES (EBITDA MARGIN)	44.8%	46.7%
INVESTED CAPITAL TURNOVER (NAT)	17.1%	18.6%
DEBT/EQUITY	2.23	2.55

Grandi Stazioni Ingegneria S.r.l.

Grandi Stazioni Ingegneria S.r.l. (GSI) is 100% owned by Grandi Stazioni SpA and its purpose is to carry out feasibility studies, research, consultancy, design, direction of works, assessment of technical and economic compliance and environmental impact studies, as well as to coordinate buildings and carry out civil works also under concession, plumbing, road works, industrial works, cultural heritage works, sports facilities, farming industry structures and land reclamation, including management of such works. Activities are mainly carried out on behalf of the parent company Grandi Stazioni S.p.A.
The company's share capital amounts to EUR 20 thousand, fully subscribed by Grandi Stazioni SpA, while equity comes to EUR 768 thousand.

The key indicators and ratios from the financial statements drawn up according to Italian accounting standards are illustrated below.

In EUR thousands	2012	2011	Change	%
Key indicators				
Operating revenues	4,052	3,927	125	3.2%)
Gross operating margin (EBITDA)	410	303	107	35.2%
Operating result (EBIT)	397	290	106	36.7%
Result for the period	299	98	200	204.2%
Net financial position	(77)	(99)	22	22.0%
Shareholders' equity	768	470	298	63.4%
Average workforce	40.10	38.92	1.18	3.0%

Key ratios

ROE	70.9%	37.0%
ROI	74.7%	89.2%
ROS (EBIT MARGIN)	9.8%	7.4%
EBITDA/OPERATING REVENUES (EBITDA MARGIN)	10.1%	7.7%
INVESTED CAPITAL TURNOVER (NAT)	na	na
DEBT/EQUITY	na	na

Own shares

As at 31 December 2011, Grandi Stazioni S.p.A. did not hold any own shares and/or shares in parent companies, either directly or via trust companies or third parties.
During 2012, the company did not purchase or sell any own shares and/or shares in parent companies, either directly or via trust companies or third parties.

Other information

Secondary offices

Grandi Stazioni SpA has secondary offices in Piazza Luigi di Savoia 1/23, Milan, Italy.

Investigations and criminal proceedings underway

Advertising Video-communication System and Video-surveillance work interference

Criminal proceedings commenced further to Grandi Stazioni S.p.A. presenting a criminal complaint against persons unknown in relation to the alleged performance of acts by an investment associate between November 2007 and February 2008, for the removal of presumed interference between the advertising video-communication system and works on the integrated video-surveillance system in the main Italian railway stations.

The General Manager and CEO of the associate are jointly under investigation in the proceedings, as are the former Grandi Stazioni S.p.A. CEO and other employees of the same.

During the preliminary main hearing on 21 March 2013, the question relating to the objected generic nature of the charge was not upheld by the Court which deferred the proceedings until 2 October 2013 so as to hear the first witness of the Public Prosecutor.

As part of the aforementioned proceedings, seizure was ordered and carried out for the file relating to the civil proceedings undertaken by the associate, care of the Rome Court of Law, to obtain payment of the fees for services allegedly provided.

Former Venice Divisional Building

These criminal proceedings arose further to Grandi Stazioni S.p.A. presenting a criminal complaint on 11 January 2010 for the offences pursuant to Articles 640, 61 No. 7 and 11 of the Italian Criminal Code (Serious fraud) and Article 2625 of the Italian Civil Code (Obstruction of control activities), in relation to the conduct of former directors and executives of the Company and the legal representative of the company appointed to assist and provide consultancy for the purpose of drawing up a lease agreement for the so-called "Palazzo compartimentale" in Venice and subsequent sale of said property.

On 8 October 2012, the Rome Public Prosecutions Office issued the order for the closure of the preliminary investigations pursuant to Article 415 *bis* of the Italian Code of Criminal Procedure within the sphere of which the following were investigated for the offence as per Article 640.2 and 110 of the Italian Criminal Code, (Serious fraud): in addition to the legal representative of the company appointed, the legal representative and *de facto* director of another company, as well as a former executive of Grandi Stazioni

S.p.A. having, jointly, by means of fraud and deceit, consisting in the organisation of fictitious advisory appointments, mislead Grandi Stazioni S.p.A., obtaining an unjust profit with equal damage for the injured party. The Company will bring civil action in the proceedings against the parties who will be committed for trial in the criminal proceedings in question.

Investment associate

The proceedings were launched further to the criminal complaint brought by Grandi Stazioni S.p.A. on 28 March 2011, before the Rome Public Prosecutions Office, for the offences pursuant to Articles 621 of the Italian Criminal Code (*Disclosure of contents of secret documents*) in relation to the filing, by Vidion s.r.l., of confidential internal documents within the sphere of the arbitration proceedings which concluded in December 2012; please see the explanatory notes (note 21) to the financial statements in this connection.

Additional proceedings were launched further to the complaint before the Rome Public Prosecutions Office on 20 October 2010 by the Sole Directors of Vidion S.r.l., against the CEO of the Company, in relation to a series of alleged conduct attributed to the same within the sphere of the investment associate contractual relationship underway, which are would be criminally relevant in relation to the offence of fraud, threat, harassment and other. The Public Prosecutor has order the dismissal of the proceedings.

Serious fraud

These proceedings commenced further to the criminal complaint made on 8 June 2011 before the Rome Public Prosecutions Office, against persons unknown, for the offence pursuant to Articles 640 and 61, 7 and 11 of the Italian Criminal Code (Serious fraud) and all related crimes and reserving the right to bring civil action in relation to the behaviour of Gruppo Mediagest S.r.l., which knowingly committed fraud and deceit (consisting in a change of director and registered office solely for the purposes of thwarting the claims made by Grandi Stazioni S.p.A.), fraudulently avoiding the executive procedure legitimately implemented by the plaintiff to recover outstanding receivables. The company was declared bankrupt in January 2013 and this was taken into account for the purposes of the financial statements.

Libel in the press

These proceedings were launched further to the criminal complaint made on 14 December 2011, before the Rome Public Prosecutions Office, for the offence pursuant to Article 595.3 and 596 *bis* of the Italian Criminal Code (Libel in the press), against the *pro tempore* Director in charge of the website “Lo Spiffero” and the unknown author of an article with libellous content against the Company’s CEO published on said website, requesting that the original of said article be seized or acquired.

Italian Legislative Decree No. 231/2001 concerning the administrative liability of bodies

In December 2012, the Chairman of the Supervisory Body (SB) tendered his resignation from the office due to incompatibility with other appointments. The Board of Directors is currently arranging his replacement.

Disclosure relating to the activities of the Parent Company as per Article 2497 *ter* of the Italian Civil Code

The Parent Company Ferrovie dello Stato Italiane S.p.A. has not exercised any significant influence on the decisions adopted by the company during the management of the activities carried out during 2012.

Significant events after the end of the year

With regard to the significant events after the balance sheet date, please see the explanatory notes - note No. 45.

Business outlook

According to corporate planning and management strategies, the Grandi Stazioni Group envisages that in 2013 the gross operating margin, operating result and net result, may improve with respect to 2012.
With regard to balance sheet and financial aspects, the following are envisaged:

- a decrease in working capital linked to the rise in trade payables associated with the increase in investments;
- an increase in net fixed assets due to new investments, net of the decrease due to the envisaged disbursement of the "L.O." grants;
- an increase in provisions;
- a reduction in the net financial position due to the decrease in the long-term financial position linked to the repayment of the EIB loan and the property mortgage loans, and the drop in liquid funds and equivalents;
- an increase in shareholders' equity due to the rise in reserves.

Proposed allocation of the profit for the year of Grandi Stazioni S.p.A.

Dear Shareholders,

You are hereby invited to approve the separate financial statements of Grandi Stazioni S.p.A for the year ending as at 31 December 2012, as submitted to you by the Board of Directors and currently being audited by PricewaterhouseCoopers SpA pursuant to Article 14 of Italian Legislative Decree No. 39 dated 2010, which present net profit amounting to EUR 19,271,731.

You are hereby informed that the legal reserve has reached the limit established by Article 2430 of the Italian Civil Code and we therefore leave the decision on the allocation of the profit for the year to the shareholders' meeting.

We would like to thank you all for your trust and to remind you that, with the approval of the 2011 financial statements, the term in office of the Board of Directors expired and, with the approval of the 2012 financial statements, the term in office of the Board of Statutory Auditors and the Independent Auditing Firm shall expire.

Therefore, we ask you to resolve in this connection.

On behalf of the Board of Directors

The Chairman

Mauro Moretti

Consolidated financial statements of the Grandi Stazioni Group as at 31 December 2012

Consolidated financial statements

Consolidated balance sheet

(In thousands of EUR)	Notes	31 Dec. 2012	31 Dec. 2011
Assets			
Property, plant and machinery	*(7)*	262,429	262,181
Investment Property	*(8)*	44,545	38,576
Intangible assets	*(9)*	981	561
Prepaid tax assets	*(10)*	8,973	7,072
Non-current trade receivables	*(11)*	5,948	6,782
Other non-current assets	*(12)*	40,146	41,212
Total non-current assets		**363,022**	**356,385**
Construction contracts	*(13)*	12,230	14,214
Current trade receivables	*(11)*	82,807	77,072
Current financial assets (including derivatives)	*(14)*	4,836	16,974
Cash & cash equivalents	*(15)*	29,643	28,375
Tax receivables	*(16)*	778	4
Other current assets	*(12)*	2,835	13,927
Assets held for sale	*(17)*	7,266	7,266
Total current assets		**140,395**	**157,833**
Total assets		**503,417**	**514,218**
Shareholders' equity			
Group shareholders' equity	*(18)*	**149,655**	**148,666**
Share capital	*(18)*	4,304	4,304
Reserves	*(18)*	116,564	105,375
Retained earnings (accumulated losses)	*(18)*	8,990	8,286
Profit (loss) for the year	*(18)*	19,797	30,700
Shareholders' equity pertaining to minority interests	*(18)*	**5,808**	**5,320**
Profit (loss) pertaining to minority interests	*(18)*	711	930
Minority interests in capital and reserves	*(18)*	5,097	4,391
Liabilities			
Medium/long-term loans	*(19)*	180,399	197,185
Employee leaving indemnity and other staff benefits	*(20)*	2,190	1,906
Provisions for risks and charges	*(21)*	8,420	5,113
Deferred tax liabilities	*(10)*	6,859	9,182
Non-current financial liabilities (including derivatives)	*(22)*	10,588	6,116
Non-current trade payables	*(23)*	-	712
Other non-current liabilities	*(24)*	5,858	6,119
Total non-current liabilities		**214,314**	**226,334**
Short-term loans and current portions of medium/long-term loans	*(19)*	17,518	16,156
Current trade payables	*(23)*	107,603	106,327
Tax payables	*(25)*	125	645
Current financial liabilities (including derivatives)	*(22)*	56	164
Other current liabilities	*(24)*	8,314	10,608
Total current liabilities		**133,640**	**133,898**
Total liabilities		**347,954**	**360,232**
Total liabilities and shareholders' equity		**503,417**	**514,218**

Consolidated income statement

(In thousands of EUR)	Notes	2012	2011
Revenues and income			
Revenues from sales and services	*(26)*	196,378	198,963
Other income	*(27)*	3,375	17,521
Total revenues		**199,753**	**216,484**
Operating Costs		**(151,212)**	**(147,593)**
Payroll and related costs	*(28)*	(17,615)	(18,564)
Raw, ancillary and consumable materials and goods for resale	*(29)*	(172)	(212)
Costs for services	*(30)*	(87,644)	(86,773)
Costs for the use of third party assets	*(31)*	(39,200)	(40,149)
Other operating costs	*(32)*	(10,003)	(5,510)
Costs for in-house work capitalised	*(33)*	3,422	3,615
Amortisation/depreciation	*(34)*	(11,045)	(10,947)
Writedown and impairment losses (writebacks)	*(35)*	(1,261)	(3,996)
Provisions for risks and charges	*(36)*		
Operating result (EBIT)		**36,235**	**53,948**
Financial income and expense			
Financial income	*(37)*	351	1,768
Financial expense	*(38)*	(6,145)	(6,447)
Pre-tax result		**30,441**	**49,269**
Income taxes	*(39)*	(9,933)	(17,640)
Net result for the year (Group and Minority Interests)		**20,508**	**31,630**
Group net result		*19,797*	*30,700*
Minority interest net result		*711*	*930*

Consolidated statement of comprehensive income

(In thousands of EUR)	Notes	2012	2011
Net profit (loss) for the year	*(18)*	**20,508**	**31,630**
Other components of the statement of comprehensive income for the period			
Effective portion of the fair value changes of cash flow hedges	*(18)*	(4,249)	(4,096)
Gains (losses) relating to actuarial benefits	*(18)*	(290)	(132)
Exchange differences from foreign operations	*(18)*	166	(396)
Tax effect	*(18)*	1,178	1,254
Profits and losses recognised directly under equity	*(18)*	(3,197)	(3,370)
Comprehensive income recognised in the period		**17,311**	**28,260**
Portion attributable to			
Group		**16,824**	**25,549**
Minority shareholders		**487**	**711**

Statement of changes in consolidated shareholders' equity

	Group shareholders' equity											
	Share capital	Legal reserve	Extraordinary reserve	Share premium reserve	Reserve for conversion of foreign currency financial statements	*Reserve for fair value valuation on derivatives - Cash flow hedge*	*Reserve for actuarial gains (losses) for employee benefits*	Retained earnings (accumulated losses)	Result for the period	**Group shareholders' equity**	Shareholders' equity pertaining to minority interests	**Total shareholders' equity**
Balance as at 31 December 2010	**4,304**	**861**	**46,303**	**58,309**	**595**	**- 1,503**	**- 45**	**8,848**	**19,438**	**137,111**	**4,610**	**141,721**
Distribution of dividends									(15,417)	(15,417)		(15,417)
Other changes								(580)		(580)		(580)
Allocation of the net result for the previous year			4,005					17	(4,022)	-		-
Total profit/loss recognised												
of which:												
Profit/(loss) recognised directly under equity					(148)	(2,906)	(97)			(3,151)	(219)	(3,370)
Profit for the period									30,700	30,700	930	31,630
Balance as at 31 December 2011	**4,304**	**861**	**50,308**	**58,309**	**447**	**(4,409)**	**(142)**	**8,285**	**30,700**	**148,663**	**5,321**	**153,985**
Distribution of dividends									(15,833)	(15,833)		(15,833)
Other changes										-		-
Allocation of the net result for the previous year			14,162					705	(14,867)	0		0
Total profit/loss recognised										-		
of which:										-		
Profit/(loss) recognised directly under equity					70	(2,833)	(210)			(2,973)	(224)	(3,197)
Profit for the period									19,797	19,797	711	20,508
Balance as at 31 December 2012	**4,304**	**861**	**64,470**	**58,309**	**517**	**(7,242)**	**(352)**	**8,990**	**19,797**	**149,655**	**5,808**	**155,463**

Consolidated cash flow statement

(EUR)	Notes	**2012**	**2011**
Net profit (loss) for the year	(18)	20,508	31,630
Amortisation/depreciation	(34)	11,045	10,947
Writedowns		1,261	3,996
Provisions for risks and charges	(21)	5,574	(181)
Provision for employee benefits			
Capital (gains)/losses on the sale of fixed assets	(27)		(14,928)
Change in construction contracts	(13)	1,984	(2,527)
Change in trade receivables	(11)	(6,162)	6,694
Change in trade payables	(23)	565	(3,668)
Change in deferred tax assets and liabilities		(4,224)	2,133
Change in tax receivables and payables		(1,294)	1,162
Change in other liabilities		(2,638)	(1,822)
Change in other assets		12,159	2,057
Uses of provisions for risks and charges	(21)	(1,849)	(879)
Employee benefits paid	(20)	(134)	(63)
Cash flows generated (absorbed) by operating activities		**36,794**	**34,551**
Investments in tangible fixed assets	(7)	(42,134)	(34,186)
Investments in intangible assets	(8)	(737)	(600)
Grants - Tangible fixed assets	(7)	25,190	
Disposals of tangible fixed assets	(7)		25,421
Cash flows generated (absorbed) by investment activities		**(17,681)**	**(9,364)**
Change in medium/long-term loans	(19)	(15,423)	(11,044)
Medium/long-term loans raised			
Dividends paid	(18)	(15,833)	(15,417)
Changes in shareholders' equity	(18)	1,743	97
Cash flows generated (absorbed) by financing activities		**(29,514)**	**(26,364)**
Total cash flow generated (absorbed) during the period	(14) (15)	(10,401)	(1,177)
Cash and cash equivalents at beginning of year	(14) (15)	44,880	46,057
Cash and cash equivalents at end of year	(14) (15)	34,479	44,880

Taxes paid	14,245	13,510
Interest expense paid	6,093	6,605

Explanatory notes to the consolidated financial statements

1 Introduction

These consolidated financial statements of the Grandi Stazioni Group for the period ended 31 December 2012 (hereinafter the "Consolidated Financial Statements") have been drawn up in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), adopted by the European Union("EU- IFRS"). It is hereby noted that Grandi Stazioni SpA (hereinafter also the "Company") availed itself of the faculty envisaged by Italian Legislative Decree No. 38 dated 28 February 2005, which governs the exercise of the options envisaged by Article 5 of the European Regulation No. 1606/2002 regarding the international accounting standards. In particular, pursuant to Articles 3 and 4 of the aforementioned Legislative Decree, the company has applied the EU-IFRS for the preparation of the consolidated financial statements starting from the year ended 31 December 2009.

2 Group activities and structure of the consolidated financial statements

Grandi Stazioni S.p.A. - the group parent - is established and domiciled in Italy and organised according to the laws of the Republic of Italy.

The Company's registered offices are in Via G. Giolitti 34 – 00185, Rome, Italy.

The consolidated financial statements for the period ended 31 December 2012 include the financial statements of the Parent Company and the Italian and foreign companies (hereinafter defined together with Grandi Stazioni S.p.A. as the "Grandi Stazioni Group") over which the former has the right to directly or indirectly exercise control, determining their financial and operational choices and obtaining the relevant benefits.

The list of shareholdings is included in the section entitled "Scope, criteria and methods of consolidation" (note 5) attached to these explanatory notes.

The Group structure is described in Attachment1 to these explanatory notes.

The approval and publication of these consolidated financial statements of the Grandi Stazioni Group for the period ended as at 31 December 2012, pursuant to IAS 10, was resolved by the Board of Directors of the Parent Company on 5 April 2013.

3 Basis of presentation for the consolidated financial statements

The main standards and accounting principles applied when drawing up the Group's consolidated financial statements are presented as follows.

As previously indicated, the consolidated financial statements have been prepared in compliance with the EU-IFRS, these being all the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations of the International Financial Reporting Interpretations Committee (IFRIC) previously known as the Standing Interpretations Committee (SIC) adopted by the European Union and contained in the related EU Regulations published up to 12 March 2013, the date on which the Company's Board of Directors approved this document. In detail, the EU-IFRS have been applied in a consistent manner to all the periods presented in this document. It is furthermore noted that these consolidated financial statements have been prepared based on the best available knowledge of the EU-IFRS and with account taken of the best theories on this subject; any future guidelines and amendments to the interpretations shall be reflected in subsequent periods, as provided for by the reference accounting standards from time to time.

The consolidated financial statements have been prepared and are presented in Euro, which is the Company's reporting currency and therefore the currency used in the countries in which the company mainly operates; all the amounts included in the tables within the notes that follow are expressed in thousands of Euro, unless otherwise indicated.

The statements used and the related classification criteria adopted by the Company, from among the options provided by IAS 1 "Presentation of financial statements", are indicated below:

- the balance sheet has been prepared by classifying the assets and liabilities on a "current/non-current" basis;
- the income statement has been prepared classifying the operating costs according to their nature;
- the statement of comprehensive income includes, in addition to the results for the period, the other changes in shareholders' equity items resulting from transactions that did not take place with shareholders of the company;
- the cash flow statement has been prepared by showing the cash flows from operations according to the "indirect method".

These consolidated financial statements have been prepared with a view to the Company as a going-concern, since the directors have ensured that no financial, operational, or other indicators exist that could indicate the existence of critical issues regarding the Company's ability to fulfil its obligations in the foreseeable future and in particular over the next 12 months The procedures the Company uses to manage financial risks are explained in note 6 – Management of financial and operating risks.

The consolidated financial statements have been prepared according to historical cost, except for the valuation of financial assets and liabilities for which application of the fair value approach is mandatory.

4 Accounting standards adopted

The main accounting standards and policies used for the preparation of the consolidated financial statements are presented below.

Property, plant and machinery

Property, plant and machinery are stated at purchase or production cost net of accumulated depreciation and any impairment losses. The purchase or production cost includes all charges incurred directly in preparing the assets for use and any other charges for disposal and removal that may be incurred as a consequence of contractual obligations requiring the assets to be returned to their original condition. Financial charges that are directly attributable to the purchase, construction or production of the eligible assets are capitalised or amortised based on the useful life of the asset they refer to. Improvement, modernisation and transformation costs which increase the value of the assets, are booked to the balance sheet assets concerned.

Costs incurred for maintenance and repairs of an ordinary and/or cyclical nature are recognised directly in the income statement when incurred. Capitalisation of costs inherent to the expansion, updating or improvement of the structural elements that are owned or used by third parties is carried out exclusively to the extent that they fulfil the requirements to be separately classified as assets or parts of an asset, applying the component approach criteria, which lays down that the useful life of each element and its relative value must be assessed independently.

Depreciation is booked monthly on a straight line basis at rates that allow the assets to be depreciated until their useful life has come to an end. If the asset being depreciated is composed of elements that are distinctly identifiable, whose useful life differs significantly from that of other parts comprising the asset, the depreciation is carried out separately for each of these parts, in accordance with the component approach method.

The depreciation rates used are as follows:

	Rate
Civil works	3%
Plant and machinery	5%-33%
Industrial and commercial equipment	20%
Other assets:	
- *Furniture and furnishings*	12%
- *Electronic equipment*	20%
- *Office equipment*	40%
- *Motor vehicles*	25%

The item "plant and machinery" comprises the advertising system installations whose residual useful life as at 31 December 2012 was defined as follows:

Type	Residual useful life (years)
Traditional plant	7.7
Monitors	4.2
Control room	3.0
Electrical plant	16.00

The useful life of the tangible assets and their residual value are reviewed, and adjusted if appropriate, at least at the end of each year. Land is not depreciated.

Assets under finance leases

The tangible assets held through financial leases which essentially transfer to the Group the risks and benefits of ownership, are recognised as assets of the Group at their current value on the date the contract was concluded or, if lower, at the current value of the minimum payments due for the lease including any amounts payable for exercising the purchase option. The corresponding liability towards the lessor is recorded in the balance sheet under financial payables. Assets are depreciated applying the previously indicated approach and rates, unless the duration of the lease is shorter than the useful life represented by those rates and there is no reasonable certainty that the ownership of the leased asset will be transferred upon expiry of the contract; in this case, the depreciation period is equal to the duration of the lease.

Leases in which the lessor essentially maintains all the risks and benefits of ownership are classified as operating leases. The operating lease costs are recognised over the duration of the lease in the income statement.

Investment Property

Property investments are the real estate properties owned in order to obtain the rental income and/or obtain an increase in the capital invested and are not destined for sale in the normal execution of business operations. Furthermore, the property investments are not used in the production or the supply of goods or services or in the management of the company. The accounting standards used for the accounting of this item comply with the criteria described above under "Property plant and equipment."

Buildings are depreciated at a rate of 3% while plant is depreciated at a rate of 15%.

Intangible assets

Intangible assets consist of non-monetary elements, identifiable and without physical consistency, controlled by the company and capable of producing future economic benefits. Identification is defined with reference to the possibility of distinguishing the intangible assets acquired with respect to goodwill. This requirement is usually satisfied when: (i) the intangible asset is attributable to a legal or contractual right, or (ii) the asset is separable, in other words can be sold, transferred, leased or exchanged autonomously or as an integral part of other assets Control by the company involves the power to use the future economic benefits deriving from the asset and the possibility of limiting access to the same by others.

Intangible assets are recorded at cost, determined according to the same methods indicated for property, plant and machinery, only when said cost can be reliably measured.

The Grandi Stazioni Group possesses the following types of intangible assets, whose amortisation rates have been analysed as follows:

	Rate
Software	33%
Licences	33%

After initial recognition, the cost or fair value of intangible assets with a defined useful life is adjusted by the related accumulated amortisation and any impairment losses, determined as described below. The amortisation begins when the intangible asset is available for use and is distributed systematically in relation to the residual possibility of its use and therefore based on its estimated useful life.

The useful life is reviewed on an annual basis and any changes, if deemed necessary, are made using the method of forecast application.

The gains and losses deriving from the disposal of an intangible fixed asset are determined as the difference between the disposal value, net of sales costs, and the book value of the asset; they are recorded in the income statement at the time of disposal.

Impairment tangible and intangible assets

i)Assets (tangible and intangible) with a definite useful life

On each balance sheet date, a test is carried out to check whether there is any indication that the tangible and intangible assets have suffered impairment. To this end both external and internal sources of information are taken under consideration. With regard to the internal sources, the following are taken into account: the obsolescence or physical deterioration of the asset, any significant changes in the use of the asset or the economic performance of the asset with respect to that envisaged. The following external sources are considered: the trend in the market price of the assets, any discontinuities in terms of technology, the market or regulations, the market interest rates and the cost of capital used to assess the investments

In the event that such indicators are identified, steps are taken to estimate the recoverable value of the aforementioned assets, booking any writedowns with respect to the book value to the income statement. The recoverable value of an asset is represented by the fair value, net of the accessory sales costs or its value in use, whichever is the lower, the latter being the current value of the future cash flows estimated for this asset. Value in use is determined by discounting estimated future cash flows using a pre-tax discount rate that reflects the current market assessment of the cost of money, placed in relation to the investment period, and the specific risks of the asset. The recoverable amount of assets that do not generate independent cash flows is determined based on the cash- generating unit to which the asset belongs.

An impairment loss is recognised in the income statement if an asset's book value or that of the cash-generating unit to which it is allocated is higher than its recoverable amount. Impairment losses of cash generating units are first booked against the book value of any goodwill attributable to the same and then against the other assets, in proportion to their book value and within the limits of the related recoverable value. If the reasons for the writedown cease to exist, the book value of the asset is restored and recognised in the income statement, up to the net book value the asset in question would have had if the writedown had not occurred and the related amortisation/depreciation had been carried out.

ii)Intangible assets which are not yet available for use

The recoverable value of intangible assets which are not yet available for use is subject to annual or more frequent impairment testing, if there is an indication that these assets may have become impaired

Financial assets and trade receivables

Financial assets are initially recognised at fair value and classified under receivables and loans (asset side), assets available for sale or financial assets measured at fair value with matching balance in the income statement, depending on the relative nature and the reason for which they were purchased.

Financial assets are accounted for on the purchase/sale transaction date and are removed from the balance sheet when the right to receive the relative cash flows no longer exists and the Group has essentially transferred all risks and benefits related to the financial instrument and the related control.

Receivables and loans

Receivables and loans are financial instruments which are not derivatives and which are not listed on an active market from which fixed or determinable payments are expected. In particular the following consolidated balance sheet items are classified in this category ("Non- current financial assets (including derivatives)," "Current financial assets (including derivatives) and "Current trade receivables").

Receivables and loans are accounted for initially at fair value and subsequently measured using the amortised cost method based on the effective interest rate approach, net of the writedown allowance. Receivables and loans are included under current assets, except for those with contractual maturity dates longer than twelve months with respect to the balance sheet date, which are classified as non-current assets.

Losses on receivables and loans are accounted for in the balance sheet if there is objective evidence that the Group will not be able to recover the receivable from the counterparty based on contractual terms Objective evidence includes events such as:

- significant financial difficulty of the issuer or debtor;
- on-going legal disputes with the debtor in relation to the receivables;
- the probability that the debtor will declare bankruptcy or that other financial restructuring procedures will ensue.

The amount of the writedown is measured as the difference between the book value of the asset and the current value of expected future cash flows and recognised in the income statement under "Writedowns/writebacks on receivables". Receivables and loans which cannot be recovered are shown in the consolidated balance sheet net of the writedown allowance. If, in subsequent periods, the reasons for the aforementioned writedowns cease to apply, the value of the asset is restored up to the value that would have derived from the application of the amortised cost method.

Derivative financial instruments

The derivative financial instruments used by the Group aim to hedge the exposure to exchange and interest rate risk and obtain a diversification of the debt parameters which thereby permits a reduction in the cost and the volatility. On the date of entering into the contract, the derivative instruments are initially accounted for at fair value and if the derivative instruments are not accounted for as hedges, any subsequent changes in the fair value are recognised as income statement components.

Hedging derivative financial instruments are recognised as per the formalities established for hedge accounting only if:

- at the start of the hedge, a formal designation exists and the hedge is documented;
- it is envisaged that the hedge is highly effective;
- the effectiveness can be reliably measured;
- the hedge itself is highly effective during the various accounting periods for which it has been designated.

When derivative financial instruments qualify for hedge accounting, the following accounting treatment is applied:

Fair value hedges

When a derivative financial instrument is designated as hedging the exposure to a change in the fair value of an asset or liability attributable to a specific risk, the gain or loss deriving from subsequent fair value changes in the hedging instrument are recognised in the income statement. The profit or the loss, deriving from the adjustment to fair value of the hedged item, for the portion attributable to the hedged risk, change the book value of this item and are recognised in the income statement.

Cash flow hedges

When a derivative financial instrument is designated as hedging the exposure to changes in the future cash flows of an asset or liability recorded in the balance sheet or a transaction deemed highly probable, the effective portion of the gains or losses from adjustment to fair value of the derivative instrument is recognised in a specific equity reserve. The cumulative profit or loss is reversed from the shareholders' equity reserve and recognised in the income statement in the same periods in which the effects of the hedging transaction are recognised in the income statement. The profit or loss associated with that portion of the ineffective hedge is recognised in the income statement directly. If the transaction hedged is no longer considered probable, the still unrealised profits and losses accounted for under shareholders' equity are immediately recognised in the income statement.

Derivative financial instruments are accounted for on the transaction date.

Fair value estimates

The fair value of financial instruments listed on an active market is based on the market prices on the balance sheet date. The fair value of financial instruments which are not listed on an active market on the other hand is determined through the use of valuation techniques based on a series of methods and assumptions linked to market conditions on the balance sheet date.

Given the short term nature of trade receivables and payables, it is believed that the book values represent a good approximation of fair value.

Construction contracts

The construction contracts (hereinafter also "revenue contracts") are recognised at the value of the contractual amounts agreed, reasonably accrued, using the method of the percentage completion and taking into account the progress achieved and the contractual risks expected. The progress of the work is measured in relation to the costs of the contract incurred up to the balance sheet date as a percentage of all estimated costs for every single job order.

When the results of a contract cannot be reliably estimated, the revenue from the job is recognised only to the extent that the costs incurred can reasonably be expected to be recovered. When the result of a contract cannot be reliably estimated and it is probable that the contract will generate a profit, the revenue from the contract is recognised for the entire duration of the contract itself. When it is probable that the total contract costs will exceed the total revenues of the contract, the potential loss is recognised in the income statement directly.

The Group presents as assets the gross amount due from customers for contracts relating to work under way for which the costs incurred plus the margins (minus the losses that have been recognised) exceed the invoicing for the work completed so far. The Group presents as liabilities the gross amount due to customers for all work underway for which the amounts invoiced for the progress made exceed the costs incurred, including the margins (less the losses that have been recognised).

Cash & cash equivalents

Cash and cash equivalents comprise cash in hand and bank deposits available and other forms of short-term investment, with maturity at origin of three months or less. On the balance sheet date, current account overdrafts were classified among financial payables under current liabilities in the consolidated balance sheet. The elements included in net cash are measured at fair value and the related changes are recognised in the income statement.

Trade payables

Trade payables and other debts are accounted for initially at fair value net of directly attributable ancillary costs and subsequently measured using the amortised cost method based on the effective interest rate approach.

Loans

Loans are accounted for initially at fair value net of directly attributable ancillary costs and subsequently measured using the amortised cost method based on the effective interest rate approach. Whenever there is a change in the estimate of the cash flows expected, the value of the liabilities is recalculated in order to reflect this change based on the current value of the new cash flows expected and the internal rate of return that had initially been determined. Loans are classified among current liabilities, except those which have a contractual maturity date beyond 12 months with respect to the balance sheet date and those for which the Group has an unconditional right to defer payment for at least 12 months after the reference date. The loans are removed from the balance sheet when they are settled and when the Group has transferred all risks and expenses relating to the instrument itself.

The purchases and sales of loans are accounted for on the transaction negotiation date and removed from the balance sheet when they are extinguished or when the Group has transferred all risks and expenses relating to the instrument itself.

Employee benefits

Short-term benefits are salaries, wages, the related social security charges, compensation in lieu of holidays and incentives provided in the form of a bonus payable within the 12 months from the balance sheet date. These benefits are accounted for as components of payroll and related costs in the period in which the work services are provided.

Employee leaving indemnity and other staff benefits

The Group companies have defined-contribution as well as defined-benefit plans in place. The defined-contribution plans are managed by third parties/ asset managers in relation to which there are no legal obligations or other obligations to pay further contributions should the fund not have enough assets to cover the obligations assumed towards the employees. For the defined-contribution plans, the Group pays contributions voluntarily or those which are established by contract, into insurance pension funds, both public and private. The contributions are recognised as payroll and related costs on an accruals basis. The contributions paid in advance are recognised as assets that will be reimbursed or offset against future payments, should these be due.

A defined-benefit plan is a plan which cannot be classified as a defined-contribution plan. In defined-benefit plans the amount of the benefit payable to the employee can be calculated only after the work relationship has been terminated and is connected to one or more elements such as age, years of service and remuneration. The obligations for defined-benefit plans are therefore determined by an independent actuary using the projected unit credit method. The current value of the defined-benefit plan is determined by discounting the future cash flows at an interest rate equal to that of bonds (high quality corporate) issued in the currency in which the liability shall be settled and which takes into account the duration of the related pension plan. The gains and losses from the actuarial calculation are entirely allocated to shareholders' equity during the year of reference, with account taken of the related deferred tax effect.

In particular, it is disclosed that the Group operates a defined-benefit plan which is represented by the Trattamento di Fine Rapporto ("TFR" - employee leaving indemnity). The TFR is mandatory for Italian companies pursuant to Article 2120 of the Italian Civil Code, provides deferred remuneration and is related to the duration of the employees' working lives and the remuneration received over the period of service they provide. As from 1 January 2007, Italian Law No. 296 dated 27 December 2006 "Finance Law 2007" and subsequent Decrees and Regulations, introduced significant amendments to the TFR, including providing employees with the option to pay into their own TFR into which all supplementary social security funds are placed or into the "Treasury Fund" managed by the INPS. It ensues therefore that the obligation vis-à-vis INPS and the contributions to supplementary pension funds have assumed, pursuant to IAS 19 Employee Benefits, the nature of defined-contribution plans, while the funds placed in the TFR fund as that 1 January 2007 maintain the essential qualities of defined-benefit plans.

Provisions for risks and charges

Provisions for risks and charges are provided for specific known or likely losses or liabilities, the timing and extent of which is unknown at year end. This entry is made only when there is a current obligation (legal or implicit) for the future outflow of financial resources as a result of past events and it is probable that this outflow will be requested for the discharge of the obligation. This amount represents the best estimate of the liability involved in settling this obligation. The rate used in determining the current value of the liability reflects the current market values and takes into account the specific risk associated with each liability.

When the financial effect of time is significant and the payment dates of the obligations are reliably estimated, the provisions are measured at the current value of the expected outlay using a rate that reflects market terms and conditions, the changes in the cost of money over time and the specific risk connected to the obligation. The increase in the value of the provision which is the result of changes in the cost of money over time is accounted for as interest payable.

Risks for which the related liability is merely contingent are disclosed in the notes to the financial statements (in the section on contingent liabilities) and no provision is made for such risks

Revenues

The revenues are recognised to the extent that it is probable that the Company will receive the economic benefits and their amounts can be reliably determined, taking into account also any rebates or discounts.

The revenues for the rendering of services are recognised in the income statement with reference to the stage of completion of the service and only when the outcome of the transaction involving the rendering of services can be reliably estimated.

Revenues from work-in-progress are recognised on the basis of the stage of completion method.

Interest income is recognised in the income statement based on the actual rate of return.

Government grants

Government grants for which there is an official resolution and, in any case, when the right to receive them is considered definite since reasonable certainty exists that the Company will comply with the terms and conditions required for receiving the grants and that the grants will be collected, are recognised on an accruals basis directly in relation to the costs incurred.

i)Equipment grants

Government equipment grants refer to the amounts granted by the State or public entities to the Company for realisation of initiatives directly involving the construction, reactivation or expansion of buildings, plants and machinery. Capital grants are charged against the assets they refer to and reduce the calculation of the amortisation rate.

ii)Operating grants

Operating grants refer to amounts granted by the State or other public entities to the Group and are charged against the costs and expenses incurred. Operating grants are booked to the item "Revenues from sales and services", as a positive component of the income statement.

Cost recognition

The costs are recognised when they relate to goods and services sold or consumed during the year or by systematic allocation.

Income taxes

The current taxes are determined on the basis of an estimate of the taxable income and in compliance with the current tax laws applicable to the Group companies.

Prepaid and deferred taxes are calculated in relation to all the differences that emerge between the taxable base of an asset or liability and the related book value, except for goodwill and the differences arising from equity investments in subsidiaries, when the time they can be reallocated is under the control of the company and it is probable that they will not be reversed over a time period that can be reasonably foreseen. Prepaid taxes, including those referring to prior tax losses, with regard to the portion that is not offset by deferred taxes, are recognised to the extent that it is probable that future taxable income will be available against which the same can be recovered. Prepaid and deferred taxes are determined using the tax rates which are expected to be applicable in the years in which the timing differences will be realised or settled.

Current taxes, prepaid and deferred taxes are recognised in the income statement except for those relating to items recognised among other components of the statement of comprehensive income or which are directly charged against or credited to shareholders' equity. In these latter cases, the deferred taxes are recognised under the item "Tax effect" relating to other components of the statement of comprehensive income and directly under shareholders' equity. Prepaid and deferred taxes are offset when the same are applied by the same tax authority, a legal right to compensation exists and settlement of the net balance is expected.

Other taxes not connected with income, such as indirect and other dues, are included under "Other operating costs" in the income statement.

It is hereby noted that the parent company Grandi Stazioni S.p.A. and the subsidiary Grandi Stazioni Ingegneria S.r.l. participated during 2010 (for the three year period from 2010 to 2012) in the national income tax consolidation scheme, arranged by the parent company Ferrovie dello Stato Italiane S.p.A., pursuant to Article 117 of the T.U.I.R. (Italian income tax consolidation act).

The tax consolidation agreement envisages that for the taxable income generated and transferred to Ferrovie dello Stato Italiane S.p.A., the subsidiaries undertake to transfer to the latter "tax adjustments" net of the credits transferred within the time period established by law for payment of the balance and the advances relating to the income transferred. Any offsetting carried out by Ferrovie dello Stato Italiane SpA as part of the taxation of the FS Group shall not be applicable for identifying the extent and the deadlines of the payment.

In the event of the transfer of a tax loss, Ferrovie dello Stato Italiane S.p.A. must pay the subsidiaries compensation equal to the loss that they themselves would have used independently in the absence of the taxation of the FS Group.

IRAP (regional business tax) is settled independently by each company participating in the aforementioned tax consolidation scheme.

Assets and liabilities held for sale

Non-current assets whose book value will mainly be recovered through a sale rather than through ongoing use, are classified as held for sale and represented separately from the other balance sheet assets and liabilities. The corresponding balance sheet values for the previous period are not reclassified.

Non-current assets classified as held for sale are initially recognised according to the IFRS that is applicable to each asset and liability and subsequently at their book value or their fair value, net of costs to sell, whichever is the lower. Any subsequent impairment is recognised directly against any non- current assets classified as held for sale with a matching balance in the income statement.

By contrast, there is a writeback for each subsequent increment in the fair value of an asset net of costs to sell, but only up to the cumulative impairment loss that has been recognised.

Recently issued accounting standards

Accounting standards endorsed by the European Union which are not relevant to the Group

The EU legislator adopted certain accounting standards and interpretations which are mandatory starting from 1 January 2012 and which govern cases which do not apply to the Group as at the date of this annual financial report, but which could have accounting effects on future transactions and agreements.

On 7 October 2010, the IASB published several amendments to IFRS 7 – Financial Instruments: Disclosures. The amendments were issued with the intention of improving disclosure on transfer transactions of financial assets (derecognition). In detail, the amendments require greater transparency on the exposure at risk in the event of transactions in which a financial asset has been transferred, but the transferor maintains any form of continuing involvement in this asset. The amendments also required greater disclosure in the event that a disproportionate amount of said transactions is entered into in proximity to the end of the accounting period. The adoption of this amendment did not have any effect on the financial statement disclosure since the case is not applicable to the Group for 2012;

On 20 December 2010, the IASB issued a minor amendment to IAS 12 –Income Taxes, which requires the business to measure the deferred taxes deriving from property investments valued at fair value in relation to the way in which the book value of these assets will be recovered (by means of on-going use or sale). Specifically, the amendment establishes a related presumption that the book value of an investment property valued at fair value, as per IAS 40, is realised in full via the same and that the measurement of the deferred taxes, in the jurisdictions where tax rates are different, reflects the rate relating to the sale. The adoption of this amendment did not have any effect on the financial statement disclosure since the case is not applicable to the Group for 2012.

Accounting standards endorsed by the European Union which have not been applied in advance by the Group

On 12 May 2011, the IASB issued IFRS 10 - Consolidated Financial Statements which will replace SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements which shall be renamed Separate Financial Statement and will address the accounting treatment of equity investments in the separate financial statements. The main changes established by the new principal are as follows:

- According to IFRS 10, there is just one basic standard for consolidating all the types of entities, and this standard is based on control. This amendment removes the inconsistency perceived between the previous IAS 27 (based on control) and SIC 12 (based on the transfer of the risks and benefits);
- A more reliable definition of control than in the past has been introduced based on three elements: (a) power over the company acquired; (b) exposure, or rights, to variable returns deriving from involvement with the same; (c) ability to use the power to influence the amount of these returns;
- IFRS 10 requires that an investor, so as to assess whether they have control over the company acquired, focuses on activities which considerably influence the returns of the same;
- IFRS 10 requires that, when ascertaining the existence of control, only the essential rights are considered, or rather those which can be exercised in practice when important decisions must be made in relation to the company acquired;
- IFRS 10 envisages practical guides supporting the assessment whether control exists in complex situations, such as *de facto* control, potential rights to vote, situations where it is necessary to establish whether whomever has decision-making power is acting as agent or principal, etc..

In general terms, the application of IFRS 10 requires a significant degree of judgement on a certain number of applicative aspects.

The standard is applicable retrospectively as from 1 January 2014 (or as from the financial statements for the periods which start as from 1 January 2013). The Group has not deemed this new standard as applicable for 2012.

On 12 May 2011, the IASB issued IFRS 11 - Joint arrangement which will replace IAS 31 - Interests in joint ventures and SIC 13 - Jointly-controlled entities, Non-monetary contributions by venturers. The new standard, without prejudice to the criteria for the identification of the presence of joint control, provides the criteria for the accounting treatment of the joint arrangements based on the rights and the obligations deriving from the agreements rather than on the legal form of the same and established the equity method as the only method for recording equity investments in jointly-controlled companies in the consolidated financial statements. According to IFRS 11, the existence of a separate special-purpose entity is not enough to classify a joint arrangement as a joint venture. The new standard is applicable retrospectively as from 1 January 2014 (or as from the financial statements for the periods which start as from 1 January 2013). Further to the issue of the standard, IAS 28 - Investments in associates and joint ventures, was amended so as to include within its sphere of application, as from the date of efficacy of the standard, also investments in jointly-controlled companies. The Group has not deemed this new standard as applicable for 2012.

On 12 May 2011, the IASB issued IFRS 12 -Disclosure of Interests in Other Entities, which is a new and complete standard on the additional information to disclose in the consolidated financial statements for every type of equity investment, including in subsidiaries, joint arrangements, associates, special purpose entities and other non-consolidated entities. The standard is applicable retrospectively as from 1 January 2014 (or as from the financial statements for the periods which start as from 1 January 2013).

On 12 May 2011, the IASB issued IFRS 13 – Fair Value Measurement, which illustrates how the fair value must be determined for financial statement purposes, and is applicable to all the cases where the standards require or permit measurement of fair value or the presentation of information based on fair value, with a number of limited exclusions. Furthermore, the standard requires disclosure on the measurement of the fair value (hierarchy of the fair value) which is more extensive than that currently required by IFRS 7. This standard is applicable prospectively from 1 January 2013.

On 16 December 2011, the IASB issued several amendments to IAS 32 – Financial Instruments: presentation, to clarify the application of several criteria for offsetting financial assets and liabilities which are present in IAS 32, in fact making this more difficult. The amendments are applicable retrospectively for periods beginning on or after 1 January 2014.

On 16 December 2011, the IASB issued several amendments to IFRS 7 – Financial Instruments: disclosures. The amendment requires information on the effects or potential effects of offsetting financial assets and liabilities on the balance sheet of a company. The amendments are applicable for periods beginning on or after 1 January 2013. The information must be provided retrospectively.

On 16 June 2011, the IASB issued an amendment to IAS 1 – Presentation of Financial Statements in order to request companies to group together all the items within the Statement of "Other comprehensive income/(losses)" according to whether they can be reclassified subsequently or not in the income statement. The amendment is applicable to the periods which start after or on 1 July 2012.

On 16 June 2011, the IASB issued an amendment to IAS 19 –Employee Benefits which eliminates an option to defer the recognition of actuarial gains and losses using the corridor method, requesting that all the actuarial profits and losses be recorded immediately in the Statement of Other comprehensive income or losses, so that the entire net amount of the provision for defined benefits (net of the assets serving the plan) are recorded in the consolidated balance sheet. The amendments also envisaged that the changes between one year and the next in the provision for defined benefits and the assets serving the plan must be divided up into three components: the components of the cost linked to the work services in the year must be recorded in the income statement as "service costs"; the net financial charges calculated applying the appropriate discount rate to the net balance of the provision for defined benefits net of the assets emerging at the start of the year must be recorded in the income statement as such; the actuarial gains and losses which derive from the re-measurement of the liabilities and assets must be recorded in the Statement of "Other comprehensive income/(loss)". Furthermore, the yield of the assets included among net financial expenses as indicated above must be calculated based on the discount rate of the liability and no longer on the basis of the expected yield from the assets. Finally the amendment introduces new additional information to be provided in the notes to the financial statements. The amendment is applicable retrospectively from the accounting period starting on or after 1 January 2013.

Accounting standards not endorsed by the European Union

As of the date of these financial statements, the competent bodies of the European Union had not yet concluded the endorsement process necessary for the adoption of the amendments and standards described below.

On 12 November 2009, the IASB published IFRS 9 – Financial Instruments: the same standard was subsequently amended on 28 October 2010. The standard, applicable retrospectively as from 1 January 2015, represents the first part of a process in stages which aimed to fully replace IAS 39 and introduce new standards for the classification and measurement of financial assets and liabilities. In detail, with regard to financial assets the new standard uses a single approach based on the methods for handling financial instruments and on the characteristics of the contractual cash flows of said financial assets for the purpose of establishing the accounting criteria, replacing the various rules envisaged by IAS 39. By contrast, with regard to financial liabilities, the main change concerns the accounting treatment of the fair value changes of a financial liability designated as a financial liability at fair value through profit and loss, in the event that these are due to a change in the credit worthiness of said liability. According to the new standard, these changes must be recorded in the Statement of "Other comprehensive income and losses" and no longer pass through the income statement. Stages two and three of the project on financial instruments, relating respectively to impairment of financial assets and hedge accounting, are still in progress. The IASB is also assessing limited improvements to IFRS 9 for the part relating to the Classification and measurement of financial assets.

On 17 May 2012, the IASB published the document Annual Improvements to the IFRSs: 2009-2011 Cycle, which acknowledges the amendments to the standards within the sphere of the annual improvement process for the same, concentrating on amendments deemed necessary, but not urgent. Mention is made below of those which involve a change in the presentation, recognition and measurement of the financial statement items, by contrast leaving aside those which will only lead to terminology changes or editorial variations which minimum effects in accounting terms, or those which affect standards or interpretations not applicable to the Group:

- IAS 1 Presentation of financial statements – Comparative information: this clarified that in the event additional comparative information is provided, it must be presented in accordance with the IAS/IFRS. Furthermore, it clarified that in the event an entity changes an accounting standard or makes a retrospective adjustment/reclassification, the same entity will have to present a balance sheet also at the beginning of the comparative period ("third balance sheet" in the financial statement formats), while in the explanatory notes no comparative disclosure is requested for this "third balance sheet", other than the items concerned.

- IAS 16 Property, plant and machinery – Classification of servicing equipment: this clarifies that the servicing equipment will have to be classified in the item Property, plant and machinery if used for more than one accounting period, otherwise under inventories.

- IAS 32 Financial instruments: presentation - Direct taxes on the distributions to holders of equities and on transaction costs on equities: this clarifies that the direct taxes relating to these cases follow the rules of IAS 12.

The data of efficacy of the amendments proposed is envisaged for the accounting periods which start on 1 January 2013 or a subsequent date, with early application permitted.

Use of estimates and valuations

The preparation of the consolidated financial statements requires that directors apply accounting standards and methods that, in some circumstances, are based on difficult and subjective valuations and estimates according to past experience and assumptions that are from time to time considered reasonable and realistic under the related circumstances. The final results of the financial statements item for which these estimates and assumptions have been used might be different, even significantly, from those reported in the financial statements due to the uncertainty characterising the assumptions and conditions on which estimates are based. The estimates and assumptions are periodically reviewed and the effects of any changes are reflected in the income statement, if they only involve that period. If the review involves both the current and future periods, the change is recognised in the period in which the review takes place and in the related future periods.

The final results could differ, also significantly, from these estimates following possible changes in the factors considered in determining these estimates.

A brief description follows of the main accounting standards requiring more subjectivity on behalf of the directors in the processing of the estimates and for which a change in the conditions underlying the assumptions used could have a significant impact on the consolidated financial data:

i)Amortisation and Depreciation

The amortisation and depreciation of fixed assets is a significant cost for the Group. The cost of intangible, tangible fixed assets and investment properties is amortised/depreciated on a straight-line basis over the estimated useful life of the related assets. The useful economic life of the Group's fixed assets is determined by the directors at the time the fixed asset is acquired; it is based on past experience with similar fixed assets, market conditions and expectations regarding future events that could have an impact on the useful life. Therefore, the actual economic life could differ from the estimated useful life. The Group periodically evaluates technological changes and changes in the sector in order to update the residual useful life. The periodic updating could result in a change in the amortisation/depreciation period and therefore also the amortisation/depreciation rate in future years.

ii)Provisions for risks and charges

Provisions are made for legal and tax risks to cover the event of a negative outcome. The value of the provisions relating to these risks represents the best estimate made by the directors on that date. The estimate involves the use of assumptions that depend on factors that could change over time and could therefore have significant effects compared to the current estimates made by the directors for the preparation of the Group's consolidated financial statements.

iii)Taxes

The recognition of deferred tax assets is carried out on the basis of expectations regarding income in future years. The valuation of the income expected for the purposes of recognition of the deferred taxes depends on factors that could vary over time and significantly affect the measurement of the deferred tax assets.

iv)Fair value of derivative financial instruments

The fair value of derivative financial instruments that are not listed on active markets is determined through the use of valuation techniques. The Group uses valuation techniques that use inputs which can directly or indirectly be a observed on the market on the closing date of the accounting period and which are connected to the asset or liability being evaluated. Despite the estimates of the aforementioned fair values being deemed reasonable, possible changes in the factors used for the estimate on which the calculation of the aforementioned value is based could produce differing valuations.

5 Scope, criteria and methods of consolidation

The following criteria are adopted by the Group for definition of the scope of consolidation and subsidiaries as well as the related consolidation criteria.

a)Scope of consolidation: subsidiaries

The consolidated financial statements include, in addition to the parent company, the companies over which it directly or indirectly exercises control (through its subsidiaries), starting from the date on which it was acquired or up to the date such control ceased to exist. In particular, control can be exercised both via direct or indirect ownership of the majority shares with voting rights or due to the exercise of dominant influence expressed by the power to determine, including indirectly through contractual or legal agreements, the entity's financial and management choices, thereby obtaining the related benefits, also regardless of the shareholding relationship. The existence of potential voting rights exercisable as at the balance sheet date is considered in order to determine whether control exists or not.

The subsidiaries were consolidated using the line-by-line method, as indicated below:

- the assets and liabilities, costs and revenues of the consolidated companies are consolidated line-by-line, assigning the minority shareholders, where applicable, the portion of the shareholders' equity and net profit for the period pertaining to them; these portions are stated separately within the consolidated shareholders' equity and the consolidated income statement;
- business combinations, concluded between companies not subject to common control, by means of which control over an entity is acquired, are recognised using the purchase method. The acquisition cost is represented by the fair value as at the date of purchase of the assets transferred, liabilities undertaken and equities issued. The identifiable assets and liabilities, respectively acquired and undertaken, are recognised at fair value as at the acquisition date. The difference between the acquisition cost and the current or fair value of the identifiable assets and liabilities acquired, if positive, is recognised among intangible assets as goodwill or, if negative, after having verified the correct measurement of the fair values of the aforementioned acquired assets and liabilities and the cost of acquisitions, is recognised directly in the income statement, as income. If the fair values of the identifiable assets and liabilities acquired can only be calculated on a provisional basis, the business combination is recognised using these provisional values. Any adjustments deriving from the completion of the valuation process are recognised within twelve months as from the date of acquisition, recalculating the comparative figures;
- the gains and losses, including the related tax effects, deriving from transactions that take place between companies consolidated on a line-by-line basis and which have not been realised vis-à-vis third

parties, are eliminated, except for unrealised losses which have not been derecognised, if the transaction indicates that there has been impairment of the transferred asset. Furthermore, reciprocal debit and credit transactions, costs and revenues, as well as financial income and expense are eliminated;

- with regard to acquisitions of minority shareholdings relating to companies for which control already exists, any difference between the acquisition cost and the related portion of shareholders' equity acquired is recognised under shareholders' equity.

The financial statements of the consolidated subsidiaries are drawn up with reference to the accounting periods ended as at 31 December, the reference date of the consolidated financial statements, and have been specifically prepared and approved by the management bodies of the individual entities and appropriately adjusted, where necessary, to align them with the accounting standards applied by the Group.

The list of subsidiaries including information regarding their registered offices and the percentages held, is provided in Attachment 1.

b)Conversion of foreign company financial statements

The financial statements of the foreign subsidiary have been prepared using the currency of the primary economic area in which the company operates (operating currency). The rules for the conversion of the financial statements of the company expressed in an operating currency other than the Euro are as follows:

- assets and liabilities are converted using the exchange rates in force as at the balance sheet reference date;
- goodwill and adjustments deriving from the fair value relating to the acquisition of a foreign company are treated as assets and liabilities of the foreign company and converted using the closing exchange rate for the period;
- costs and revenues are converted using the average exchange rate for the period;
- the "translation reserve," included among consolidated shareholders' equity items, includes both the exchange differences generated from the conversion of income statement balances at a rate other than that at the closing date as well as those generated by the translation of opening shareholders' equity at a rate other than the closing rate for the reporting period. This reserve is transferred to the income statement when the related equity investment is sold.

The exchange rates adopted for the conversion of the financial statements of companies with an operating currency other than the Euro are shown in the table below:

	Average exchange rate for the period ended 31 Dec.		Exchange rate at 31 Dec.	
	2012	2011	2012	2011
CZK	25.144	24.576	25.151	25.585

c)Translation of foreign currency items

Transactions in currencies other than the reporting currency are recognised at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in a foreign currency other than the Euro are subsequently adjusted using the exchange rate at the balance sheet date. Non-monetary assets and liabilities in foreign currency other than the Euro are carried at historic cost using the exchange rate prevailing on the date of initial recognition of the transaction. Any exchange rate differences are recognised in the income statement.

6 Financial risk management

The Group is exposed to the following risks: credit risk, liquidity risk, market risk.

In this section we provide information regarding the exposure of the Group to each of the risks indicated above, the objectives, policies and management processes applied to such risks and the methods used to assess them, as well as the management of the Group capital. Furthermore, these consolidated financial statements include additional quantitative information.

Credit risk

The credit risk is the risk that a customer or one of the counterparties to a financial instrument causes financial losses by failing to fulfil an obligation and derives mainly from trade receivables and the financial investments of the Group.

In order to define the strategies and guidelines for the trade receivables policy, grant credit facilities to customers, disperse the credit risk, monitor the solvency of customers and start debt recovery operations, the company established the position of Credit Manager and issued an organisational procedure for credit management.

The prospects for the recovery of credit are assessed position by position, taking into account the indications of the office managers and internal and external legal advisors who follow the recovery process.

Receivables for which there is a probability of loss as at the date of the financial statements are written down.

It should also be pointed out that the Group has received sureties and/or guarantee deposits covering approximately one quarter of the total annual rents.

The following table shows the Group's exposure to credit risk:

(in thousands of EUR)	**31 Dec. 2012**	**31 Dec. 2011**
Current trade receivables	82,807	77,072
Other current assets	2,835	13,927
Non-current financial assets (including derivatives)	-	-
Other non-current assets	40,146	40,739
Cash & cash equivalents	29,643	28,375
Current financial assets (including derivatives)	-	-
Non-current trade receivables	5,948	6,782
Construction contracts	12,230	14,214
Total exposure net of writedown allowance	**173,609**	**181,110**

The amount of the financial assets considered to be doubtful with regard to recovery and which are of a significant amount, is covered by appropriate provisions to the allowance for doubtful receivables.

The following table shows the exposure to credit risk by counterparty:

(figures in %)	**31 Dec. 2012**	**31 Dec. 2011**
Ordinary customers	62%	55%
Other creditors	38%	45%
Total exposure net of writedown allowance	**100%**	**100%**

The following tables provide a breakdown of the financial assets as at 31 December 2012 and 2011, grouped by maturity, net of the allowance for doubtful receivables.

(figures in %)		**31 Dec. 2012**				
		Past due by				
	Falling due	**0-30**	**31-120**	**121-365**	**Beyond 1 year**	**Total**
Ordinary customers	55%	11%	13%	7%	14%	100%
Financial institutions	100%					100%
Other creditors	8%		5%	22%	73%	100%

(figures in %)		**31 Dec. 2011**				
		Past due by				
	Falling due	**0-30**	**31-120**	**121-365**	**Beyond 1 year**	**Total**
Ordinary customers	55%	11%	13%	7%	14%	100%
Financial institutions	100%					100%
Other creditors	20%		15%	17%	48%	100%

Liquidity risk

The liquidity risk is the risk that an entity may find it difficult to fulfil the obligations associated with financial liabilities to be settled through the delivery of cash or other financial assets.

The loans taken out to finance the refurbishment of both station complexes and property investments have all been paid out and are structured on the basis of the estimated future cash flows expected from the lease agreements.

It is hereby noted that during 2012 - further to the activation of the procedures involving direct disbursement - a tranche of EUR 25,190 million was collected for the grants of the "Legge Obiettivo" works.

The group aims to prudently manage liquidity risk which originates from normal operations and utilises leading financial institutions in the banking system, from which it has received committed and uncommitted credit facilities granted to cover liquidity needs.

The contractual maturities of the financial liabilities, including interest to be paid, are shown in the following table (*amounts in thousands of EUR*):

31 Dec. 2012	Book value	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	Beyond 5 years
Non-derivative financial liabilities							
Bank loans	198,525	221,777	10,090	9,741	19,768	62,318	119,860
Trade payables	107,603	107,603	64,198	43,405			
Derivative financial liabilities							
Interest rate swaps	9,609	10,119	921	921	1,811	4,389	2,078
Interest rate collars and interest rate caps	1,033	1,059	183	189	347	340	
Total	**316,771**	**340,558**	**75,392**	**54,256**	**21,926**	**67,047**	**121,937**

31 Dec. 2011	Book value	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	Beyond 5 years
Non-derivative financial liabilities							
Bank loans	213,340	252,163	10,545	10,799	21,587	66,150	143,082
Trade payables	108,674	108,674	52,547	56,127			
Derivative financial liabilities							
Interest rate swaps	5,697	5,607	538	443	1,233	2,601	791
Interest rate collars and interest rate caps		420	420	46	47	108	205
Total	**328,131**	**366,864**	**63,676**	**67,416**	**22,928**	**68,956**	**143,886**

		Book value maturities				
31 Dec. 2012	**Total book value**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**Beyond 5 years**
Non-derivative financial liabilities						
Bank loans	198,525	8,899	8,591	17,533	54,510	108,991
Trade payables	108,674	52,547	56,127			

Total	**307,199**	**61,446**	**61,138**	**17,533**	**54,510**	**108,991**

		Book value maturities				
31 Dec. 2011	**Total book value**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**Beyond 5 years**
Non-derivative financial liabilities						
Bank loans	213,340	8,030	8,126	17,464	53,502	126,219
Trade payables	108,674	52,547	56,127			
Total	**322,014**	**60,577**	**64,253**	**17,464**	**53,502**	**126,219**

The contractual flows of floating rate financial liabilities have been calculated using the forward rates estimated as at the balance sheet closing date.

With regard to the stratification of the flows expected from derivative financial instruments please see the "Exchange risk" and "Interest rate risk" sections below.

Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market rates, changes in exchange rates, interest rates or the prices of equity instruments. The purpose of managing the market risk is to handle and maintain the Group's exposure to this risk within acceptable levels, while optimising return from investments. The Group uses hedges in order to handle the volatility of results.

Fair value of a derivative contract is determined using the official prices for instruments traded on organised markets. The fair value of instruments not listed on organised markets is determined using measurement techniques appropriate for each type of financial instrument and market data as of the close of the period (such as interest rates, exchange rates, and volatility), discounting expected cash flows on the basis of the market interest rate curve at the balance sheet date and translating amounts in currencies other than the Euro using year-end exchange rates provided by the European Central Bank.

There were no changes to the criteria for the evaluation of derivatives at the end of the financial year compared to those adopted at the end of the previous financial year. The effect of these evaluations on the income statement and shareholders' equity are therefore due exclusively to normal market trends.

The notional value of a derivative contract is the amount on the basis of which flows are exchanged. The notional amounts of derivatives reported here do not represent amounts exchanged between the parties and therefore are not a measure of the Company's credit risk exposure.

The financial assets and liabilities associated with derivative instruments held by the Group include:

- cash flow hedges, concerning the hedging of the risk of changes in cash flows or the exchange rate risk associated with long-term indebtedness index-linked at a floating rate;
- trading derivatives concerning the hedging of the interest rate and exchange rate risk which are not required to be designated as cash flow hedges or fair value hedges or which do not satisfy the formal hedging requirements of IAS 39.

Interest rate risk

The Group constantly monitors the performance and forecasts of the market and simulates, using internal analysis, the effects from potential refinancing, renegotiation of existing loans or hedging transactions. During the meeting on 20 March 2009, the Board of Directors of Grandi Stazioni decided to implement additional hedges with respect to those already in existence in order to increase the ratio between the hedged value and the exposure to floating rates in relation to existing loan contracts by 50% .

The instruments envisaged were traditional derivatives (such as, for example, IRS, FRA, COLLAR, CAP). As at 31 December 2012, Interest Rate Swaps, Interest Rate Collars were used, in addition to an Interest Rate Cap entered into prior to the date of said resolution.

The credit risk policy associated with transactions in derivatives was also defined for the Group.

In order to avoid concentrations of this credit risk, it was established that no counterparty could assume positions in excess of 30% of the notional value of the debt being hedged and the minimum rating would have to be at least equal to "A-."

As at 31 December 2012, the Group had 6 ISDA Master Agreements with leading Italian and international institutions possessing the required credit rating and its transactions were contained within the aforementioned concentration limits. Neither counterparty holds a notional value of derivatives equal to more than 30% of the debt portfolio being hedged.

The loans taken out by the Company are normally settled at a floating rate increased by a spread. The economic results of the Company are therefore significantly influenced by the performance of interest rates.

The Company's policy is to minimise the risk linked to interest rates as much as possible over the medium-term, so as to remain essentially exposed only to the risks linked to property assets.

As at 31 December 2012, the following hedges were outstanding:

- IRS with RBS (Royal Bank of Scotland) entered into in 2009 to hedge the EIB loan, with a notional value of EUR 20 million and an amortising structure with a fixed rate of 3.635%; maturity is on 30 June 2023;
- IRS with Credit Agricol entered into in 2009 to hedge the EIB loan, with a notional value of EUR 30 million and an amortising structure with a fixed rate of 3.738%; maturity is on 30 June 2023;
- Collar with BNP Paribas entered into in 2010 to cover the EIB loan, with a notional value of the EUR 25 million and amortising structure with a cap rate of 3.96%, a floor of 1.25% and a spread of 0.25%; maturity is on 31 December 2016;
- IRS with Société Générale – entered into in 2011 to cover the UniCredit Bank Austria AG loan with a notional value of EUR 4.97 million (CZK 125 million) and an amortising structure with a fixed rate of 2.22%;
- IRS with Unicredit – entered into in 2011 to cover the UniCredit Bank Austria AG loan with a notional value of EUR 4.97 million (CZK 125 million) and an amortising structure with a fixed rate of 2.22%;

·Collar with Société Générale – entered into in 2011 to cover the UniCredit Bank Austria AG loan with the notional value of EUR 11.93 million (CZK 300 million) and an amortising structure with a cap of 2.24%, floor of 1.00% and spread of 0.250%;

All the contracts indicated are qualified as cash flow hedges. The expiry of these contracts does not exceed the maturity of the underlying financial liabilities so that any change in fair value and/or expected cash flows of these contracts is balanced by a corresponding change in the fair value and/or expected cash flows of the underlying position.

Interest rate swaps usually provide for the periodic exchange of flows of interest at floating rates against flows of interest at fixed rates, both calculated on the same notional reference capital.

Interest rate options provide for the periodic payment of an interest rate differential calculated on a notional capital reference, once specific predefined values are achieved (the strike). These threshold values determine the maximum rate (the cap) or minimum rate (the floor) at which the indebtedness will be index-linked as a result of the hedge.

Interest rate options are usually entered into when the fixed interest rate achievable through an interest rate swap is considered to be too high with respect to the expectations of the company on future interest rates. In addition, the use of interest rate options is considered appropriate in periods of uncertainty regarding the future performance of rates, making it possible to benefit from any interest rate decreases.

The following table shows the medium/long-term fixed and floating rate loans (including the short-term portion):

Medium/long-term loans (including the short-term portion)

(figures in thousands of EUR)		Contractual cash flows				
				Portion of the notional value maturing between		
	Accounting balance	**Notional value**	***Current notional value***	***1 and 2 years***	***2 and 5 years***	***Beyond 5 years***
- floating rate	198,525	198,525	17,491	17,533	54,510	108,991
- fixed rate						
Balance as at 31 December 2012	**198,525**	**198,525**	**17,491**	**17,533**	**54,510**	**108,991**
- floating rate	213,341	213,341	16,156	17,464	53,502	126,219
- fixed rate						
Balance as at 31 December 2011	**213,341**	**213,341**	**16,156**	**17,464**	**53,502**	**126,219**

The following table shows the percentage of medium/long-term fixed and floating rate loans (including the short-term portion):

Medium/long-term loans (including the short-term portion)	31 Dec. 2012	31 Dec. 2011
Prior to hedging with derivatives		
- floating rate	100%	100%
- fixed rate	0%	0%
After hedging with derivatives		
- floating rate	51%	55%
- protected floating rate	19%	17%
- fixed rate	30%	28%

It is hereby noted that the company has no transactions of a speculative nature or which are not connected to its own debt position.

Sensitivity analysis is presented below, highlighting the effects which would be registered in terms of change in the financial expense in the presence of a change of +/- 50 basis points in the Euribor rates applied to loans payables during 2012.

+50 bps additional cost hypotheses	**31 Dec. 2012**	**31 Dec. 2011**
Additional costs for interest	1,056	1,045
Minor costs for SWAPs	(347)	(254)
Total	**709**	**791**
IRES (company earnings' tax)	27.50%	27.50%
Net impact	**514**	**574**
-50 bps additional cost hypotheses	**31 Dec. 2012**	**31 Dec. 2011**
Additional costs for interest	(1,506)	(1,045)
Greater costs for SWAPs	389	316
Total	**(677)**	**(729)**
IRES (company earnings' tax)	27.50%	27.50%
Net impact	**(484)**	**(529)**

In conclusion, the "Hedging derivatives fair value sensitivity" table is presented, which indicates the balance sheet effects which would be registered on the value of the derivatives should an increase or decrease of 50 basis points take place in the Euribor interest rates.

	Shift + 50 bps	**Shift - 50 bps**
Fair value hedging derivatives	2,195	2,387

Exchange risk

The Group mainly operates on the Italian market and the market of the Czech Republic where the subsidiary Grandi Stazioni Ceska operates mainly in local currency; it is therefore exposed to the exchange risk from the various currencies in which it operates to a very limited degree

Capital management

The Group's objective insofar as capital management is concerned is mainly to ensure the ongoing nature of the company so as to guarantee the returns to the shareholders and the benefits for other stakeholders. The Group has also set itself the objective of maintaining an optimal capital structure so as to reduce borrowing costs.

Financial assets and liabilities by category

In order to complete the information provided on financial risks, the table below provides a reconciliation between financial assets and liabilities as shown in the consolidated balance sheet and the financial asset and liability category indicated based on the requirements of IFRS 7:

Financial assets and liabilities by category

31 Dec. 2012	Receivables and loans	Payables and loans due	Hedging derivatives
Non-current trade receivables	5,948		
Current financial assets (including derivatives)	4,836		
Other non-current assets	40,146		
Construction contracts	12,230		
Current trade receivables	82,807		
Other current assets	2,835		
Medium/long-term loans	-	180,399	
Non-current financial liabilities (including derivatives)			10,588
Other non-current liabilities		5,858	
Short-term loans and current portion of medium/long-term loans		17,518	
Current trade payables		107,603	
Current financial liabilities (including derivatives)			56
Other current liabilities		8,338	

Financial assets and liabilities by category

31 Dec. 2011	Receivables and loans	Payables and loans due	Hedging derivatives
Non-current trade receivables	6,782		
Current financial assets (including derivatives)	16,974		
Other non-current assets	41,212		
Construction contracts	14,214		
Current trade receivables	77,072		
Other current assets	13,927		
Medium/long-term loans		197,185	
Non-current financial liabilities (including derivatives)			6,116
Non-current trade payables		712	

Other non-current liabilities	6,119	
Short-term loans and current portion of medium/long-term loans	16,156	
Current trade payables	106,327	
Current financial liabilities (including derivatives)		164
Other current liabilities	10,608	

Analysis of the consolidated balance sheet items

The consolidated balance sheet items for 2012, presented on a comparative basis with the previous year, are analysed as follows:

7 Property, plant and machinery

The table below shows the property, plant and machinery at the start and end of the year, together with the related changes. There were no changes in the estimated useful life of these assets during 2012.

	Land, buildings, port and railway infrastructure	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Construction in progress and advance payments	Leased assets	Total
Historical cost	90,742	82,965	1,058	6,472	157,438	1,014	339,689
Depreciation and impairment losses	(5,787)	(15,378)	(1,008)	(5,030)	(418)	(981)	(28,602)
Grants	-	(18,747)	-	-	(30,156)	-	(48,903)
Balance as at 31 Dec. 2011	**84,955**	**48,840**	**50**	**1,442**	**126,864**	**33**	**262,181**
Investments	36	10,099		229	34,302	82	44,748
Entry into service	3,167	1,490			(12,529)		(7,872)
Depreciation	(3,110)	(5,160)	(19)	(483)		(24)	(8,796)
Sales and disposals					(3)		(3)
Change in grants					(25,190)		(25,190)
Other reclassifications					(2,642)		(2,642)
Total changes	**93**	**6,429**	**(19)**	**(254)**	**(6,062)**	**58**	**245**
Historical cost	93,945	94,554	1,058	6,701	176,566	1,096	373,920
Depreciation and impairment losses	(8,897)	(20,538)	(1,027)	(5,513)	(418)	(1,005)	(37,398)
Grants	-	(18,747)	-	-	(55,346)	-	(74,093)
Balance as at 31 Dec. 2012	**85,048**	**55,269**	**31**	**1,188**	**120,802**	**91**	**262,429**

The increases in the item Construction in progress and advance payments totalling EUR 34,302 thousand in 2012 refer to the capitalisation of external and internal costs mainly concerning design and work costs for the renovation activities underway at the Venice, Genoa, Verona, Bologna, Florence, Bari and Palermo Central stations. The change in investments for "plant and machinery" is essentially due to the purchase of the advertising system finalised in December for EUR 9,759 thousand further to the closure of the Arbitration Award with the supplier Vidion; for the related details, see the notes on the main events during the year in the report on operations. The recognition of this value under the assets in the item property, plant and machinery (which represents a independent cash flow generating unit) is supported by adequate checking of the recoverability of the value via impairment test, carried out considering the future cash flows expected discounted back concerning Advertising, on the basis of the "2011-2015 Media plan" approved by the company's Board of Directors subsequently updated for the years 2012-2016 to take into account the market trend and the new investment prospects.

Assets entering into service for a total of EUR 12,529 thousand concerned: the item Buildings for EUR 3,167 thousand and Plant and machinery for EUR 1,490 thousand, for the bringing onto stream of Verona Porta Nuova station during the year. The remaining EUR 7,872 thousand concerns the bringing into stream of the improvements made to the divisional property owned, located close to Venice station, reclassified - for a more correct financial statement presentation - in the item "investment property".

The operating grants totalling EUR 74,093 thousand refer to: EUR 18,747 of former Jubilee 2000 grants received by the company for the construction of the Rome Termini station; EUR 55,346 thousand to work under way for the "additional station complex work," approved as part of the strategic infrastructure program (Law 443/2001 – the so-called "Legge Obiettivo"). EUR 25,190 thousand was collected in October for this latter form of funding. For greater details please see the section "Legge Obiettivo Grants" under Main events during the year in the Group Report on operations.

The reclassification for EUR 2,642 thousand refers to renovation work carried out by the company on behalf of RFI (Rete Ferroviaria Italiana), at the Milan Central, Turin Porta Nuova and Naples Central stations, the payments for which, during the first half of the year, were acknowledged as reimbursable by said RFI and thus invoiced to the same.

8 Investment Property

The following table lists the property investments and the changes in the same.

	2012		Total	2011		Total
	Land	Buildings	Item	Land	Buildings	Item
Balance as at 1 January						
Cost	10,925	42,891		10,925	42,891	
Accumulated depreciation	-	(15,240)		-	(13,442)	
Book value	**10,925**	**27,651**	**38,576**	**10,925**	**29,449**	**40,374**
Changes during the year						
Reclassifications		7,872				
Depreciation		(1,903)			(1,798)	
Total changes		**5,969**			**(1,798)**	
Balance as at 31 December						
Cost	10,925	50,763		10,925	42,891	
Accumulated depreciation		(17,143)			(15,240)	
Book value	**10,925**	**33,620**	**44,545**	**10,925**	**27,651**	**38,576**

The item investment property includes the value of the properties bordering the stations of Naples Central, Venice Santa Lucia and the building complexes in Bologna and Florence. In addition to the depreciation charge for the period, the item disclosed an increase due to the introduction of the improvement made to the Venice divisional property as mentioned in the previous section.

There are mortgages on the Florence, Bologna, Venice and Naples properties against loans originally totalling EUR 80 million.

The property investments indicated include various properties occupied by companies in the Ferrovie dello Stato Italiane Group and/or by third parties from which the parent company receives compensation for occupancy or lease fees. For more details on dealings with related parties, see note 44. Total lease revenues recorded in the period amounted to EUR 2,653 thousand (EUR 3,120 thousand in 2011) and the maintenance cost amounted to EUR 498 thousand (EUR 755 in 2011).

With regard to the appraisal of the investment properties, the Company deemed those made over the last few years by an independent external appraiser to be valid, having established the appraisal values to be higher than the book values.

9 Intangible assets

The table below lists the intangible asset balances made up of just software and usage licences and accessory charges which increased during the year by EUR 769 thousand due to investments made on the ERP-SAP system.

	Concessions, licences, trademarks and similar rights
Historical cost	5,164
Amortisation and impairment losses	(4,603)
Balance as at 31 Dec. 2011	**561**
Investments	769
Amortisation	(349)
Total changes	**420**
Historical cost	5,933
Amortisation and impairment losses	(4,952)
Balance as at 31 Dec. 2012	**981**

It is hereby noted that during 2012, the Group did not incur research and development costs.

10 Prepaid tax assets and deferred tax liabilities

The following tables illustrate the balance of the prepaid tax assets and deferred tax liabilities, together with the changes that occurred in 2012:

	31 Dec. 2011	Increase (decrease) booked in IS	Other changes	31 Dec. 2012
Prepaid tax assets:				
Value differences on tangible and intangible assets	896	(223)	-	673
Provisions for risks and charges and impairment losses with deferred tax deductibility	4,019	1,067	-	5,085
Valuation of financial instruments	1,641	-	948	2,588
Other items	517	109	-	626
Total	**7,072**	**953**	**948**	**8,973**
Deferred tax liabilities:				
Differences on long-term financial assets	444			444
Income subject to deferred taxation	6,102	(2,211)		3,891
Valuation of financial instruments	336	155	(149)	342
Employee benefits	85	59	(81)	63
Capitalised financial charges	2,215	(97)	-	2,118
Total	**9,181**	**(2,094)**	**(230)**	**6,858**

Prepaid tax assets totalled EUR 8,973 thousand as at 31 December 2012, up by EUR 1,901 thousand compared to 31 December 2011. This difference is principally due to the timing differences that emerged following the allocations made to the allowance for doubtful receivables, the provision for risks and charges and the valuations of the financial instruments.

There are no prior tax losses on which the Company could have recorded prepaid taxes.

The deferred tax liabilities totalled EUR 6,858 thousand as at 31 December 2012, down by EUR 2,323 thousand, mainly attributable to the re-absorption of the deferred taxes recorded on the capital gains generated on the sale of the former departmental office buildings in Venice and Rome, payable for tax purposes in instalments during the current year and respectively the next one and three years.

11 Current and non-current trade receivables

Trade receivables are analysed as follows:

	31 Dec. 2012		31 Dec. 2011		Changes	
	Non-current	**Current**	**Non-current**	**Current**	**Non-current**	**Current**
Ordinary customers	5,948	63,638	6,782	57,206	(834)	6,432
Amounts due from Group companies		29,125		30,567		(1,442)
Parent Company		2,209		*146*		*2,063*
Other affiliated companies		26,916		*30,421*		*(3,505)*
Total	**5,948**	**92,763**	**6,782**	**87,773**	**(834)**	**4,990**
Allowance for doubtful receivables		(9,956)		(10,701)		745
Third parties		9,818		10,389		*(571)*
FS Group		138		*312*		*(174)*
Total net of allowance	**5,948**	**82,807**	**6,782**	**77,072**	**(834)**	**5,735**

"Non-current" trade receivables as at 31 December 2012 fell with respect to the previous year by EUR 834 thousand, while "current" trade receivables increased EUR 5,735 thousand. The improvement vis-à-vis the Group companies was mitigated by the slowdown seen vis-à-vis third party customers; however, the widespread action for recovery of receivables which continued in a systematic manner throughout the period should, in any event, lead to positive results during the coming year. The allowance for the writedown of receivables includes EUR 384 thousand for the writedown provided by the subsidiary Grandi Stazioni Ceska Republica.

For a clearer understanding, it is emphasised that, the subsidiary Grandi Stazioni Ceska Republica made - in the 2011 financial statements - a balance sheet reclassification under amounts due from ordinary customers for EUR 2,382 thousand.

It is hereby noted that the main customers from which over 10% of the company's revenues derived in 2011 and 2012 are the following: Rete Ferroviaria Italiana with EUR 54,490 thousand in 2011 and EUR 51,150 thousand in 2012; Trenitalia with EUR 26,418 thousand in 2011 and EUR 29,299 thousand in 2012.

The afore-mentioned revenues are all related to the company's core business operations involving the lease and management of the spaces.

The maximum exposure to credit risk, shown by geographic region, is the following:

	31 Dec. 2012	31 Dec. 2011

Italy	87,618	82,440
Euro zone countries	1,137	1,414
Total	**88,755**	**83,854**

12 Other current and non-current assets

The item is broken down as follows:

	31 Dec. 2012		31 Dec. 2011		Changes	
	Non-current	Current	Non-current	Current	Non-current	Current
Other tax receivables	1,288	2	1,805	122	(516)	(120)
VAT credits	-	31	-	80	-	(49)
Advances on lease instalments	38,437	-	38,932	-	(495)	-
IRES (company earnings tax) for tax consolidation		615		354	-	261
Sundry debtors	2	1,892	475	13,046	(473)	11,154
Accrued income and prepaid expenses	418	296	-	325	418	(29)
Total	**40,146**	**2,835**	**41,212**	**13,927**	**(1,066)**	**(11,092)**

The other "non-current" tax credits refer mainly to: the Irpeg credit of EUR 1,288 thousand as at 31 December 2012 (due beyond 12 months), transferred from Ferrovie dello Stato Italiane S.p.A. in 2004, used in each accounting period to the maximum limit envisaged by applicable legislation (Italian Legislative Decree No. 241/97). The other debtors amount to EUR 2 thousand and refer to guarantees deposits; the item relating to "Advances on leasing instalments" refers to indirect and direct costs incurred by the subsidiary Grandi Stazioni Ceska for the renovation of the Prague and Mariànské Làzne stations. These are therefore costs suspended among non-current assets which are recognised in the income statement on a straight-line basis over the duration of the lease with Ferrovie Ceche (Ceske Drahy a.s.). In 2011 and 2010 the total costs booked to the income statement mainly related to the subsidiary Grandi Stazioni Ceska Republika and respectively amounted to EUR 1,302 thousand and EUR 965 thousand; please see note 31 "Use of third party assets."

With regard to "current receivables", the IRES credit from the tax consolidation scheme relates to the difference resulting from the advances paid to the parent company Ferrovie dello Stato Italiane S.p.A. and the taxes set aside during the current year. The significant change in other "current" debtors is mainly due to the closure of the advances paid to the supplier Vidion of reference for the "Media" activities further to the issue of the Arbitration award whose effects are commented on in the section provisions for risks and charges.

For a clearer understanding, it is emphasised that, the subsidiary Grandi Stazioni Ceska Republica made - in the 2011 financial statements - a balance sheet reclassification under sundry debtors, respectively for EUR 473 thousand under "non-current" and for EUR 1,041 thousand under "current".

Accruals and deferrals refer to portions of cost to be deferred to the following year for insurance premiums paid in advance.

The maximum exposure to credit risk, shown by geographic region, is the following:

	31 Dec. 2012	31 Dec. 2011
Italy	4,062	16,207
Euro zone countries	38,919	38,932

Total	**42,981**	**55,139**

13 Construction contracts

Construction contracts are made up as follows:

	31 Dec. 2012	31 Dec. 2011	Changes
Construction contracts	38,555	36,251	2,304
Allowance for doubtful receivables	(165)	(157)	(8)
Net value	**38,390**	**36,094**	**2,296**
Advance payments	(26,160)	(21,880)	(4,280)
Total construction contracts	**12,230**	**14,214**	**(1,984)**

The construction contracts referring to orders not completed as at 31 December 2012 were recognised under inventories, based on the contractual amounts disciplined by contracts entered into mainly with RFI S.p.A. and Trenitalia S.p.a. (both companies belonging to the Ferrovie dello Stato Italiane Group).

The decrease in the construction contracts item as at 31 December 2012 compared to the previous year of EUR 1,984 thousand is due to the combined effect of: an increase of EUR 2,304 thousand for the increase in the contractual amounts accrued in the year for work completed, net absorption of the allowance for doubtful receivables of EUR 8 thousand, and decreases of EUR 4,280 thousand for advances received mainly from RFI and Trenitalia.

The table below shows the changes in the allowance for doubtful receivables during the period, with the provisions and releases relating to the expected losses.

	Balance as at 31 Dec. 2011	Provisions	Uses	Release of excess allowances	Balance as at 31 Dec. 2012
Construction contracts writedown allowance	**157**	80		(72)	**165**
TOTAL	**157**	**80**	**-**	**(72)**	**165**

14 Current and non-current financial assets *(including derivatives)*

The table below shows the changes in financial assets at the end of the two periods compared.

	Book value								
	31 Dec. 2012			31 Dec. 2011			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Financial assets									
- Other financial receivables (from parent company)		4,836	4,836	-	16,974	16,974	-	(12,138)	(12,138)
	-	**4,836**	**4,836**	**-**	**16,974**	**16,974**	**-**	**(12,138)**	**(12,138)**

It is hereby noted that the book values reflect the respective fair values determined as at the balance sheet dates.

The financial receivables from the parent company consist entirely of the balance of the intercompany current account held by Ferrovie dello Stato Italiane S.p.A. as at 31 December 2012, through which the collections and payments relating to economic dealings with companies belonging to the FS Group transit, (in addition to the same parent company, Ferservizi, Italferr, RFI and Trenitalia). This current account relationship takes place at arm's length and based on a contract that envisages a receivable interest rate equal to the average monthly Euribor minus a spread of 0.175% per annum. The average rates applied for 2011 and 2012 are respectively equal to: 0.017% and 0.199%."

Please see note 5, sections "Exchange rate risk" and "Interest rate risk" for information on the Group's derivative financial instruments.

15 Cash & cash equivalents

The item is broken down as follows:

Description	31 Dec. 2012	31 Dec. 2011	Change
Bank and post office deposits	29,632	28,365	1,267
Cash and equivalents on hand	11	10	1
Total	**29,643**	**28,375**	**1,269**

The current year end balance has not changed significantly compared to the prior year and shows the cash and cash equivalents as at 31 December 2012.

16 Tax receivables

The tax receivables as at 31 December 2012 disclosed a balance of EUR 778 thousand, due to the differential between the advances paid and the amounts set aside in the current year. The item is broken down as follows:

	31 Dec. 2012	31 Dec. 2011	Changes
IRAP credit (regional business tax)	778	4	774
Total	**778**	**4**	**774**

17 Non-current assets held for sale

As at 31 December 2012, the "non-current assets held for sale" consisted of the residual value of the former divisional Genoa building, reclassified from property investments in 2010, following the resolution of the Board of Directors, which granted the CEO mandate to initiate the procedures for disposal of the properties in question. The item, stated at a value no higher than the estimated realisable one in the event of sale, did not undergo any changes during the year.

Assets held for sale	31 Dec. 2012	31 Dec. 2011	Changes
Building and Land Trading	7,266	7,266	-
Total assets held for sale	**7,266**	**7,266**	**-**

18 Shareholders' equity

The changes that occurred during 2012 regarding the main items making up consolidated shareholders' equity are shown analytically in the statement of changes in consolidated shareholders' equity which follow the financial statements schedules.

Share capital

The share capital of the parent company as at 31 December 2012, fully subscribed and paid up, consists of 83,334 ordinary shares with a par value of EUR 51.65 each, totalling EUR 4,304,201.10. As at 31 December 2012, based on the results of the shareholders' register, the share capital was 60% held by Ferrovie dello Stato Italiane S.p.A. and 40% by Eurostazioni S.p.A..

Legal reserve

The legal reserve, totalling EUR 861 thousand, was unchanged compared to 31 December 2011, as it had reached the limit as indicated in Article 2430 of the Italian Civil Code (20% of the share capital).

Share premium reserve

The share premium reserve dates back to the share capital increase transaction which took place on 28 July 2000 and has not changed when compared to the previous year.

Extraordinary reserve

The extraordinary reserve is a result of the allocation of profits from previous years which were not distributed. This reserve has therefore increased by EUR 14,162 thousand in 2012.

Reserve for conversion of foreign currency financial statements

The conversion reserve includes all the exchange differences deriving from the conversion of the financial statements of the foreign subsidiary Grandi Stazioni Ceska.

Reserve for fair value valuation on derivatives - Cash flow hedge

The cash flow hedge reserve includes the effective portion of the net accumulated change in fair value from the cash flow hedges relating to hedging transactions that had not yet taken place taking into account the related tax effect. For additional details please see note 6 under section "interest rate risk" and note 22 ""Current and non-current financial liabilities (including derivatives).

Reserve for actuarial gains (losses) for employee benefits

The item includes just the portion of gains/(losses) deriving from the actuarial calculation booked in full to shareholders' equity, in the reference period, taking into account the related deferred tax effect.

Result for the year

The result for the period amounts to EUR 20,508 thousand. The decrease compared to the previous period is mainly due to the extraordinary transactions that characterized this period.

Following the resolutions of the shareholders' meeting which took place on 28 May 2012, during the year the company distributed dividends based on 2011 results amounting to EUR 15,833 thousand.

With regard to the allocation of the profit for 2012 for a total of EUR 19,271,731, the parent Company's Board of Directors on 5 April 2013 left this decision to the shareholders' meeting, given that the legal reserves had reached the limit as per Article 2430 of the Italian Civil Code.

Other components of the statement of comprehensive income recognised during the period

The statement of comprehensive income for the period is shown among the consolidated financial statements and presents other components of the comprehensive result net of the tax effect. The following table shows the gross amount and the related tax effect of these components:

	31 Dec. 2012	31 Dec. 2011
Net result for the period	**20,508**	**31,630**
Other components of the statement of comprehensive income for the period		
Effective portion of the fair value changes of cash flow hedges	(4,249)	(4,096)
Gains (losses) relating to actuarial benefits	(290)	(132)
Exchange differences from foreign operations	166	(396)
Tax effect	1,178	1,254
Profits and losses recognised directly under equity	(3,197)	(3,370)
Comprehensive income recognised in the period	**17,311**	**28,260**

19 Medium/long-term and short-term loans

The medium/long-term loans and related current portion are shown by type below:

	Book value		
Medium/long-term loans	**31 Dec. 2012**	**31 Dec. 2011**	**Changes**
Bank loans	180,399	197,185	(16,786)
Total	**180,399**	**197,185**	**(16,786)**

Short-term loans	31 Dec. 2012	31 Dec. 2011	
Bank loans (short-term)	17,518	16,156	1,362
Total	**17,518**	**16,156**	**1,362**
Total loans	**197,917**	**213,341**	**(15,424)**

As regards the breakdown of the contractual maturities of these financial liabilities, inclusive of interest to be paid, see note 6 ("Risk management"), section entitled "Liquidity risk".

The terms and conditions for outstanding loans are as follows:

Creditor	Currency	Nominal interest rate	Year of maturity	31 Dec. 2012 Nom. value	31 Dec. 2012 Book value	31 Dec. 2011 Nom. value	31 Dec. 2011 Book value	Changes Nom. value	Changes Book value
Banca BIIS – Florence Bologna property mortgage loan	EUR	Euribor 6 months +0.95%	2022	13,125	13,132	14,206	14,223	(1,081)	(1,091)
Banca BIIS – Venice/Naples property mortgage loan	EUR	Euribor 6 months +0.95%	2022	39,375	39,395	42,619	42,669	(3,244)	(3,274)
Bipop Carire	EUR	Euribor 6 months +0.80%	2013	325	326	975	979	(650)	(653)
EIB loan	EUR	Euribor 6 month + floating spread	2023	116,667	116,365	127,778	127,332	(11,111)	(10,967)
Unicredit Bank Austria AG loan	EUR	Euribor 6 months +1.6%	2024	29,054	28,699	28,532	28,138	522	561
Total loans				**198,546**	**197,917**	**214,110**	**213,341**	**(15,564)**	**(15,424)**

The book values of the loans detailed in the above table are representative of the related fair values.

The loans refer to:

- the loan taken out by the parent company with Banca BIIS (Banca Infrastrutture Innovazioni e Sviluppo - Infrastructures Innovations and Development Bank) due to the raising of two property mortgages secured by the properties in Florence, Bologna, Venice and Naples totalling EUR 80 million originally. Both of the contracts were entered into on 6 March 2003 for a twenty-year duration, and both provide for the payment of the interest only for the first three years and the return of the principal over the next 17 years at a floating rate equal to the six-month Euribor plus a spread of 0.95%. During the year, there was a change due to the reimbursement of the respective principal portions;
- the Bipop Carire loan entered into by the parent company in May 2005 for a total amount of EUR 3.25 million, to support the investment in shareholdings in Italian companies abroad (Italian Law 100/90 – SIMEST). This has a duration of 8 years, envisages interest-only payments for the first three years and the repayment of the principal over the next five years at a floating rate equal to the six-month Euribor plus a spread of 0.8%;
- the loan entered into with the EIB (European Investment Bank), by the parent company in April 2008 for EUR 150 million for refurbishment work within the stations. The transaction is guaranteed by Caylon Bank and Cassa Depositi e Prestiti S.p.A.. The duration is 15 years as from the first disbursement (30 June 2008); reimbursement is envisaged in six-monthly instalments at a constant capital rate from 30 June 2010 and with an interest rate equal to the offered six-month Euribor rate for a duration of six months increased or decreased by the number of basis points communicated by the Bank to the Company. In June 2008 and October 2008, two additional guarantees were entered into, respectively with Banca Caylon S.A. and Cassa Depositi e Prestiti S.p.A. respectively, to which a six-monthly commission is payable, amounting to 45 basis points, to

be calculated on the amount by way of principal of the payments made from time to time. The contract requires that the guarantor be informed regarding the methods of hedging the debt (historical with financial statements figures as at 31 December 2009 and forecasted with figures from the 2010 budget), and as at 31 December 2010 this had been fulfilled. To cover the loan, the hedging contract with Mediobanca was maintained and three new IRS hedging contracts were entered into during the course of 2009. It is hereby noted that to cover the costs for raising this loan, accessory charges were incurred which amounted to EUR 340 thousand used to reduce the value of the financial debt for the calculation of the amortised cost.

·the loan taken out by the subsidiary Grandi Stazioni Ceska with Unicredit Bank Austria A.G, on 9 August 2011 for around EUR 28.5 million (CZK 730 million), entirely disbursed as at 31 December 2011. The loan has a duration of 13 years and an interest rate of six month Pribor plus a spread of 1.6% (on an annual basis) up to 30 June 2016 and, subsequently, six month Pribor plus a spread of 2.2%-2.55% (on an annual basis). This loan is guaranteed in full by the parent company Grandi Stazioni S.p.A.

As at 31 December 2012, there was a financial lease agreement outstanding entered into by the Company for a total of EUR 33 thousand, of which EUR 12.5 thousand paid during the year by way of the balloon payment and the first principal payment.

20 Employee leaving indemnity and other staff benefits

	31 Dec. 2012	31 Dec. 2011	Changes
Current value of leaving indemnity liabilities	2,190	1,906	284
Total current value of obligations	**2,190**	**1,906**	**284**

Effects of the change in the discounting back rate

The annual discount rate, used for determining the current value of the leaving indemnity obligation, was calculated with reference to the "IBOXX Eurozone Corporates A" index with a duration of 7-10 years as at 31 December 2012. The change in rating with respect to the "IBOXX Eurozone Corporates AA" with a duration of 7-10 years used as at 31 December 2011, was justified by the gradual deterioration, in the latter period, of the average rating of the issuers of debt securities, both at public issuer level (sovereign debt, public institutions, etc.) and with regard to businesses. In this regard, for the purpose of observing the matters established by IAS 19 regarding identification of the discounting back rate to be used for the development of the actuarial appraisals, the following was deemed more representative of the actual effective trends of the financial market for listed bonds issued by private companies: a basket corresponding to the simple average return, as at the actuarial valuation date, of the bonds with issuer rating equal to at least A (Standard & Poor) or Aa1 (Moody's), and in other words with rating levels which in observance of the definition of "high quality" required by IAS 19, also permit an adequate range of the reference basket, also having taken into account the specific aims of use of this rate established by the same standard. In any event, in accordance with the recent indications expressed by Consob further to the provisions issued recently by the ESMA (European Security Markets Authority) regarding the disclosure to be provided in the event of change of the reference basket for establishing the rate, please note that the change adopted has led to a minor obligation for leaving indemnities of EUR 87 thousand (rate applied 2.4% with respect to 2.05% as per the "IBOXX AA" basket) which, net of the tax effect of EUR 24 thousand, translates into a minor loss in the specific profit (loss) reserves relating to actuarial benefits of EUR 63 thousand.

The following table shows the changes in the current value of the liabilities for defined-benefit obligations exclusively comprising the TFR (employee leaving indemnity).

	31 Dec. 2012	31 Dec. 2011
Defined-benefit obligations at 1 January	1,906	1,885
Service cost	50	31
Interest cost (*)	74	83
Actuarial (gains) losses recognised under shareholders' equity	294	115
Advances and uses	(134)	(1.087)
Liabilities for defined-benefit obligations as at 31 December	**2,190**	**1,906**

(*) recognised in the income statement

There are no assets serving the defined-benefits plan and the cost recognised in the income statement for 2011 and 2012 is made up exclusively by the financial charges deriving from discounting back the employee leaving indemnity (TFR), totalling EUR 83 thousand and EUR 74 thousand respectively.

Actuarial assumptions

The following is a summary of the main assumptions made in the actuarial process:

	31 Dec. 2012	31 Dec. 2011
Discounting back rate	2.40%	4.05%
Future increases in pensions (*annual rate of TFR increase*)	3%	3%
Expected rate of employee turnover	4.50%	4.50%
Expected rate of advances	1%	1%
Probability of demise	RG48	RG48

Assumptions regarding mortality are based on the statistics published and mortality tables.

21 Provisions for risks and charges

The following table shows the balances at the beginning and end of the year and changes during 2012 in provisions for risks and charges:

Description	31 Dec. 2011	Provisions	Uses	Release of excess allowances	31 Dec. 2012
Disputes with personnel	1,249	140	(314)	(524)	551
Disputes with third parties:	3,864	6,209	(1,536)	(668)	7,869
Tax disputes	*973*	*843*	*(439)*	*(447)*	*929*
Civil disputes	*2,844*	*5,351*	*(1,097)*	*(221)*	*6,878*
Other charges	*47*	*15*			*62*
Total current and non-current	**5,113**	**6,349**	**(1,850)**	**(1,192)**	**8,420**

The provisions indicated above are stated in the income statement on the basis of their nature. The release is stated as adjusting the cost item previously affected by the provision.

This statement, made in the 2012 financial statements for the purpose of an improved representation of the financial statement items, has also been reflected in the balances as at 31 December 2011 for a correct comparability of the figures.

Main civil and administrative disputes vis-à-vis third parties which arose in previous years

Disputes with agents

With regard to the lawsuits brought by Grandi Stazioni against the agents Publica S.r.l., Spaziale S.r.l., AD S.r.l. and Media & Sport S.a.s., for which the company has requested the ascertainment of the termination of the contracts and ruling requiring the agents to pay damages due to their breach of contract, the expert appraisals relating to the expert witness reports ordered by the judges have been concluded, what is more disputed by Grandi Stazioni. The proceedings vis-à-vis Publica S.r.l., Spaziale S.r.l. and Media & Sport S.a.s. are pending ruling.

In the proceedings relating to AD S.r.l., the Genoa Court, by means of sentence dated 22 September 2012, declared the termination due to serious breach of Grandi Stazioni of the agency agreement dated 2 February 2004 and, consequently, ordered the company to pay AD a total of EUR 4,418 thousand for commission, FIRR (agents' leaving indemnity), damage compensation, interest and costs. On 24 October 2012, the plaintiff served said sentence on Grandi Stazioni with the related order for payment of the sums awarded. Grandi Stazioni immediately appealed against the sentence by means of petition to suspend the provisional execution.

By means of presidential order dated 31 October 2012, the Genoa Court of Appeal ordered the suspension of the executive nature of the first instance sentence, fixing the hearing for dealing with the injunction for 6 December 2012. By means of court order dated 19 December 2012, said Court ordered the partial suspension of the executive efficacy of the sentence limited to the compensation of the damages suffered by AD for the early termination of the contract and therefore the overall *quantum* of EUR 3,605 million, for the early termination of the contract and fixed the hearing for the closing forms of order for 11 May 2013.

In consideration of the matters just commented on, the risk provision as at 31 December 2012 relating to AD includes a total of EUR 3.2 million relating to the amounts paid in January 2013 (EUR 521 thousand) plus interest and expenses and to the quantification of the risk of losing deemed - also with the support of external legal advisors availed of - probable relating to the component of the damage compensation for which partial suspension of the executive efficacy previously mentioned was obtained.

With reference to the other three disputes whose verdicts were being decided as at 31 December 2012 (Publica S.r.l., Spaziale S.r.l. and Media & Sport S.a.S.), the risk provision includes the quantification of the components whose risk of losing appears probable for a total EUR 3 million. The expert investigation operations led to the quantification of the damage compensation component as EUR 12 million not reflected in the risk provision as at 31 December 2012 since the risk of losing, also with the support of outside legal advisors availed of, has been deemed as merely possible. Furthermore, reference is made to explanatory note 45 in connection with the information on events after the balance sheet reference date.

In light of the matters commented on, steps were taken to adjust the provision for risks and charges previously established up to a total of EUR 6.2 million, proceeding with a further amount set aside during the year of EUR 5.2 million.

Vidion S.r.l. 2009-2010 arbitration ruling

On 4 December 2012, the operative part of the arbitration award in the proceedings launched in 2009 and 2010 by Vidion S.r.l., subsequently joined, was filed, in relation to the execution of the associate investment agreement dated 19 February 2007. The award declared the termination of the agreement and ordered the transfer to Grandi Stazioni of complete ownership of the system for the installations which carry out projected advertising activities, created and installed by Vidion, the installations provisionally dismantled by Vidion upon the request of Grandi Stazioni, the spare parts for said installations, as well as the mediums and/or assets instrumental for the continuation of the activities, against payment, by Grandi Stazioni, of a total of EUR 9,759 thousand (plus VAT), for the transfer of the installations, spare parts and mediums and a total of EUR 541 thousand (plus VAT) as the balance of the advance items (whose significant change is stated in the item Other current assets) and the balance of the profits accrued and not distributed as from the start of the contract until the date of the award, whose economic impact (equal to EUR 997 thousand) is commented on in note 30. Further to the matter mentioned above, the provision was used for EUR 721 thousand.

Retail Group S.p.A. arbitration

In the arbitration proceedings brought by Grandi Stazioni in July 2010 against Retail Group S.p.A., to ascertain the latter's breach of the obligations ensuing from the rental contract signed on 18 December 2002 and for termination of the rental contract itself pursuant to Article 1454 of the Italian Civil Code, the expert witness report has been ordered, not yet known to the company. The opinion of the legal advisor appointed by the defence in the proceedings revealed a possible risk of losing in relation to the counterclaims of Retail Group and probable in relation to the damages suffered by the plaintiff for the seepage which occurred in premises at Milan Central further to a precautionary procedure furthered by Grandi Stazioni even if the compensation requests appear challengeable and not supported by suitable evidence. The provision as at 31 December 2012, unchanged with respect to the previous year, includes the estimate of the legal costs.

CBS Outdoor Ruling

CBS Outdoor Holding, the former concessionary for advertising in the railway stations managed by the Company, appealed against the ruling No. 240045/2009 with which the Court of Rome had dismissed the claims of the afore-mentioned company which aimed to obtain a ruling against Grandi Stazioni and compensation of damages for a civil wrongdoing relating to the failure to authorise the stipulation of certain advertising commissions amounting to approximately EUR 7 million, ordering the plaintiff to pay two-thirds of the trial costs with the remaining one third to be paid jointly by the parties.

Grandi Stazioni was present at the appeal hearing; however, no probable potential liabilities are expected

RomArtifico Ruling

By means of the ruling dated 5 May 2011, the Court of Rome established the proceedings brought by Grandi Stazioni with regard to the termination of the associate investment agreement of 19 April 2002 with RomArtificio, the return of the premises occupied at Rome Termini station and payment of various amounts totalling EUR 126 thousand, in addition to compensation of damages deriving from breach and from the release of the property.

The Court dismissed both the claim for damages from Grandi Stazioni and the counterclaim by RomArtificio to receive compensation for damages for a total of EUR 16 million. The claim by Grandi Stazioni to receive payment of a number of contractual payments due from RomArtificio, amounting to around EUR 150 thousand, was also dismissed. RomArtificio appealed against the sentence, while Grandi Stazioni S.p.A. filed its appearance before the courts.

Petition regarding the call for tenders for executive planning and execution of measures for the functional adaptation of the station buildings and additional infrastructure works for the railway stations of Venice S. Lucia, Venice Mestre and Verona P. Nuova

By means of petition served on 20 October 2010, CIR S.p.A. appealed to the Council of State against the sentence with which the Lazio Administrative Tribunal (TAR) had dismissed the company's appeal for the cancellation, following the evidence brought on examination of the second awardee pursuant to Article 140 of Italian Legislative Decree No. 163/2006, of the awarding of the contract for the executive design and execution of the functional measures for adaptation of the station buildings and additional infrastructure works for the railway stations of Venice Santa Lucia, Venice Mestre and Verona Porta Nuova, including the execution and maintenance of the works and installations of the station buildings, to ATI CMB-Fatigappalti S.p.A.

By means of sentence dated 14 November 2012, the Council of State - overturning the Lazio TAR sentence - declared the pre-contractual responsibility of Grandi Stazioni for having caused the legitimate awarding on conclusion of the tender contract within the sphere of the examination procedure launched after the termination of the contract previously entered into with the awardee. The judgement against Grandi Stazioni was limited to just the costs incurred by ATI CIR Costruzioni for supplying the documentation requested for the entering into of the contract and 10% of the legal costs to the extent of EUR 8 thousand for both levels of proceedings.

Work for the functional adaptation of building D at the Rome Termini station

With its summons served on 21 October 2010, Mucciola Piero S.p.A. brought a lawsuit against Grandi Stazioni before the Court of Rome to obtain payment of approximately EUR 121 thousand, plus interest and revaluation as compensation for the "caro ferro" (price revision) pursuant to Article 26.4 *bis* of Italian Law No. 109/1994, for the additional expenses incurred in the period from 2004 to 2007, within the sphere of executing the tender contract concluded on 16 December 2004 regarding the functional adaptation of building D at Rome Termini station. The risk of losing does not appear probable.

Tax disputes relating to previous years

In 2001, the Guardia di Finanza (Italian finance police) served an official Notice of Assessment charging the company with failure to withhold tax on employee income for the years 1997-2000 amounting to EUR 1.2 million, plus fines.

The sentences by means of which the Rome Provincial Tax Commission upheld the appeals filed by the company against the notices of assessment relating to 1997 and 1998 for EUR 0.3 million, served by the Italian Internal Revenue Agency in 2005, were filed in 2008. The Internal Revenue Agency appealed against these sentences to the Rome Regional Tax Commission; the hearing for the discussion of 1997 and 1998. With rulings 80/21/10 and 81/21/10, both filed on 19 April 2010, the Regional Tax Commission dismissed the appeal and confirmed the cancellation of the notices; at this time there has been no notification of an appeal before the Court of Cassation by the Internal Revenue Agency. For 1999 and 2000, following an initial acceptance of the company's positions by the Regional Tax Commission with sentence 227/48/2009, the Rome 1 department of the Internal Revenue Agency appealed to the Rome Regional Tax Commission and the company immediately submitted the necessary counterclaims. By means of sentence 134/38/11 filed on 29 March 2011, the Regional Tax Commission dismissed the Agency's appeal and confirmed the cancellation of the notices. Since it does not emerge that any appeal has been made against said sentence before the Supreme Court, the same has become final. The company therefore took steps to release the risk provision of EUR 447 thousand established previously.

On 21 February 2008 the company was served a payment notice for approximately EUR 158 thousand for payment of ICP (municipal advertising tax) due mainly to the Rome City Council for the year 2004. Believing that the company does not owe the amount the City Council claims, on 18 April 2008 the company appealed to the Rome Provincial Tax Commission and the latter, under sentence No. 367/16/10 filed on 24 June 2010 partially upheld the appeal and ruled that only the amount of EUR 19 thousand was due To date, despite numerous notifications, the City Council has not returned the excess amount.

On 5 December 2011, the Florence City Council served the company a fine notification for installation of advertising media in Florence Santa Maria Novella station without the necessary authorization. This fine amounts to a total of EUR 71 thousand. After several checks in this connection, the company decided to accept the proposal for payment to a reduced amount of EUR 24 thousand (to be settled by the envisaged deadline of 60 days) and settle the company's position. At the beginning of 2012, the company had taken steps to settle the *petitum* consequently using the amounts set aside previously.

At the end of December 2011, Venice City Council served the company a series of payment notices for municipal advertising taxes for the years 2006, 2007, 2009 and 2010 for a total amount of approximately EUR 51 thousand, including fines and interest. After careful analysis of these notices and a subsequent discussion with the municipal offices in question it was discovered that certain calculations were vitiated by incomplete information provided by Venice City Council which was sent a request for resettlement totalling EUR 20 thousand provided for in the provision for risks and charges. At the beginning of 2012, the company had settled the *petitum* consequently using the amount set aside previously.

Having settled the tax positions pertaining to the lease agreements with Trenitalia, Ferservizi and Rete Ferroviaria Italiana in 2012 with retroactive effect, the company took steps to fully use the provision for risks and charges previously set aside for around EUR 396 thousand.

On 21 December 2011, the Lazio regional department of the Internal Revenue Agency served the company a notice of assessment relating to a full inspection for the tax year 2008. The Agency revealed a higher taxable base for IRES (company earnings' tax) of EUR 4,215 thousand, for IRAP (regional business tax) of EUR 4,050 thousand and VAT irregularities for EUR 127 thousand. As the company deems certain irregularities as acceptable, it took steps to adjust the provision for risks and charges previously established up to EUR 424 million, proceeding with a further amount set aside during the year of EUR 338 million.

Tax disputes arising during the year

On 18 December 2012, the Italian Internal Revenue Agency - Lazio Regional Division - Major Taxpayers Office served a notice of assessment on the Company in which a higher taxable income for IRAP (regional business tax) and IRES (company earnings' tax) purposes was assessed for 2007, amounting to EUR 4,971 thousand, and consequently requested the payment of additional tax for EUR 247 (for IRAP) and EUR 1,640 thousand (for IRES), plus fines and interest. It should be emphasised that the IRES notice of assessment was served on the parent company Ferrovie dello Stato Italiane S.p.A., as a result of the tax consolidation contract which links the two companies, which on 28 January 2013 presented a specific request for the uses of the tax losses of the consolidation scheme not used; by means of this request, the parent company has a further sixty days available to make a specific appeal. The higher value of production derives from the disputed deductibility of the amounts paid to the supplier Vidion by virtue of the associate investment contract concerning the management of the advertising exploitation activities in the station complexes. After a series of attempts for cordial settlement which were unsuccessful, the company filed - on 15 February 2013 - a petition before the Rome Provincial Tax Commission, in which it requested the cancellation of the IRAP notice of assessment. Since the company takes part in the tax consolidation scheme of the parent company Ferrovie dello Stato Italiane S.p.A., on 18 January 2013 it presented a request to use IRES losses, extending the deadline for presenting an appeal by a further 60 days. Given that, on the basis of the information currently available, the company deems the risk of losing to be merely possible, it decided not to make any provision.

Main disputes with personnel

Proceedings involving former directors

A member of the Board of Directors, who resigned on 21 July 2008, served Grandi Stazioni on 22 March 2011 a provisionally executable injunction issued by the Labour Tribunal of the Court of Rome to obtain payment of EUR 484 thousand plus related charges, pursuant to the clause of 20 July 2006 concerning the remuneration of the CEO established on the basis of Article 2389.3 of the Italian Civil Code. The company appeared at the hearing and requested suspension of the provisional execution of the decree. At the hearing on 30 June 2011, the Labour Tribunal of the Court of Rome ruled in favour of the revocation of the provisional execution of the injunction which had been served on the company. With its ruling of 3 November 2011, the Labour Tribunal of the Court of Rome cancelled the injunction served in March on the company by the former director, and ordered the latter to pay legal expenses. The risk provision was released during the year for EUR 50 thousand.

Proceedings involving former consultants

On 26 July 2011, a former consultant of the company served a petition to the labour tribunal pursuant to Article 414 of the Italian Code of Civil Procedure to have his relationship with the company declared an employment relationship starting from 28 December 1998 and ending on 31 December 2008, to have the right to be qualified as a manager based on the CCNL (trade union) agreements for executives working in the tertiary sector or, alternatively, as a middle manager, and to order the company to pay remuneration differences, TFR (leaving indemnity) differences, compensation for unjustified termination, plus related charges, for a total of EUR 927 thousand. The company appeared at the hearing and asked for dismissal of the appeal.

On 7 December 2011, a former consultant of the company served an petition to the labour tribunal pursuant to Article 414 of the Italian Code of Civil Procedure to have his relationship with the company declared an employment relation starting from 1 June 2003, to have the right to be qualified as a manager based on the CCNL (trade union) agreements for company managers working in the commerce sector, and to order the company to pay compensation for unjustified termination, TFR (leaving indemnity), professional damages from demotion, moral damages, for a total of EUR 552 thousand. The company appeared at the hearing and asked for dismissal of the appeal. The dispute was settled by means of judicial settlement report signed on 14 February 2013, within the sphere of which Grandi Stazioni, without any recognition of the grounds of the claims and the requests made by the plaintiff, paid - by way of general novation settlement - the total gross sum of EUR 125 thousand, plus legal costs for EUR 10 thousand. The effect of this settlement is reflected in the change in the risk provisions as at 31 December 2012.

By means of non-final sentence filed on 9 March 2010, the Court of Rome ordered Grandi Stazioni to pay the former consultant the fees for the performance of the professional services as project manager. The expert appointed by the Judge quantified the amount due by way of compensation as approximately EUR 98 thousand.

The sentence was applied. The Company has appealed against the sentence.

In consideration of the risk of losing deemed probable, it was considered prudent to maintain a number of provisions and set further amounts aside to risk provisions whose amounts are summarised in the previous analytical table.

Proceedings involving former employees

The Rome Court, by means of sentence dated 29 March 2012, ordered the Company to pay a former executive a total amount of around EUR 700 thousand, by way of professional damages and biological damages consequent to demotion, remunerative compensation for early termination of the work relationship, biological damages consequent to dismissal. leaving indemnity on remunerative compensation, plus legal costs. The sentence was applied with the settlement of the *petitum*; however, the Company has appealed against the sentence. In light of the matters commented on, the risk provision was used in full for a total of EUR 305 thousand.

On the basis of the information currently available and having consulted the legal advisors, it is believed that the provisions for risks and charges are overall sufficient for the coverage of the related risks: from the legal disputes pending, arbitration and other proceedings underway, on the basis of a reasonable estimate based on the available information and having consulted the legal advisors.

Disclosure has also been provided with regard to the quantification of the risks relating to the legal disputes whose degree of losing, on the basis of information available at present, is deemed possible and which, therefore, is not reflected under the provisions for risks and charges as at 31 December 2012.

22 Current and non-current financial liabilities (including derivatives)

Non-current financial liabilities are broken down as follows:

	Book value					
	31 Dec. 2012		31 Dec. 2011		Changes	
	Non-current	Current	Non-current	Current	Non-current	Current
Financial liabilities						
Financial hedging derivatives	10,588	56	6,116	164	4,472	(108)
	10,588	**56**	**6,116**	**164**	**4,472**	**(108)**

The financial derivatives concern interest rate swaps entered into during the course of 2009 by the parent company to hedge the risk of changes in interest rates deriving from the loan contract with the EIB. The item also includes the fair value of the derivative contract entered into by the subsidiary Grandi Stazioni, in the first half of 2012, for the hedging of the risk of a change in interest rates deriving from the loan with Unicredit Bank Austria A.G., as mentioned in detail in note 19.

All the contracts described previously are qualified as cash flow hedge contracts, and therefore the value recorded in the financial statements constitutes the fair value determined at the end of the year and recorded under a specific item in shareholders' equity.

23 Current and non-current trade payables

Trade payables are analysed as follows:

	31 Dec. 2012		31 Dec. 2011		Change	
	Non-current	Current	Non-current	Current	Non-current	Current
Payables to suppliers		76,214	712	88,430	(712)	(12,216)
Payables for construction contracts		378		307	0	71
Trade payables to Group companies		31,011		17,590	0	13,421
Total		**107,603**	**712**	**106,327**	**(712)**	**1,276**

Non-current payables present a zero balance for the settlement of the majority of the withholdings made by the subsidiary Grandi Stazioni Ceska vis-à-vis the supplier Metrostav s.a. as a guarantee of the renovation work carried out at Prague station The remaining balance of around EUR 305 thousand was reclassified under short-term trade payables, as it is assumed that there will be a final settlement during 2013. The slight increase in the current payables, with respect to 31 December 2011, is due to the slowdown seen - in December - in payments to suppliers.

For a clearer understanding, it is emphasised that, the subsidiary Grandi Stazioni Ceska Republica made - in the 2011 financial statements - a balance sheet reclassification under amounts due to suppliers for EUR 2,347 thousand.

24 Other current and non-current liabilities

Other non-current and current liabilities are shown below:

	31 Dec. 2012		31 Dec. 2011		Changes	
	Non-current	Current	Non-current	Current	Non-current	Current
Social security and welfare payables	-	1,334	-	1,286	-	48
Other tax payables		1,887	-	1,391	-	496
VAT payables		2,127	-	4,261	-	(2,134)
Other payables due to Group companies	1,288	-	1,805	-	(517)	-
Other payables	1,068	2,136	849	2,448	219	(312)
Accrued expenses and deferred income	3,502	855	3,465	1,222	37	(367)
Total	**5,858**	**8,338**	**6,119**	**10,608**	**(261)**	**(2,270)**

Other non-current liabilities mainly consist of: payables to parent companies concerning the remaining debt towards Ferrovie dello Stato Italiane S.p.A. for the IRPEG credit transferred by the latter to Grandi Stazioni S.p.A. in 2004, as already mentioned in the item "other non-current assets" (note 11). The "other payables" item refers to deposits provided by tenants to guarantee fulfilment of the lease agreements. The accrued expenses and deferred income item refers to rental income paid in advance by customers, the portion referring to future periods being suspended.

Other current liabilities mainly refer to: payables to social security and welfare institutions (EUR 1,334 thousand); withholdings made at the end of the year and settled during January 2013 (EUR 1,887 thousand); VAT payable to FS which became due as part of the Group VAT consolidation scheme which the company joined at the beginning of the period (EUR 2,127 thousand) and which it renewed for 2013 as well; amounts due to employees accrued but not paid; accrued expenses and deferred income mainly for the portions applying to 2012 regarding the repayment of expenses invoiced during the period which will be released to the income statement based on the duration of the lease agreement in question

For a clearer understanding, it is emphasised that, the subsidiary Grandi Stazioni Ceska Republica made - in the 2011 financial statements - a balance sheet reclassification under accrued expenses and deferred income, respectively for EUR 1,302 thousand under "non-current" and for EUR 178 thousand under "current".

25 Tax payables

This item amounted to EUR 125 thousand as at 31 December 2012 and concerned the income taxes accrued by the foreign subsidiary GS Ceska Republika in 2012. It is hereby noted that Grandi Stazioni and Grandi Stazioni Ingegneria have elected to participate in the national tax consolidation scheme of the Ferrovie dello Stato Italiane Group for the three year period from 2010 to 2012

	31 Dec. 2012	31 Dec. 2011	Change
IRAP (regional business tax)	7	498	(491)
IRES (company earnings' tax) - foreign companies	118	147	(29)
Total	**125**	**645**	**(520)**

Analysis of the consolidated income statement items

The consolidated income statement items for 2012, presented on a comparative basis with the previous year, are analysed as follows: It is hereby emphasised that for an improved comparability with the current year, a number of reclassifications were made in 2011 as more fully commented on in detail in the following notes.

TOTAL REVENUES AND INCOME

Total revenues and income for 2012 amounted to EUR 199,761 thousand, disclosing a decrease of EUR 16,723 thousand compared to the previous year. Revenues and income are broken down below:

26 Revenues from sales and services

This item amounted to EUR 196,378 thousand, and is broken down as follows:

	2012	2011	Changes
Revenues from sales and services			
✓ *Long-term lease revenues*	95,251	96,660	(1,409)
✓ *Engagement activities and special installations*	4,247	3,893	354
✓ *Revenues for Lease Costs*	68,986	67,725	1,261
✓ *Revenues for Design and Works Management Activities*	7	28	(21)
✓ *Revenues from management of advertising space*	15,251	15,405	(154)
✓ *Revenues for customer services*	10,340	10,513	(173)
✓ *Change in work in progress*	2,296	4,709	(2,413)
✓ *Provisions/(Releases)*		30	(30)
Total	**196,378**	**198,963**	**(2,585)**

The revenues from leases (30% of which refer to companies belonging to the Ferrovie dello Stato Italiane Group) fell due to the vacancies registered, particularly at Rome Termini station with regard to a number of areas used for office space, partly mitigated by the bringing onto stream of certain new retail areas with particular reference to the Milan, Turin and Naples stations. The balance as at 31 December 2012 includes, furthermore, the out-of-period income recognised following the normal review of the estimates in the adjustments provided in the previous period totalling EUR 910 thousand. The revenues generated by Grandi Stazioni Ceska Republica also rose overall by around EUR 600 thousand due to the additional premises leased during the period.

“Revenues for lease costs” (84% of which refer to Ferrovie dello Stato Italiane Group companies), increased, partly due to the additional costs recovered from customers and partly due to the increases reported in related costs. The balance includes out-of-period expense for around EUR 107 thousand due to revised estimates.

There was an increase in the revenue item for “Engagement activities and special installations” which, after a drop in the economic trend, is disclosing a tendential rise with customers showing greater preference for innovative forms of digital promotion compared to the traditional advertising channels which, consequently disclose a tendential drop.

The change in work in progress amounts to EUR 2,296 thousand and disclosed a decrease of EUR 2,413 thousand compared to 2011, due mainly to the lower volume of work carried out for the affiliated company RFI. A breakdown of the changes reported during the year is presented below:

Description	2012	2011	Changes
Increase during the period	2,304	4,139	(1,835)
Recovery of previous years' losses	72	609	(537)
Writedown for future losses	(80)	(39)	(41)
Total	**2,296**	**4,709**	**(2,413)**

The change in work in progress in 2012, accounted for using the cost to cost method, refers to the assessment of the progress of the amounts due during the year for the technical activities necessary for the implementation of the renovation, restructuring, maintenance and enhancement works in the property complex of 13 stations under consolidated management, carried out mainly for RFI and Trenitalia. The aforementioned change is net of the recoveries and losses forecast for subsequent years referring to their completion, which are examined individually.

27 Other revenues and income

Other revenues amount to EUR 3,375 thousand and have decreased by EUR 14,146 thousand compared to 2011; the item is broken down as follows:

	2012	2011	Changes
Other income			
✓ *Sales of building and land trading*		14,928	(14,928)
✓ *Sundry reimbursements*	2,873	2,149	724
✓ *Ordinary capital gains*	1		1
✓ *Other income*	501	444	57
Total	**3,375**	**17,521**	**(14,146)**

The main change registered in the item is that relating to the capital gain generated on the sale of the ex-divisional property in Via Marsala, Rome. Sundry reimbursements mainly refer to: the revenues from the reimbursement of expenses that Grandi Stazioni incurred to increase the qualitative or functional standards of the stations, invoiced during the year and prepaid according to the number of years envisaged in the related lease agreements and for recovery of the promotional and advertising expenses carried out within the stations on behalf of the tenants.

28 Payroll and related costs

This item amounts to EUR 17,615 thousand, down by EUR 949 thousand compared to 2011 and is broken down as follows:

	2012	2011	Changes
Permanent staff	**16,652**	**17,512**	**(860)**
✓ *Wages and salaries*	12,640	12,407	233
✓ *Social security charges*	3,701	3,804	(103)
✓ *Other payroll and related costs for permanent staff*	264	417	(154)
✓ *Employee leaving indemnities*	865	833	32
✓ *Provisions/(Releases)*	(817)	50	(867)
Freelance staff and Co-workers	**963**	**1,052**	**(89)**
✓ *Wages and salaries*	577	669	(92)
✓ *Social security charges*	69	66	3
✓ *Seconded staff*	266	273	(7)
✓ *Other costs for Freelance staff and Co-workers*	51	44	7
Total	**17,615**	**18,564**	**(949)**

This amount includes all employee costs, including promotions, transfers from one category to another, allocations required by the law and those for bonuses and incentives accrued on the basis of the merit-based personnel policies as well as provisions and releases for the related risks and charges.

The main changes recorded in 2012 in detail include: that under "other payroll and related costs for permanent staff", essentially due to the combined effect of an increase in training costs and luncheon vouchers and a decrease in out-of-period expense deriving from normal up-dates of estimates and minor additional sums disbursed to leavers. The item provisions/releases reflects the net balance emerging at year end with particular reference to certain disputes outstanding which, because they have become inexistent, led to a net release of EUR 817 thousand, compared with a provision in the previous year of EUR 50 thousand. With regard to this latter amount, it should be mentioned that - for an improved understanding - the same derives from a reclassification made from "*provisions/releases for risks and charges*".

The freelance staff and co-workers include the cost of seconded personnel and temporary work.

The average number of Group employees expressed as FTE for 2012, amounted to 274.3 and is divided up as follows:

STAFF	Average FTE 2012	Average FTE 2011	Change
Executives	15.0	14.1	0.9
Middle management	45.5	43.1	2.4
White-collars	199.4	198.5	0.9
TOTAL PERMANENT STAFF	**259.9**	**255.7**	**4.2**
Atypical	14.4	17.8	(3.4)
TOTAL	**274.3**	**273.5**	**0.8**

29 Raw, ancillary and consumable materials and goods for resale

This item amounts to EUR 172 thousand, down by EUR 40 thousand compared to 2011 and breaks down as follows:

	2012	2011	Changes
Materials and consumables	166	210	(44)
Fuel and lubricants	6	2	4
Total	**172**	**212**	**(40)**

30 Costs for services

The costs for services amounted to EUR 87,644 thousand, up by EUR 871 thousand compared to the previous year. The table below shows the breakdown of this item:

	2012	2011	Changes
Contracted services and work	**62,706**	**61,886**	**820**
- Services - Security	5,872	4,932	940
- Cleaning and other services contracted out	19,373	21,791	(2,418)
- Maintenance	18,205	20,591	(2,386)
- Utilities	19,256	14,572	4,684
Miscellaneous services:	**24,938**	**24,887**	**51**
- Consulting	172	188	(16)
- Engineering services	832	3,080	(2,248)
- Professional services	2,086	2,375	(289)
- Utilities	1,385	1,153	232
- Travel and business trips	627	645	(18)
- Insurance premiums	1,032	1,033	(1)
- IT services	945	831	114
- Commission	2,226	2,255	(29)
- Fees for corporate bodies	289	329	(40)
- Advertising and promotional expenses	1,150	1,157	(7)
- Payments for Media Services	3,669	3,023	646
- Costs for customer services	5,565	5,428	137
- Other services	3,031	3,186	(155)
- Provisions/(Releases)	1,929	204	1,725
Total	**87,644**	**86,773**	**871**

Costs for contracted services and work with respect to the same period last year present a decrease in costs for cleaning and maintenance, due to efficiencies and savings achieved during the period, while the increase registered in utility costs is essentially due to the new station utilities acquired during the year by RFI, within the sphere of the Group project underway for the separation of the utilities, as well as the tariff increases and adjustments reported during the period.

The main changes in miscellaneous services refer to: the decrease in the engineering services, professional services, promotional costs and travel and business trips; while there was an increase in amounts paid for other Media services (inclusive of the cost differential registered at the time of closure of the "Arbitration award" for EUR 997 thousand), in IT services and in costs for customer services, the latter strictly linked to the increase in the related revenues.

For the purpose of greater comparability with the current year, mention should be made of the reclassification on 2011 figures from provisions for risks and charges of 204 of "provisions/releases" referring to costs for services which, during 2012 reported a significant increase (+ EUR 1,725) thousand, due to the net provisions made in the year, with particular reference to disputes underway with the previous advertising agents as mentioned previously.

31 Costs for the use of third party assets

This item amounts to EUR 39,200 thousand, down by EUR 948 thousand compared to 2011 and is broken down as follows:

	2012	2011	Changes
Operating lease fees	1,307	1,140	167
Reconveyance fee vs. RFI S.p.A.	26,042	38,795	(12,753)
Reconveyance fee vs. FS ITALIANE S.p.A.	11,635	204	11,431
Reconveyance fee vs. SISTEMI URBANI S.p.A.	179	9	170
Other rentals and leases	37	0	37
Total	**39,200**	**40,149**	**(948)**

The net reduction in reconveyance fees is directly associated with the decrease in lease revenues reported during the year. It should be highlighted that the changes seen in the values pertaining to the reconveyance fees are the consequence of the spin-off carried out in 2012 in favour of Ferrovie dello Stato Italiane, of part of the properties located at Milan Central, Naples Central, Rome Termini and Turin Porta Nuova stations, previously owned by Rete Ferroviaria Italiana.

Operating lease fees essentially include the release of the advance lease fees incurred by the subsidiary Grandi Stazioni Ceska. The book value of these fees included all the direct costs incurred for the renovation of the Praha - Hlavní nádraží and Mariánské Lázně railway stations. These costs are initially suspended under "other non-current assets" and recognised in the income statement on a straight-line basis over the duration of the operating lease with České dráhy, a.s. These costs were recorded in the subsidiary's income statement starting from 2008. The increase with respect to 2011 is linked to the additional costs incurred for the renovations of the stations, essentially concluded during the period. The operating lease fees concerning the subsidiary Grandi Stazioni Ceska recorded in the 2012 and 2011 income statements came to EUR 1,302 thousand and EUR 965 thousand, respectively. The duration of the subsidiary's lease is 30 years as from the final test and inspection envisaged for the refurbishment phase. The costs suspended as advance lease fees, stated under other non-current assets as per note 12, mainly include construction costs as well as design costs, insurance and other costs directly attributable to the renovation of the station complexes, inclusive of financial charges, management fees and assignment fees paid during the renovation period and over the duration of the lease.

32 Other operating costs

The item Other operating costs amounts to EUR 10,003 thousand, up by EUR 4,493 thousand compared to 2011 and breaks down as follows

	2012	2011	Changes

Sundry taxes and duties	5,463	5,231	232
Fines, sanctions and similar	307	111	196
Subscriptions and membership fees	83	80	3
Capital losses on disposal of fixed assets	1	-	1
Other operating costs	725	589	136
Provisions and Releases	3,424	(501)	3,925
Total	**10,003**	**5,510**	**4,493**

The main changes concerned: an increase in fines and penalties due to formalisation of registration tax on lease agreements, the closure of disputes and litigation which have not been covered by provisions previously set aside, net provisions on sundry taxes and duties and other disputes and litigation outstanding. Other operating costs for 2012 included around EUR 254 thousand in out-of-period expense due to normal estimate reviews.

33 Costs for in-house work capitalised

The costs for in-house work capitalised amounted to EUR 3,422 thousand as at 31 December 2012 and have decreased by EUR 193 thousand compared to the previous year. The amount refers to the capitalisation of costs that are directly related to the investment underway in the stations managed by the Group.

34 Amortisation and depreciation

This item amounts to EUR 11,045 thousand, up by EUR 98 thousand compared to 2011 and breaks down as follows:

	2012	2011	Changes
Amortisation/depreciation of intangible and tangible assets			
✓ *Amortisation of intangible assets*	349	181	168
✓ *Depreciation of tangible assets*	10,696	10,766	(70)
Total	**11,045**	**10,947**	**98**

The increase in the amortisation of intangible assets was mainly due to the increase reported in the related fixed asset item. Mention should be made of the bringing onto stream of the work carried out at the Verona Porta Nuova station, the improvements made to a residual portion of the Venice divisional building and the advertising system acquired in December further to the closure of the Arbitration award, details of which can be found in the description contained in note 21 “provisions for risks and charges”.

35 Writedowns and impairment losses (writebacks)

This item is broken down below, with reference to the Ferrovie dello Stato Italiane S.p.A. Group as well as third parties:

	2012	2011	Changes
Adjustments and value writebacks on receivables	1,261	3,996	(2,735)
Group	*(170)*	*(265)*	95
Third parties	*1,431*	*4,261*	*(2,830)*
Total	**1,261**	**3,996**	**(2,735)**

The writedown of receivables classified under current assets is based on a careful analysis of the same and the degree to which they are recoverable.

36 Provisions for risks and charges

The item presents a zero balance since the net provisions have been allocated to the corresponding cost items: For the purpose of greater comparability with the current year, also all the provisions for risks and charges in 2011 were reclassified with an allocation of the same to the corresponding cost items.

37 Financial income

As at 31 December 2012, finance income amounted to EUR 351 thousand, down EUR 1,417 thousand with respect to last year. Financial income is analysed as follows:

	2012	2011	Changes
Interest income on bank deposits	218	423	(205)
Interest income from parent companies	115	337	(222)
Interest income on leases	-	21	(21)
Exchange gains	4	883	(879)
Other interest income	15	104	(89)
Total	**351**	**1,768**	**(1,417)**

"Interest income on bank deposits" refers to the interest income accrued during the year on bank deposits. Compared to the previous year, there has been a decrease in the average liquidity and a significant decrease in the interest rates acknowledged.

The item "interest income from parent companies" refers to the interest income from the intercompany current account held with Ferrovie dello Stato Italiane S.p.A., the terms and conditions of which are shown in detail under note 14 "current and non-current financial assets (including derivatives)."

The main changes are attributable to the lower exchange gains generated by the subsidiary Grandi Stazioni Ceska on foreign currency transactions and the lower financial income disclosed by the Group on average liquidity, due to a reduction with respect to last year in interest rates receivable.

38 Financial expense

As at 31 December 2012, finance expense amounted to EUR 6,145 thousand, down by EUR 301 thousand compared to the previous year. The financial charges are broken down as follows:

	2012	2011	Changes
Default interest	79	25	54
Interest expense on long-term loans	4,736	4,989	(253)
Financial expense on derivatives	1,516	2,102	(586)
Sundry financial expense	91	106	(15)
Exchange losses	13	46	(33)
Capitalised financial charges	(909)	(822)	(87)
Provisions and releases	619		619
Total	**6,145**	**6,447**	**(301)**

The interest payable on long-term loans refers to the interest due on the mortgages taken out by the parent company with the Banca BIIS (Banca Infrastrutture Innovazione e Sviluppo – Infrastructures Innovation and Development Bank – formerly OPI) and on the long-term loans from Bipop Carire and the EIB (European Investment Bank). For further details please see note 19 "medium/long-term loans." The significant increase compared to 2011 is due to the considerable increase in the 6-month Euribor rate (basis for the calculation of the cost of financial funding), as well as the decrease in borrowing recorded during the period, due to repayments that took place on mortgages and on the EIB loan. Please see note 19 regarding financial expenses on derivatives. It is hereby noted that the financial expense is stated net of capitalisation of property, plant and equipment, for EUR 909 thousand in 2012 and EUR 822 thousand in 2011.

39 Income taxes

As at 31 December 2012, income taxes amounted to EUR 9,933 thousand, down by EUR 7,707 thousand compared to the previous year. It should be noted that the "adjustments relating to previous years" included the amounts relating to the IRES (company earnings' tax) rebate applications (pursuant to Article 2.1 of Italian Decree Law No. 201 dated 2011 so-called Monti Decree), presented by the Group for the recovery of the non-deduction of IRAP (regional business tax) from payroll and related costs analytically calculated. Income taxes are analysed as follows:

	2012	2011	Change
Current taxation			
IRAP (REGIONAL BUSINESS TAX)	2,486	3,254	(768)
IRES (COMPANY EARNINGS' TAX)	11,322	11,095	227
Adjustments relating to previous years	(829)		(829)
Deferred and prepaid taxes	(3,047)	3,291	(6,338)
Total	**9,933**	**17,640**	**(7,707)**

The statement of reconciliation between the effective tax liability and the theoretical tax liability for IRES is presented below:

	IRES (COMPANY EARNINGS' TAX)			
	2012		2011	
	Taxable amount	Taxation	Taxable amount	Taxation
Pre-tax profit	30,891		49,269	
Theoretical tax liability		**8,495**		**13,549**
Theoretical tax rate		27.50%		27.50%
Timing differences deductible in subsequent years	17,719	4,873	14,086	3,874
Previous years' timing differences	(7,644)	(2,102)	(22,716)	(6,247)
Taxable permanent differences	(1,711)	(471)	1,771	487
Deductible permanent differences	1,832	504	(2,066)	(568)
IRES (COMPANY EARNINGS' TAX)	**41,172**	**11,322**	**40,344**	**11,095**
Effective tax rate		36.66%		22.52%
IRAP (REGIONAL BUSINESS TAX)		**2,486**		**3,254**
previous years' taxes				
Adjustments relating to previous years		**(829)**		**-**
Total deferred taxation		**(3,047)**		**3,291**

Total taxation		9,933		17,640

Other information

40 Contractual commitments and guarantees

Guarantees granted to third parties are shown below:

Description	31 Dec. 2012	31 Dec. 2011	Change
RISKS			
Sureties			
- in favour of other affiliated companies	116	116	
- in favour of third parties	2,500	631	1,869
Other unsecured guarantees			
- in favour of subsidiary companies	31,533	30,795	738
TOTAL	**34,149**	**31,542**	**2,607**
COMMITMENTS			
Contracts with deferred execution	21,000	21,000	
TOTAL	**21,000**	**21,000**	
TOTAL MEMORANDUM ACCOUNTS	**55,149**	**52,542**	**2,607**

The balance concerns:

- EUR 116 thousand for a surety issued by Ferrovie dello Stato Italiane, in the interests of Grandi Stazioni S.p.A., in favour of Metropark guaranteeing a rental agreement for various equipment which expires on 1 January 2013;
- EUR 500 thousand for a surety issued by Intesa-San Paolo in favour of the Venice Municipal Authority (Direzione Centrale Sportello Unico) which originally was to expire on 10 September 2008 and has been tacitly renewed, guaranteeing the restructuring work under way on the former divisional building in Venice (EUR 500 thousand) with automatic renewal until receipt of the release communication from the municipal authority;
- EUR 2 million for a surety issued by Intesa-San Paolo on behalf of Rete Ferroviaria Italiana S.p.A., guaranteeing the exact and complete fulfilment of the contractual obligations further to the awarding the concession for the economic exploitation of the Rome Tiburtina property complex for the entire duration of the contract;
- a guarantee amounting to EUR 29.03 million, which corresponds to CZK 730 million at the exchange rate of 25.14 as at 31 December 2012, issued in favour of Unicredit Bank of Austria on behalf of Grandi Stazioni Ceska Republika to guarantee the facility agreement dated 3 August 2011;
- a guarantee of EUR 2.5 million issued to Unicredit S.p.A. on behalf of Grandi Stazioni Ceska Republika to guarantee derivative transactions, linked to the loan of CZK 730 million;
- EUR 21 million for an obligation deriving from the signing (on 20 April 2010) of a preliminary contract between Grandi Stazioni and Metropolitana di Napoli Spa, the objective of which is the undertaking by Metropolitana di Napoli Spa of the obligation to lease to Grandi Stazioni the property portion comprising the Galleria Commerciale for a total duration of 35 years from the date of delivery

which envisages the advance payment by Grandi Stazioni of the lease fee equating to EUR 21 billion plus VAT on the date the final contract is signed.

41 Potential assets and liabilities

Please refer to the details indicated in note 21 concerning "Provisions for risks and charges", with reference to potential liabilities.

Furthermore, there were no potential assets for which an increase in assets is deemed probable.

42 Remuneration of the directors and officers

The overall remuneration payable to Directors, members of the Board of Statutory Auditors and the Supervisory Body for their services, is illustrated below. The remuneration of the Directors also includes the cost of the CEO in his capacity as company executive. The decrease with respect to the previous year is mainly the result of lower compensation paid to the SB, following the insourcing in 2012 of two members out of three envisaged on the board.

RECIPIENTS	2012	2011	Change
Directors	798	796	2
Statutory auditors	57	57	0
Supervisory Body	20	60	(40)
TOTAL	**876**	**913**	**(38)**

43 Independent auditors' fees

It is hereby noted that pursuant to Article 37.16 of Italian Legislative Decree No. 39/2010 and section 16 *bis* of Article 2427 of the Italian civil code, the total amount of remuneration due to the independent auditing firm accrued as at 31 December 2012 for group companies amounted to EUR 79 thousand.

44 Related parties

Transactions with executives with strategic responsibilities

The remuneration of individuals with strategic responsibilities is shown in the table below. The schedule has been prepared with regard to the period in which the office was held and on an accruals basis.

	2012	2011	Change
Short-term benefits	2,594	2,636	(42)
Benefits due to employees for termination of the employment relationship	103	111	(8)
Total	**2,697**	**2,747**	**(50)**

During the periods under review, a total of 10 executives could be classified as Executives with strategic responsibilities (including the CEO and a manager seconded by Ferrovie dello Stato Italiane S.p.A.).

It is hereby noted that all strategic executives have declared that during the period they did not carry out any transactions, either directly or through close family members, with companies belonging to the Ferrovie dello Stato Italiane group or companies that are directly or indirectly controlled by the latter.

Other transactions with related parties

The inter-relations between Grandi Stazioni and other related parties take place on an arm's length basis, this being identified with the assistance of external professionals if required.

The inter-company transactions conducted within the Ferrovie dello Stato Italiane Group, of which Grandi Stazioni is a member, pursue the common goal of creating value These processes and transactions take place according to the civil law and tax regulations specific to the sector, in compliance with the guidelines of the supervising Ministries and taking into account the characteristics and peculiarities of the activities carried out by many companies in the Ferrovie dello Stato Italiane Group.

Below is a summary table representing the main receivable and payable transactions during the year with subsidiaries, parent companies and other affiliated companies. Dealings with the company exercising management and coordination activities and with the companies subject to these management and coordination activities are also highlighted.

Company name	Receivable transactions	Payable transactions
Parent Companies		
Ferrovie dello Stato Italiane (a)	Commercial and other: tenancy costs occupancy of complexes occupancy indemnity reimbursements Media IRES tax consolidation Financial: intercompany current account interest	Commercial and other: service remuneration of corporate bodies payable for transfer of tax credit seconded staff VAT consolidation reconveyance fee employee leaving indemnities (TFR) Financial: commission
Affiliated companies		
Trenitalia (b)	Commercial and other: tenancy costs occupancy indemnity occupancy of complexes leases reimbursements Media	Commercial and other: advance payments on engineering work and travel account
Rete Ferroviaria Italiana (b)	Commercial and other: tenancy costs occupancy indemnity occupancy of complexes engineering fees reimbursements leases	Commercial and other: reconveyance fee advance payments on engineering work utilities
Ferservizi (b)	Commercial and other: tenancy costs occupancy indemnity occupancy of complexes reimbursements	Commercial and other: employee leaving indemnities (TFR) Fee
Trenord (b)	Commercial and other: tenancy costs leases reimbursements	
FS Sistemi Urbani (b)		Commercial and other: reconveyance fee
Fercredit (b)		Commercial and other: receivable factoring
Thello (b)	Commercial and other: tenancy costs leases Media	
Italferr (b)	Commercial: tenancy costs leases	Commercial and other: tax liabilities
Terminali Italia (b)		Commercial and other: employee leaving indemnities (TFR)
Metropark (b)	Commercial and other: reimbursements leases facility	Commercial and other: services equipment hire

Company name	Receivable transactions	Payable transactions
Other related parties		
Anas	Commercial and other: leases tenancy costs	
Poste Italiane	Commercial and other: tenancy costs leases reimbursements	Commercial and other: services
Rai	Commercial and other: Media	
Toscana Energia Clienti		Commercial and other: services
Eni		Commercial and other: services
Enel		Commercial and other: services
Mario Negri Fund		Commercial and other: welfare fund
Cassa Depositi e Prestiti		Financial and other: commission

(a) Company which exercises management and co-ordination activities (direct parent)
(b) Company which is subject to management and co-ordination activities of (a)

Trade and other dealings

The balance sheet and income statement balances deriving from the dealings indicated above are presented below (in thousands of EUR).

Company name	31 Dec. 2012				2012	
	Receivables	Payables	Purchases for investments	Guarantees and Commitments	Costs	Revenues
Parent Companies						
Ferrovie dello Stato Italiane	2,831	26,610			26,488	1,952
Other affiliated companies						
Trenitalia	10,952	99			164	29,299
Rete Ferroviaria Italiana	13,928	5,357	112,444		11,887	51,150
Ferservizi	1,880	221			2	3,539
Trenord	16					44
Fercredit		774				
Fs Sistemi Urbani		873			179	
Thello	21					19
Italferr	114					641
Terminali Italia		1				
Metropark	41	153			411	55
Total other affiliated companies	**26,952**	**7,478**	**112,444**		**12,643**	**84,747**
Other related parties						
Anas S.p.A.	776					4,097
Poste Italiane S.p.A.	19				3	372
RAI S.p.A.	58					1
Toscana Energia Clienti	35				235	
Eni S.p.A.	1,811				2,866	
Mario Negri Fund		61			117	
Enel S.p.A.		129			960	
Total other related parties	**2,699**	**190**			**4,181**	**4,470**
TOTAL	**32,482**	**34,278**	**112,444**		**43,312**	**91,169**

Financial dealings

The dealings with the companies belonging to the Group were mainly of a commercial nature, and , therefore, the costs and revenues and the related payables and receivables refer to: the leasing of stations areas, reimbursement of accessory costs, recovery of costs for seconded personnel, supply of general group services and business travel services.

Lastly, it should be highlighted that there is an inter-company bank account shared by Ferrovie dello Stato Italiane S.p.A. and Grandi Stazioni S.p.A., through which the receipts and payments concerning economic dealings with FS Holding, Ferservizi, Italferr, RFI and Trenitalia transit. As at 31 December 2012, the balance of the intercompany current account came to EUR 4,836,371.

The balance sheet and income statement balances deriving from the dealings indicated above are presented below (in thousands of EUR).

Company name	31 Dec. 2012			2012	
	Receivables	Payables	Guarantees and Commitments	Expense	Income
Parent Companies					
Ferrovie dello Stato Italiane	4,836				115
Other affiliated companies					
Metropark			116		
Other related parties					
Cassa Depositi e Prestiti				286	
TOTAL	**4,836**		**116**	**286**	**115**

By means of resolution dated 16 March 2010, the company's Board of Directors and the Parent Company FS, opted for application of the National Tax Consolidation scheme for the three year period from 2010 to 2012.

45 Significant events after the end of the accounting reference date

On 7 January 2013, two clauses were entered into with the Satrel S.p.A. - Mugnai S.p.A. JV, amending and supplementing the original agreement dated 23 February 2007, concerning the performance of the executive design activities and execution of the functional adaptation measures on the station buildings and the additional infrastructural works relating to the Bari and Palermo Central railways stations, as well as the executive design activities and execution of the additional infrastructural work for the Naples station buildings (the overall contract amount was recalculated from EUR 46.2 million to EUR 42.3 million); as well as the performance of the executive design activities and execution of the functional adaptation measures on the stations buildings and the additional infrastructural work (external work) relating to the Bologna Central and Florence Santa

Maria Novella railway stations (the overall contract amount was recalculated from EUR 44.6 million to EUR 45.7 million).

On 15 January 2013, further to the order of the Genoa Court of Appeal dated 19 December 2012, the Company took steps to settle in favour of a former agent the amount of EUR 521 thousand for the partial execution of the sentence issued by the Genoa Court in 2012. Please refer to note 21 for detailed disclosure.

On 31 January 2013, Rete Ferroviaria Italiana and Grandi Stazioni signed the first delivery report for the property complex of the Rome Tiburtina High Speed Train Station.

On 15 February 2013, the company filed a petition before the Rome Provincial Tax Commission, in which it requested the cancellation of the IRAP notice of assessment served on 18 December 2012 by the Italian Internal Revenue Agency - Lazio Regional Division - Major taxpayers Office. For more detailed information, please see note 21 (tax disputes arising during the year).

Further to the preliminary process supplement, in relation to the disbursement of the CIPE grant relating to the 1st Programme of Strategic Works - Major Stations Programme, forwarded to the Department of Infrastructures and Transport - Technical Mission Structure on 4 February 2013, on 5 March 2013 the same issued the go ahead for the disbursement of another portion of the grant for an amount equal to EUR 8,276 thousand, relating to the WSC number 11 and 12, the latter in November 2012.

The Rome Court, by means of sentence published on 16 March 2013, rejected - with order to pay the litigation costs - the opposition brought in 2006 by Grandi Stazioni against the injunction issued in favour of Ingrande s.r.l. (now Fallimento Ingrande in bankruptcy) for the sum of EUR 146,400.00, plus interest, on the basis of an alleged purchase by Grandi Stazioni of advertising space. No contract had been finalised for this purchase, since there had been merely negotiations subsequently interrupted. An appeal is to be made against this sentence, filed on 17 May 2013.

Within the sphere of the legal proceedings furthered by Grandi Stazioni against Spaziale S.r.l., aimed at obtaining the ascertainment of the termination of the agency agreement dated 2 February 2004 and the ordering of this company to pay damages deriving from breach of contract, the Milan Court, by means of sentence filed on 2 May 2013, forwarded on 7 May 2013, rejected the claims made by Grandi Stazioni and, upholding the counterclaim proposed by Spaziale, declared the termination of the agreement due to serious breach by the plaintiff and, consequently, ordered Grandi Stazioni to pay Spaziale a total sum of EUR 1,706,092.49 by way of direct and indirect commission, inclusive of the amount already acknowledged at the time of granting of the injunction issued during the lawsuit, end of mandate indemnity, FIRR (agents' leaving indemnity) accrued as of the date of contractual termination, indemnity pursuant to Article 1751 of the Italian Civil Code, compensation of damages suffered, by way of loss of earnings due to lack of commission, lack of accrual of the indemnity pursuant to Article 1751 of the Italian Civil Code, lack of accrual of FIRR, plus legal interest as from 1 July 2008 until settlement, as well as legal costs and accessory expenses as per the law, making the plaintiff definitively responsible for the CTU (expert witness) costs.

The sentence in question appears censurable with regard to many aspects, with particular reference to the serious shortfalls noted in the justification for the ruling and in the reconstruction and assessment of the facts of the cases, as well as the clear contradictions which can been noted in various stages of the proceedings. These circumstances lead us to trust in a possible overturning during appeal and the suspension of the provisional execution of the same.

As also indicated in the opinion supplement rendered by the company's defence counsel, the risk associated with the appeal may be classified as possible along with the suspension of the executive efficacy of the sentence.

By means of sentence dated 9 May 2013, the Rome Court of Law acting as Employment Tribunal finalised the proceedings pursuant to Article 414 of the Italian Code of Civil Procedure furthered on 6 May 2011 by a former co-worker of the company and, partially upholding the requests of the plaintiff, ascertained the subordinate nature of the work relationship and ordered Grandi Stazioni to pay the plaintiff the sum of EUR 203,825.55, plus interest and revaluation, by way of leaving indemnity and supplementary indemnity, to put right the social security contribution position of the plaintiff and pay the legal costs.

Checks are underway of the sums necessary for regularising the plaintiff's contribution position, also for the purpose of ascertaining any prescription of the contributions due and on elements for proposing an appeal.

Scope of consolidation and Grandi Stazioni group equity investments

GrandiStazioni
GRUPPO FERROVIE DELLO STATO ITALIANE

100%

Grandi Stazioni
Ingegneria Srl

51%

Grandi Stazioni
Ceska Republika s.r.o.

Management of design, planning and works management services for the station complexes managed by the Group in Italy and

Renovation, enhancement and management of the Prague central and Marianske Lazne

Separate annual financial statements of Grandi Stazioni SpA as at 31 December 2012

Financial statements

Balance sheet

(EUR)	Notes	31 Dec. 2012	31 Dec. 2011
Assets			
Property, plant and machinery	*(6)*	263,241,223	262,685,231
Investment Property	*(7)*	44,545,074	38,576,300
Intangible assets	*(8)*	956,827	543,126
Prepaid tax assets	*(9)*	8,923,054	7,052,361
Equity investments	*(10)*	4,074,371	4,074,371
Non-current trade receivables	*(11)*	5,899,268	6,161,936
Other non-current assets	*(12)*	1,290,408	1,806,865
Total non-current assets		**328,930,226**	**320,900,190**
Construction contracts	*(13)*	12,230,017	14,213,868
Current trade receivables	*(11)*	81,971,635	77,204,565
Current financial assets (including derivatives)	*(14)*	4,836,371	16,973,868
Cash & cash equivalents	*(15)*	26,995,098	26,802,032
Tax receivables	*(16)*	777,123	
Other current assets	*(12)*	2,731,333	12,802,704
Assets held for sale and discontinued operations	*(17)*	7,266,234	7,266,234
Total current assets		**136,807,811**	**155,263,271**
Total assets		**465,738,037**	**476,163,461**

Shareholders' equity			
Share capital	*(18)*	4,304,201	4,304,201
Reserves	*(18)*	116,468,362	105,018,701
Retained earnings (accumulated losses)	*(18)*	9,387,476	9,387,476
Result for the year	*(18)*	19,271,731	29,995,131
Total shareholders' equity		**149,431,770**	**148,705,509**
Liabilities			
Medium/long-term loans	*(19)*	153,260,268	169,046,900
Employee leaving indemnity and other staff benefits	*(20)*	2,073,188	1,840,320
Provisions for risks and charges	*(21)*	8,418,217	5,111,830
Deferred tax liabilities	*(9)*	6,586,837	8,923,334
Non-current financial liabilities (including derivatives)	*(22)*	9,619,055	6,116,455
Other non-current liabilities	*(23)*	4,101,350	4,282,460
Total non-current liabilities		**184,058,917**	**195,321,299**
Short-term loans and current portion of medium/long-term loans	*(19)*	15,956,295	16,155,715
Current trade payables	*(24)*	108,732,167	106,172,104
Tax payables	*(25)*		497,654
Other current liabilities	*(23)*	7,558,888	9,311,180
Total current liabilities		**132,247,350**	**132,136,653**
Total liabilities		**316,306,267**	**327,457,952**
Total liabilities and shareholders' equity		**465,738,037**	**476,163,461**

Income statement

(EUR)	Notes	2012	2011
Revenues and income			
Revenues from sales and services	*(26)*	190,189,442	192,297,796
Other income	*(27)*	3,666,862	18,271,206
Total operating revenues		**193,856,303**	**210,569,002**
Total operating Costs		**(148,313,017)**	**(144,733,180)**
Payroll and related costs	*(28)*	(14,518,539)	(15,583,296)
Raw materials, ancillary and consumable materials and goods for resale	*(29)*	(165,160)	(200,052)
Costs for services	*(30)*	(86,565,204)	(85,322,349)
Costs for the use of third party assets	*(31)*	(37,860,427)	(39,013,609)
Other operating costs	*(32)*	(9,978,553)	(5,477,742)
Costs for in-house work capitalised	*(33)*	774,865	863,868
Amortisation and depreciation	*(34)*	**(11,002,727)**	**(10,928,036)**
Writedowns and impairment losses (writebacks)			
Adjustments and value writebacks on receivables	*(35)*	(1,261,158)	(3,825,071)
Provisions for risks and charges	*(36)*		
Operating result (EBIT)		**33,279,401**	**51,082,715**
Financial income and expense			
Financial income	*(37)*	389,402	1,009,532
Financial expense	*(38)*	(5,022,277)	(5,114,829)
Pre-tax result		**28,646,526**	**46,977,418**
Income taxes	*(39)*	(9,374,795)	(16,982,287)
Net profit (loss) for the year		**19,271,731**	**29,995,131**

Statement of comprehensive income

(EUR)	Notes	2012	2011
Net profit (loss) for the year		**19,271,731**	**29,995,131**
Other components of the statement of comprehensive income			
Effective portion of the fair value changes of cash flow hedges	*(17)*	(3,446,125)	(3,893,841)
Gains (losses) relating to actuarial benefits	*(17)*	(294,577)	(120,227)
Tax effect	*(17)*	1,028,693	1,103,869
Other components of the statement of comprehensive income for the period, net of the tax effects	*(17)*	**(2,712,009)**	**(2,910,200)**
Total statement of comprehensive income for the period		**16,559,722**	**27,084,931**

Statement of changes in shareholders' equity

EUR	Shareholders' equity								
	Share capital	Legal reserve	Extraordinary reserve	Share premium reserve	Reserve for actuarial gains (losses) for employee benefits	Reserve for fair value valuation on derivatives - Cash flow hedge	Retained earnings (accumulated losses)	Result for the period	**Total shareholders' equity**
Balance as at 31 December 2010	**4,304,201**	**860,840**	**46,302,069**	**58,308,624**	**(45,323)**	**(1,502,218)**	**9,387,476**	**19,421,700**	**137,037,369**
Distribution of dividends								(15,416,790)	(15,416,790)
Allocation of the net result for the previous year			4,004,910					(4,004,910)	-
Other changes									-
Total profit/loss recognised									
of which:									
Profit/(loss) recognised directly under equity					(87,165)	(2,823,035)			(2,910,200)
Profit for the period								29,995,131	29,995,131
Balance as at 31 December 2011	**4,304,201**	**860,840**	**50,306,979**	**58,308,624**	**(132,488)**	**(4,325,253)**	**9,387,476**	**29,995,131**	**148,705,509**
Distribution of dividends								(15,833,460)	(15,833,460)
Allocation of the net result for the previous year			14,161,671					(14,161,671)	
Other changes									
Total profit/loss recognised									
of which:									
Profit/(loss) recognised directly under equity					(213,568)	(2,498,441)			(2,712,009)
Profit for the period								19,271,731	19,271,731
Balance as at 31 December 2012	**4,304,201**	**860,840**	**64,468,650**	**58,308,624**	**(346,056)**	**(6,823,694)**	**9,387,476**	**19,271,731**	**149,431,770**

Cash flow statement

(EUR)	Notes	2012	2011
Profit/(loss) for the year	(19)	19,271,731	29,995,131
Amortisation	(33)	11,002,727	10,928,036
Writedowns	(34)	1,261,158	3,825,071
Provisions for risks and charges		5,155,922	(263,285)
Provision for employee benefits	(20)	366,738	82,472
Capital (gains)/Losses on disposals	(27)		(14,927,856)
Change in inventories	(13)	1,983,851	(2,527,218)
Change in trade receivables	(10)	(5,765,560)	5,925,110
Change in trade payables	(23)	2,560,063	5,460,483
Change in deferred tax assets and liabilities	(8)	(4,207,192)	1,858,708
Change in tax receivables and payables	(8)	(1,274,777)	1,201,964
Change in other liabilities	(22)	(1,933,401)	(3,723,673)
Change in other assets	(11)	10,587,828	2,105,813
Uses of provisions for risks and charges	(20)	(1,849,534)	(864,759)
Employee benefits paid	(19)	(133,869)	(98,651)
Cash flows generated (absorbed) by operating activities		**37,025,684**	**38,977,347**
Investments in tangible fixed assets	(6)	(42,814,886)	(34,413,102)
Investments in intangible assets	(8)	(737,000)	(599,516)
Grants - Tangible fixed assets	(6)	25,189,562	
Disposals of tangible fixed assets	(6)	421,129	25,421,129
Net cash flow absorbed by investment activities		**(17,941,195)**	**(9,591,489)**
Disbursement and repayment of medium/long-term loans	(18)	(15,986,052)	(16,024,932)
Dividends paid	(17)	(15,833,460)	(15,416,790)
Changes in shareholders' equity	(17)	790,591	1,134,229
Net cash flow generated by financial activities		**(31,028,921)**	**(30,307,493)**
Total cash flow generated/ (absorbed) during the period	(13) (14)	**(11,944,431)**	**(921,636)**
Cash and cash equivalents at beginning of year	(13) (14)	**43,775,900**	**44,697,537**
Cash and cash equivalents at end of year	(13) (14)	**31,831,469**	**43,775,900**
Taxes paid		**13,903,301**	**13,057,915**
Interest expense paid		**5,082,716**	**5,864,120**

Explanatory notes to the financial statements for the period

1 Introduction

These statutory financial statements for the period ended 31 December 2012 (hereinafter the "Statutory Financial Statements") have been drawn up in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), adopted by the European Union("EU- IFRS"). It is hereby noted that Grandi Stazioni SpA (hereinafter also the "Company") availed itself of the faculty envisaged by Italian Legislative Decree No. 38 dated 28 February 2005, which governs the exercise of the options envisaged by Article 5 of the European Regulation No. 1606/2002 regarding the international accounting standards. In particular, pursuant to Articles 3 and 4 of the afore-mentioned Legislative Decree, the company has applied the EU-IFRS for the preparation of the statutory financial statements starting from the year ended 31 December 2010. Up to the period ended 31 December 2009, the company prepared its statutory financial statements pursuant to the provisions set forth in Italian Legislative Decree No. 127 dated 9 April 1991, as interpreted by the accounting standards issued by the Organismo Italiano di Contabilità (Italian Accounting Body) (the "Italian Accounting Standards").

2 The company

Grandi Stazioni S.p.A. is established and domiciled in Italy and organised according to the laws of the Republic of Italy.

The registered offices are in Via G. Giolitti 34 – 00185, Rome, Italy.

The company is subject to the management and coordination of Ferrovie dello Stato Italiane S.p.A..

The main activities of Grandi Stazioni are the renovation and management of station complexes.

In particular, it operates at national level in the 14 major Italian railway stations: Rome Termini, Rome Tiburtina, Milan Central, Turin Porta Nuova, Florence Santa Maria Novella, Bologna Central, Naples Central, Venice Mestre and Santa Lucia, Verona Porta Nuova, Genoa Piazza Principe and Brignole, Palermo Central and Bari Central.

In carrying out its design and works direction activities, the execution of feasibility studies and technical consultancies, Grandi Stazioni avails itself of the activities of its subsidiary Grandi Stazioni Ingegneria.

The goal which guides the activities of the company is to spread a new concept of railway station among the general public: an enterprise with high business potential, a venue for city life and a lively and welcoming place, capable of offering quality services and opportunities to enjoy your time while waiting for a train or in which to spend your free time. Stations have a new urban role to play in this new concept.

Briefly, the company's mission involves:

- ....renovation and enhancement of the properties via leasing, promotional and advertising activities and direct management of passenger areas and services;
- ....improving the quality of and diversifying travel services by enhancing the existing offer and constantly striving to improve customer satisfaction;

- ....promotion of new methods for using the areas, introducing innovative services in the Network stations, such as a services centre with numerous branded shops, a specialised general surgery unit, gym and numerous leisure activities;
- ....integration of the station property complexes with the surrounding urban area so as to transform stations into a lively part of the city, facilitating access to and inter-modality with all other means of transport;
- ....developing social projects and initiatives in favour of underprivileged individuals present in stations, in cooperation with volunteer organizations and bodies;
- ....spreading a new concept of stations via communication strategies and cultural initiatives.

On 12 March 2013 the Directors approved the financial statements for the period ended 31 December 2012 and resolved to make them available to the shareholders pursuant to Article 2429 of the Italian Civil Code. These financial statements shall be submitted for the approval of the shareholders' meeting by the deadlines set forth in Article 2364 of the Italian Civil Code and they will be deposited by the deadlines set forth in Article 2435 of the said Civil Code The shareholders' meeting has the power to make amendments to these financial statements. Pursuant to IAS 10, section 17, the date taken into consideration by the Directors when drawing up the financial statements is 12 March 2013, the date on which they were approved by the Board of Directors.

PricewaterhouseCoopers SpA has been appointed to carry out the legal audit of the accounts, pursuant to Article 14 of Italian Legislative Decree No. 39/2010 and Articles 2409 *bis et seq.* of the Italian Civil Code.

3 Basis of preparation

The main standards and accounting principles applied when drawing up the statutory financial statements are presented as follows.

As previously indicated, the statutory financial statements have been prepared in compliance with the EU-IFRS, these being all International Financial Reporting Standards (IFRS), International Accounting standards (IAS), interpretations of the International Financial Reporting Interpretations Committee (IFRIC) previously known as the Standing Interpretations Committee (SIC) adopted by the European Union and contained in the related EU Regulations published up to 12 March 2013, the date on which the Company's Board of Directors approved this document. In detail, the EU-IFRS have been applied in a consistent manner to all the periods presented in this document. It is furthermore noted that these financial statements have been prepared based on the best available knowledge of the EU-IFRS and with account taken of the best theories on this subject; any future guidelines and amendments to the interpretations shall be reflected in subsequent periods, as provided for by the reference accounting standards from time to time.

The statutory financial statements have been prepared and are presented in Euro, which is the Company's reporting currency and therefore the currency used in the countries in which the company mainly operates; all the amounts included in the tables within the notes that follow are expressed in thousands of Euro, unless otherwise indicated.

The statements used and the related classification criteria adopted by the Company, from among the options provided by IAS 1 "Presentation of financial statements", are indicated below:

- the balance sheet has been prepared by classifying the assets and liabilities on a "current/non-current" basis;
- the income statement has been prepared classifying the operating costs according to their nature;
- the statement of comprehensive income includes, in addition to the results for the period, the other changes in shareholders' equity items resulting from transactions that did not take place with shareholders of the company;
- the cash flow statement has been prepared by showing the cash flows from operations according to the "indirect method".

These statutory financial statements have been prepared with a view to the Company as a going-concern, since the directors have ensured that no financial, operational, or other indicators exist that could indicate the existence of critical issues regarding the Company's ability to fulfil its obligations in the foreseeable future and in particular over the next 12 months The procedures the Company uses to manage financial risks are explained in note 5 – Management of financial and operating risks.

The statutory financial statements have been prepared according to historical cost, except for the valuation of financial assets and liabilities for which application of the fair value approach is mandatory.

4 Accounting standards adopted

The main accounting standards and policies used for the preparation of the financial statements for the period are presented below.

Property, plant and machinery

Property, plant and machinery are stated at purchase or production cost net of accumulated depreciation and any impairment losses. The purchase or production cost includes all charges incurred directly in preparing the assets for use and any other charges for disposal and removal that may be incurred as a consequence of contractual obligations requiring the assets to be returned to their original condition. Financial charges that are directly attributable to the purchase, construction or production of the eligible assets are capitalised or amortised based on the useful life of the asset they refer to. Improvement, modernisation and transformation costs which increase the value of the assets, are booked to the balance sheet assets concerned.

Costs incurred for maintenance and repairs of an ordinary and/or cyclical nature are recognised directly in the income statement when incurred. Capitalisation of costs inherent to the expansion, updating or improvement of the structural elements that are owned or used by third parties is carried out exclusively to the extent that they fulfil the requirements to be separately classified as assets or parts of an asset, applying the component approach criteria, which lays down that the useful life of each element and its relative value must be assessed independently.

Depreciation is calculated systematically on a straight line basis at rates deemed representative of the estimated economic-technical useful life of the assets. The useful life of the tangible assets and their residual value are reviewed, and adjusted if appropriate, at least at the end of each year.

The depreciation rates used are as follows:

	Rate
Civil works	3%
Plant and machinery	5%-33%
Industrial and commercial equipment	20%
Other assets:	
- *Furniture and furnishings*	12%
- *Electronic equipment*	20%
- *Office equipment*	40%
- *Motor vehicles*	25%

The item "plant and machinery" comprises the advertising system installations whose residual useful life as at 31 December 2012 was defined as follows:

Type	Residual useful life (years)
Traditional plant	7.7
Monitors	4.2
Control room	3.0
Electrical plant	16.00

The useful life of the tangible assets and their residual value are reviewed, and adjusted if appropriate, at least at the end of each year. Land is not depreciated.

Assets under finance leases

The tangible assets held through financial leases which essentially transfer to the company the risks and benefits of ownership, are recognised as assets of the company at their current value on the date the contract was concluded or, if lower, at the current value of the minimum payments due for the lease including any amounts payable for exercising the purchase option. The corresponding liability towards the lessor is recorded in the balance sheet under financial payables. Assets are depreciated applying the previously indicated approach and rates, unless the duration of the lease is shorter than the useful life represented by those rates and there is no reasonable certainty that the ownership of the leased asset will be transferred upon expiry of the contract; in this case, the depreciation period is equal to the duration of the lease.

Leases in which the lessor essentially maintains all the risks and benefits of ownership are classified as operating leases. The operating lease costs are recognised over the duration of the lease in the income statement.

Investment Property

Property investments are the real estate properties owned in order to obtain the rental income and/or obtain an increase in the capital invested and are not destined for sale in the normal execution of business operations. Furthermore, the property investments are not used in the production or the supply of goods or services or in the management of the company. The accounting standards used for the accounting of this item comply with the criteria described above under “Property plant and equipment.”

In the event that a development project is launched with the prospect of future sale, the properties are reclassified in the item Inventories further to the change in intended use. The book value as at the date the use of the property is changed is used as the cost for the subsequent accounting under inventories.

Buildings are depreciated at a rate of 3% while plant is depreciated at a rate of 15%.

Intangible assets

Intangible assets consist of non-monetary elements, identifiable and without physical consistency, controlled by the company and capable of producing future economic benefits. Identification is defined with reference to the possibility of distinguishing the intangible assets acquired with respect to goodwill. This requirement is usually satisfied when: (i) the intangible asset is attributable to a legal or contractual right, or (ii) the asset is separable, in other words can be sold, transferred, leased or exchanged autonomously or as an integral part of other assets Control by the company involves the power to use the future economic benefits deriving from the asset and the possibility of limiting access to the same by others.

Intangible assets are recorded at cost, determined according to the same methods indicated for property, plant and machinery, only when said cost can be reliably measured.

The following types of intangible assets are present in the financial statements, the amortisation rates for which are indicated below:

	Rate
Software	33%
Licences	33%

After initial recognition, the cost or fair value of intangible assets with a defined useful life is adjusted by the related accumulated amortisation and any impairment losses, determined as described below. The amortisation begins when the intangible asset is available for use and is distributed systematically in relation to the residual possibility of its use and therefore based on its estimated useful life.

The useful life is reviewed on an annual basis and any changes, if deemed necessary, are made using the method of forecast application.

The gains and losses deriving from the disposal of an intangible fixed asset are determined as the difference between the disposal value, net of sales costs, and the book value of the asset; they are recorded in the income statement at the time of disposal.

Impairment tangible and intangible assets

iii)Assets (tangible and intangible) with a definite useful life

On each balance sheet date, a test is carried out to check whether there is any indication that the tangible and intangible assets have suffered impairment. To this end both external and internal sources of information are taken under consideration. With regard to the internal sources, the following are taken into account: the obsolescence or physical deterioration of the asset, any significant changes in the use of the asset or the economic performance of the asset with respect to that envisaged. The following external sources are considered: the trend in the market price of the assets, any discontinuities in terms of technology, the market or regulations, the market interest rates and the cost of capital used to assess the investments

In the event that such indicators are identified, steps are taken to estimate the recoverable value of the aforementioned assets, booking any writedowns with respect to the book value to the income statement. The recoverable value of an asset is represented by the fair value, net of the accessory sales costs or its value in use, whichever is the lower, the latter being the current value of the future cash flows estimated for this asset. Value in use is determined by discounting estimated future cash flows using a pre-tax discount rate that reflects the current market assessment of the cost of money, placed in relation to the investment period, and the specific risks of the asset. The recoverable amount of assets that do not generate independent cash flows is determined based on the cash- generating unit to which the asset belongs.

An impairment loss is recognised in the income statement if an asset's book value or that of the cash-generating unit to which it is allocated is higher than its recoverable amount. Impairment losses of cash generating units are first booked against the book value of any goodwill attributable to the same and then against the other assets, in proportion to their book value and within the limits of the related recoverable value. If the reasons for the writedown cease to exist, the book value of the asset is restored and recognised in the income statement, up to the net book value the asset in question would have had if the writedown had not occurred and the related amortisation/depreciation had been carried out.

iv)Intangible assets which are not yet available for use

The recoverable value of intangible assets which are not yet available for use is subject to annual or more frequent impairment testing, if there is an indication that these assets may have become impaired

Equity investments in subsidiary companies

Equity investments in subsidiaries are accounted for at the impairment adjusted cost. When the reasons for the impairment cease to exist, the book value of the equity investment is increased up to its related original cost. This writeback is recognised in the income statement.

Financial instruments

Receivables and payables

Receivables are initially recognised at their fair value which generally coincides with the nominal value. Subsequently they are measured at amortised cost and decreased, in the event of impairment, to their estimated realisable value through recognition of a special adjustment provision. Estimates of amounts considered to be uncollectible are carried out according to the value of the expected future cash flows . These cash flows take into account expected recovery times, the estimated realisable value of possible guarantees, as well as costs expected to be incurred to recover the amounts receivable. In this event, the writeback is booked to the income statement and cannot in any event exceed the amortised cost which would have applied in the absence of previous writedowns.

Trade payables and other debts are accounted for initially at fair value net of directly attributable ancillary costs and subsequently measured using the amortised cost method based on the effective interest rate approach.

Trade receivables and payables, falling due in line with generally accepted trade terms are not discounted.

Cash & cash equivalents

Cash and cash equivalents comprise cash in hand and bank deposits available and other forms of short-term investment, with maturity at origin of three months or less. On the balance sheet date, current account overdrafts were classified among financial payables under current liabilities in the balance sheet. The elements included in net cash are measured at fair value and the related changes are recognised in the income statement.

Loans

Loans are accounted for initially at fair value net of directly attributable ancillary costs and subsequently measured using the amortised cost method based on the effective interest rate approach. Whenever there is a change in the estimate of the cash flows expected, the value of the liabilities is recalculated in order to reflect this change based on the current value of the new cash flows expected and the internal rate of return that had initially been determined. Loans are classified among current liabilities, except those which have a contractual maturity date beyond 12 months with respect to the balance sheet date and those for which the company has an unconditional right to defer payment for at least 12 months after the reference date. The loans are removed from the balance sheet when they are settled and when the company has transferred all risks and expenses relating to the instrument itself.

Financial assets and liabilities

The financial assets which the company intends and is able to keep until maturity pursuant to IAS 39 and financial liabilities are recognised at cost, when the company becomes party to the contractual clauses of the instrument, represented by the fair value of the initial price, net of any directly attributable transaction costs. Following initial recognition, the financial assets and liabilities are measured on an amortised cost basis using the effective interest rate method.

Financial assets and liabilities are no longer stated in the balance sheet when, due to their sale or discharge, the company is no longer involved in their management nor does it hold risks and benefits relating to these sold/discharged instruments.

Derivative financial instruments

The derivative financial instruments used by the company aim to hedge the exposure to interest rate risk and obtain a diversification of the debt parameters which thereby permits a reduction in the cost and the volatility. On the date of entering into the contract, the derivative instruments are initially accounted for at fair value and if the derivative instruments are not accounted for as hedges, any subsequent changes in the fair value are recognised as income statement components.

Hedging derivative financial instruments are recognised as per the formalities established for hedge accounting only if:

- at the start of the hedge, a formal designation exists and the hedge is documented;
- it is envisaged that the hedge is highly effective;
- the effectiveness can be reliably measured;
- the hedge itself is highly effective during the various accounting periods for which it has been designated.

When derivative financial instruments qualify for hedge accounting, the following accounting treatment is applied:

Cash flow hedges

When a derivative financial instrument is designated as hedging the exposure to changes in the future cash flows of an asset or liability recorded in the balance sheet or a transaction deemed highly probable, the effective portion of the gains or losses from adjustment to fair value of the derivative instrument is recognised in a specific equity reserve. The cumulative profit or loss is reversed from the shareholders' equity reserve and recognised in the income statement in the same periods in which the effects of the hedging transaction are recognised in the income statement. The profit or loss associated with that portion of the ineffective hedge is recognised in the income statement directly. If the transaction hedged is no longer considered probable, the still unrealised profits and losses accounted for under shareholders' equity are immediately recognised in the income statement.

Derivative financial instruments are accounted for on the transaction date.

Fair value estimates

The fair value of financial instruments listed on an active market is based on the market prices on the balance sheet date. The fair value of financial instruments which are not listed on an active market on the other hand is determined through the use of valuation techniques based on a series of methods and assumptions linked to market conditions on the balance sheet date.

Given the short term nature of trade receivables and payables, it is believed that the book values represent a good approximation of fair value.

Construction contracts

The construction contracts (hereinafter also “revenue contracts”) are recognised at the value of the contractual amounts agreed, reasonably accrued, using the method of the percentage completion and taking into account the progress achieved and the contractual risks expected. The progress of the work is measured in relation to the costs of the contract incurred up to the balance sheet date as a percentage of all estimated costs for every single job order.

When the results of a contract cannot be reliably estimated, the revenue from the job is recognised only to the extent that the costs incurred can reasonably be expected to be recovered. When the result of a contract cannot be reliably estimated and it is probable that the contract will generate a profit, the revenue from the contract is recognised for the entire duration of the contract itself. When it is probable that the total contract costs will exceed the total revenues of the contract, the potential loss is recognised in the income statement directly.

The company presents as assets the gross amount due from customers for contracts relating to work under way for which the costs incurred plus the margins (minus the losses that have been recognised) exceed the invoicing for the work completed so far. The company presents as liabilities the gross amount due to customers for all work underway for which the amounts invoiced for the progress made exceed the costs incurred, including the margins (less the losses that have been recognised).

Employee benefits

Short-term benefits are salaries, wages, the related social security charges, compensation in lieu of holidays and incentives provided in the form of a bonus payable within the 12 months from the balance sheet date. These benefits are accounted for as components of payroll and related costs in the period in which the work services are provided.

Employee leaving indemnity and other staff benefits

The company has defined-contribution as well as defined-benefit plans in place. The defined-contribution plans are managed by third parties/ asset managers in relation to which there are no legal obligations or other obligations to pay further contributions should the fund not have enough assets to cover the obligations assumed towards the employees. For the defined-contribution plans, the company pays contributions voluntarily or those which are established by contract, into insurance pension funds, both public and private. The contributions are recognised as payroll and related costs on an accruals basis. The contributions paid in advance are recognised as assets that will be reimbursed or offset against future payments, should these be due.

A defined-benefit plan is a plan which cannot be classified as a defined-contribution plan. In defined-benefit plans the amount of the benefit payable to the employee can be calculated only after the work relationship has been terminated and is connected to one or more elements such as age, years of service and remuneration. The obligations for defined-benefit plans are therefore determined by an independent actuary using the projected unit credit method. The current value of the defined-benefit plan is determined by discounting the future cash flows at an interest rate equal to that of bonds (high quality corporate) issued in the currency in which the liability shall be settled and which takes into account the duration of the related pension plan. The gains and losses from the actuarial calculation are entirely allocated to shareholders' equity during the year of reference.

In particular, it is disclosed that the company operates a defined-benefit plan which is represented by the Trattamento di Fine Rapporto ("TFR") (employee leaving indemnity). The TFR is mandatory for Italian companies pursuant to Article 2120 of the Italian Civil Code, provides deferred remuneration and is related to the duration of the employees' working lives and the remuneration received over the period of service they provide. As from 1 January 2007, Italian Law No. 296 dated 27 December 2006 "Finance Law 2007" and subsequent Decrees and Regulations, introduced significant amendments to the TFR, including providing employees with the option to pay into their own TFR into which all supplementary social security funds are placed or into the "Treasury Fund" managed by the INPS. It ensues therefore that the obligation vis-à-vis INPS and the contributions to supplementary pension funds have assumed, pursuant to IAS 19 Employee Benefits, the nature of defined-contribution plans, while the funds placed in the TFR fund as that 1 January 2007 maintain the essential qualities of defined-benefit plans.

Provisions for risks and charges

Provisions for risks and charges are provided for specific known or likely losses or liabilities, the timing and extent of which is unknown at year end. This entry is made only when there is a current obligation (legal or implicit) for the future outflow of financial resources as a result of past events and it is probable that this outflow will be requested for the discharge of the obligation. This amount represents the best estimate of the liability involved in settling this obligation. The rate used in determining the current value of the liability reflects the current market values and takes into account the specific risk associated with each liability.

When the financial effect of time is significant and the payment dates of the obligations are reliably estimated, the provisions are measured at the current value of the expected outlay using a rate that reflects market terms and conditions, the changes in the cost of money over time and the specific risk connected to the obligation. The increase in the value of the provision which is the result of changes in the cost of money over time is accounted for as interest payable.

Risks for which the related liability is merely contingent are disclosed in the notes to the financial statements (in the section on contingent liabilities) and no provision is made for such risks

Translation of foreign currency items

The transactions in currency other than the reporting currency are recognised at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in a foreign currency other than the Euro are subsequently adjusted using the exchange rate at the balance sheet date. Non-monetary assets and liabilities in foreign currency other than the Euro are carried at historic cost using the exchange rate prevailing on the date of initial recognition of the transaction. Any exchange rate differences are recognised in the income statement.

Revenues

The revenues are recognised to the extent that it is probable that the Company will receive economic benefits and their amounts can be reliably determined, taking into account also any returns, rebates, trade discounts and premiums pertaining to quantity.

The revenues for the rendering of services are recognised in the income statement with reference to the stage of completion of the service and only when the outcome of the transaction involving the rendering of services can be reliably estimated.

Revenues from work-in-progress are recognised on the basis of the stage of completion method.

Revenues from the sales of goods are measured at the fair value of the price received or due. Revenues from the sales of goods are recognised when the significant risks and benefits associated with ownership of the goods is transferred to the purchaser and the related costs can be reliably determined.

Interest income is recognised in the income statement based on the actual rate of return.

Government grants

Government grants for which there is an official resolution and, in any case, when the right to receive them is considered definite since reasonable certainty exists that the Company will comply with the terms and conditions required for receiving the grants and that the grants will be collected, are recognised on an accruals basis directly in relation to the costs incurred.

iii)Equipment grants

Government equipment grants refer to the amounts granted by the State or public entities to the Company for realisation of initiatives directly involving the construction, reactivation or expansion of buildings, plants and machinery. Capital grants are charged against the assets they refer to and reduce the calculation of the amortisation rate.

iv)Operating grants

Operating grants refer to amounts granted by the State or other public entities to the company and are charged against the costs and expenses incurred. Operating grants are recognised in the income statement and charged against the cost item they refer to.

Cost recognition

The costs are recognised when they relate to goods and services sold or consumed during the year or by systematic allocation.

Income taxes

The current taxes are determined on the basis of an estimate of the taxable income of the company and in compliance with the current tax laws applicable to the companies.

Prepaid and deferred taxes are calculated in relation to all the differences that emerge between the taxable base of an asset or liability and the related book value, except for the differences arising from equity investments in subsidiaries, when the time they can be reallocated is under the control of the company and it is probable that they will not be reversed over a time period that can be reasonably foreseen. Prepaid taxes, including those referring to prior tax losses, with regard to the portion that is not offset by deferred taxes, are recognised to the extent that it is probable that future taxable income will be available against which the same can be recovered. Prepaid and deferred taxes are determined using the tax rates which are expected to be applicable in the years in which the timing differences will be realised or settled.

Current taxes, prepaid and deferred taxes are recognised in the income statement except for those relating to items recognised among other components of the statement of comprehensive income or which are directly charged against or credited to shareholders' equity. Prepaid and deferred taxes are offset when the same are applied by the same tax authority, a legal right to compensation exists and settlement of the net balance is expected.

Other taxes not connected with income, such as indirect and other dues, are included under "Other operating costs" in the income statement.

Assets and liabilities held for sale and discontinued operations

Assets whose book value will mainly be recovered through a sale rather than through ongoing use, are classified as held for sale and represented separately from the other balance sheet assets and liabilities. The corresponding balance sheet values for the previous period are not reclassified. Discontinued operations represent a part of an entity which has been disposed of or classified as held for sale, and:

- represents an important business segment or geographic area of activities;

- is part of a co-ordinated disposal plan for an important business segment or geographic area of activities;
- is a subsidiary purchased exclusively for the purpose of being resold.

Results of discontinued operations, whether they have been disposed of or classified as held for sale and in the process of being disposed of, are stated separately in the income statement, net of the tax effects. The corresponding values for the previous period, if present, are reclassified and stated separately in the separate income statement, net of tax effects, for comparative purposes. Assets classified as held for sale are initially recognised according to the IFRS that is applicable to each asset and liability and subsequently at their book value or their fair value, net of costs to sell, whichever is the lower. Any subsequent impairment is recognised directly against any assets classified as held for sale with a matching balance in the income statement.

By contrast, there is a write-back for each subsequent increase in the fair value of an asset net of costs to sell, but only up to the cumulative impairment loss that has been recognised.

Recently issued accounting standards

Accounting standards endorsed by the European Union which are not relevant to the company

The EU legislator adopted certain accounting standards and interpretations which are mandatory starting from 1 January 2012 and which govern cases which do not apply to the company as at the date of this annual financial report, but which could have accounting effects on future transactions and agreements.

On 7 October 2010, the IASB published several amendments to IFRS 7 – Financial Instruments: Disclosures. The amendments were issued with the intention of improving disclosure on transfer transactions of financial assets (derecognition). In detail, the amendments require greater transparency on the exposure at risk in the event of transactions in which a financial asset has been transferred, but the transferor maintains any form of continuing involvement in this asset. The amendments also required greater disclosure in the event that a disproportionate amount of said transactions is entered into in proximity to the end of the accounting period. The adoption of this amendment did not have any effect on the financial statement disclosure since the case is not applicable to the company for 2012.

On 20 December 2010, the IASB issued a minor amendment to IAS 12 –Income Taxes, which requires the business to measure the deferred taxes deriving from property investments valued at fair value in relation to the way in which the book value of these assets will be recovered (by means of on-going use or sale). Specifically, the amendment establishes a related presumption that the book value of an investment property valued at fair value, as per IAS 40, is realised in full via the same and that the measurement of the deferred taxes, in the jurisdictions where tax rates are different, reflects the rate relating to the sale. The adoption of this amendment did not have any effect on the valuation of deferred taxes as at 31 December 2012 since the case is not applicable to the company for 2012.

Accounting standards endorsed by the European Union which have not been applied in advance by the company

On 12 May 2011, the IASB issued IFRS 10- Consolidated Financial Statements which will replace SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements which shall be renamed Separate Financial Statement and will address the accounting treatment of equity investments in the separate financial statements. The main changes established by the new principal are as follows:

- According to IFRS 10, there is just one basic standard for consolidating all the types of entities, and this standard is based on control. This amendment removes the inconsistency perceived between the previous IAS 27 (based on control) and SIC 12 (based on the transfer of the risks and benefits);
- A more reliable definition of control than in the past has been introduced based on three elements: (a) power over the company acquired; (b) exposure, or rights, to variable returns deriving from involvement with the same; (c) ability to use the power to influence the amount of these returns;
- IFRS 10 requires that an investor, so as to assess whether they have control over the company acquired, focuses on activities which considerably influence the returns of the same;
- IFRS 10 requires that, when ascertaining the existence of control, only the essential rights are considered, or rather those which can be exercised in practice when important decisions must be made in relation to the company acquired;
- IFRS 10 envisages practical guides supporting the assessment whether control exists in complex situations, such as *de facto* control, potential rights to vote, situations where it is necessary to establish whether whomever has decision-making power is acting as agent or principal, etc..

In general terms, the application of IFRS 10 requires a significant degree of judgement on a certain number of applicative aspects.

The standard is applicable retrospectively as from 1 January 2014 (or as from the financial statements for the periods which start as from 1 January 2013). The company has not yet analysed the effects of this new standard on the scope of consolidation.

On 12 May 2011, the IASB issued IFRS 11 - Joint arrangement which will replace IAS 31 - Interests in joint ventures and SIC 13 - Jointly-controlled entities, Non-monetary contributions by venturers. The new standard, without prejudice to the criteria for the identification of the presence of joint control, provides the criteria for the accounting treatment of the joint arrangements based on the rights and the obligations deriving from the agreements rather than on the legal form of the same and established the equity method as the only method for recording equity investments in jointly-controlled companies in the consolidated financial statements. According to IFRS 11, the existence of a separate special-purpose entity is not enough to classify a joint arrangement as a joint venture. The new standard is applicable retrospectively as from 1 January 2014 (or as from the financial statements for the periods which start as from 1 January 2013). Further to the issue of the standard, IAS 28 - Investments in associates and joint ventures, was amended so as to include within its sphere of application, as from the date of efficacy of the standard, also investments in jointly-controlled companies. This case is not applicable to the company for 2012.

On 12 May 2011, the IASB issued IFRS 12 -Disclosure of Interests in Other Entities, which is a new and complete standard on the additional information to disclose in the consolidated financial statements for every type of equity investment, including in subsidiaries, joint arrangements, associates, special purpose entities and other non-consolidated entities. The standard is applicable retrospectively as from 1 January 2014 (or as from the financial statements for the periods which start as from 1 January 2013).

On 12 May 2011, the IASB issued IFRS 13 – Fair Value Measurement, which illustrates how the fair value must be determined for financial statement purposes, and is applicable to all the cases where the standards require or permit measurement of fair value or the presentation of information based on fair value, with a number of limited exclusions. Furthermore, the standard requires disclosure on the measurement of the fair value (hierarchy of the fair value) which is more extensive than that currently required by IFRS 7. This standard is applicable prospectively from 1 January 2013.

On 16 December 2011, the IASB issued several amendments to IAS 32 – Financial Instruments: presentation, to clarify the application of several criteria for offsetting financial assets and liabilities which are present in IAS 32, in fact making this more difficult. The amendments are applicable retrospectively for periods beginning on or after 1 January 2014.

On 16 December 2011, the IASB issued several amendments to IFRS 7 – Financial Instruments: disclosures. The amendment requires information on the effects or potential effects of offsetting financial assets and liabilities on the balance sheet of a company. The amendments are applicable for periods beginning on or after 1 January 2013. The information must be provided retrospectively.

On 16 June 2011, the IASB issued an amendment to IAS 1 – Presentation of Financial Statements in order to request companies to group together all the items within the Statement of "Other comprehensive income/(losses)" according to whether they can be reclassified subsequently or not in the income statement. The amendment is applicable to the periods which start after or on 1 July 2012.

On 16 June 2011, the IASB issued an amendment to IAS 19 –Employee Benefits which eliminates an option to defer the recognition of actuarial gains and losses using the corridor method, requesting that all the actuarial profits and losses be recorded immediately in the Statement of Other comprehensive income or losses, so that the entire net amount of the provision for defined benefits (net of the assets serving the plan) are recorded in the consolidated balance sheet. The amendments also envisaged that the changes between one year and the next in the provision for defined benefits and the assets serving the plan must be divided up into three components: the components of the cost linked to the work services in the year must be recorded in the income statement as "service costs"; the net financial charges calculated applying the appropriate discount rate to the net balance of the provision for defined benefits net of the assets emerging at the start of the year must be recorded in the income statement as such; the actuarial gains and losses which derive from the re-measurement of the liabilities and assets must be recorded in the Statement of "Other comprehensive income/(loss)". Furthermore, the yield of the assets included among net financial expenses as indicated above must be calculated based on the discount rate of the liability and no longer on the basis of the expected yield from the assets. Finally the amendment introduces new additional information to be provided in the notes to the financial statements. The amendment is applicable retrospectively from the accounting period starting on or after 1 January 2013.

Accounting standards not endorsed by the European Union

As of the date of these financial statements, the competent bodies of the European Union had not yet concluded the endorsement process necessary for the adoption of the amendments and standards described below.

On 12 November 2009, the IASB published IFRS 9 – Financial Instruments: the same standard was subsequently amended on 28 October 2010. The standard, applicable retrospectively as from 1 January 2015, represents the first part of a process in stages which aimed to fully replace IAS 39 and introduce new standards for the classification and measurement of financial assets and liabilities. In detail, with regard to financial assets the new standard uses a single approach based on the methods for handling financial instruments and on the characteristics of the contractual cash flows of said financial assets for the purpose of establishing the accounting criteria, replacing the various rules envisaged by IAS 39. By contrast, with regard to financial liabilities, the main change concerns the accounting treatment of the fair value changes of a financial liability designated as a financial liability at fair value through profit and loss, in the event that these are due to a change in the credit worthiness of said liability. According to the new standard, these changes must be recorded in the Statement of "Other comprehensive income and losses" and no longer pass through the income statement. Stages two and three of the project on financial instruments, relating respectively to impairment of financial assets and hedge accounting, are still in progress. The IASB is also assessing limited improvements to IFRS 9 for the part relating to the Classification and measurement of financial assets.

On 17 May 2012, the IASB published the document Annual Improvements to the IFRSs: 2009-2011 Cycle, which acknowledges the amendments to the standards within the sphere of the annual improvement process for the same, concentrating on amendments deemed necessary, but not urgent. Mention is made below of those which involve a change in the presentation, recognition and measurement of the financial statement items, by contrast leaving aside those which will only lead to terminology changes or editorial variations which minimum effects in accounting terms, or those which affect standards or interpretations not applicable to the company:

- IAS 1 Presentation of financial statements – Comparative information: this clarified that in the event additional comparative information is provided, it must be presented in accordance with the IAS/IFRS. Furthermore, it clarified that in the event an entity changes an accounting standard or makes a retrospective adjustment/reclassification, the same entity will have to present a balance sheet also at the beginning of the comparative period ("third balance sheet" in the financial statement formats), while in the explanatory notes no comparative disclosure is requested for this "third balance sheet", other than the items concerned.
- IAS 16 Property, plant and machinery – Classification of servicing equipment: this clarifies that the servicing equipment will have to be classified in the item Property, plant and machinery if used for more than one accounting period, otherwise under inventories.
- IAS 32 Financial instruments: presentation - Direct taxes on the distributions to holders of equities and on transaction costs on equities: this clarifies that the direct taxes relating to these cases follow the rules of IAS 12.

The data of efficacy of the amendments proposed is envisaged for the accounting periods which start on 1 January 2013 or a subsequent date, with early application permitted.

Use of estimates and valuations

The preparation of the statutory financial statements requires that directors apply accounting standards and methods that, in some circumstances, are based on difficult and subjective valuations and estimates that are based on past experience and assumptions that are from time to time considered reasonable and realistic under the related circumstances. The final results of the financial statements item for which these estimates and assumptions have been used might be different, even significantly, from those reported in the financial statements due to the uncertainty characterising the assumptions and conditions on which estimates are based. The estimates and assumptions are periodically reviewed and the effects of any changes are reflected in the income statement, if they only involve that period. If the review involves both the current and future periods, the change is recognised in the period in which the review takes place and in the related future periods.

The final results could differ, also significantly, from these estimates following possible changes in the factors considered in determining these estimates.

A brief description follows of the main accounting standards requiring more subjectivity on behalf of the directors in the processing of the estimates and for which a change in the conditions underlying the assumptions used could have a significant impact on the consolidated financial data.

v)Impairment of assets

Pursuant to the accounting principles applied by the Company, the tangible and intangible assets with a definite useful life are tested for impairment which is recognised as a writedown if there are indications that the related net book value will be difficult to recover through use. The verification of the existence of these indications requires the directors to make subjective measurements based on information available within the company and the market, as well as based on past experience. Furthermore, when impairment is considered to have occurred, the company will determine the extent through the use of appropriate valuation techniques. Correct identification of the elements of impairment and the estimates for determination of the impairment itself depend on factors that may change over time thereby influencing the measurements and estimates made by the directors.

vi)Residual value of property plant and machinery, investment property and intangible assets

Pursuant to the provisions of IAS 16, 38 and 40, the depreciable/amortisable amount of an element of property, plant and machinery, property investments and intangible assets is determined by deducting the residual value from the cost. The residual value is determined as the estimated value that the entity could receive at the time of its disposal, net of the costs estimated for the disposal itself.

vii)Provisions for risks and charges

Provisions are made for legal and tax risks to cover the event of a negative outcome. The value of the provisions relating to these risks represents the best estimate made by the directors on that date. The estimate involves the use of assumptions that depend on factors that could change over time and could therefore have effects compared to the current estimates made by the directors for the preparation of the company's statutory financial statements.

viii)Taxes

The recognition of deferred tax assets is carried out on the basis of expectations regarding income in future years. The valuation of the income expected for the purposes of recognition of the deferred taxes depends on factors that could vary over time and significantly affect the measurement of the deferred tax assets.

ix)Fair value of derivative financial instruments

The fair value of derivative financial instruments that are not listed on active markets is determined through the use of valuation techniques. The company uses valuation techniques that use input which can directly or indirectly be observed on the market on the closing date of the accounting period and which are connected to the asset or liability being evaluated. Despite the estimates of the aforementioned fair values being deemed reasonable, possible changes in the factors used for the estimate on which the calculation of the aforementioned value is based could produce differing valuations.

5 Management of financial and operating risks

The activities carried out by the company expose it to various types of risk, which include market risk (interest rate risk, price risk and exchange rate risk), liquidity risk and credit risk.

In this section we provide information regarding the exposure of the company to each of the risks indicated above, the objectives, policies and management processes applied to such risks and the methods used to assess them, as well as the management of the Group capital. Furthermore, these financial statements include additional quantitative information. The management of the company's risk focuses on the volatility of financial markets and seeks to minimize potential undesirable effects on the financial and economic performance of the same.

The overall responsibility for the creation and supervision of a risk management system for the company lies with the Board of Directors. The company's strategy for the management of financial risks is compliant and coherent with the corporate goals defined by the parent company's Board of Directors within the sphere of the strategic plans from time to time approved and is aimed at managing and controlling these risks.

Credit risk

The credit risk is the risk that a customer or one of the counterparties to a financial instrument causes financial losses by failing to fulfil an obligation and derives mainly from trade receivables and the financial investments of the company.

In order to define the strategies and guidelines for the trade receivables policy, grant credit facilities to customers, disperse the credit risk, monitor the solvency of customers and start debt recovery operations, the company established the position of Credit Manager and issued an organisational procedure for credit management.

The prospects for the recovery of credit are assessed position by position, taking into account the indications of the office managers and internal and external legal advisors who follow the recovery process.

Receivables for which there is a probability of loss as at the date of the financial statements are written down.

It should also be pointed out that the Group has received sureties and/or guarantee deposits covering approximately one quarter of the total annual rents.

The following table shows the company's exposure to credit risk:

(in thousands of EUR)	**31 Dec. 2012**	**31 Dec. 2011**
Current trade receivables	81,972	77,206
Other current assets	2,731	12,803
Non-current financial assets (including derivatives)	-	-
Other non-current assets	1,290	1,807
Cash & cash equivalents	26,995	26,802
Non-current trade receivables	5,899	6,161
Construction contracts	12,230	14,371
Total exposure net of writedown allowance	**131,117**	**139,150**

The following table shows the exposure to credit risk by counterparty.

(figures in %)	**31 Dec. 2012**	**31 Dec. 2011**
Ordinary customers	84%	74%
Other creditors	16%	26%
Total exposure net of writedown allowance	**100%**	**100%**

The amount of the financial assets considered to be doubtful with regard to recovery and which are of a non-significant amount, is covered by appropriate provisions to the allowance for doubtful receivables.

The following tables provide a breakdown of the financial assets as at 31 December 2012 and 2011, grouped by maturity, net of the allowance for doubtful receivables.

(figures in %)		**31 Dec. 2012**				
		Past due by				
	Falling due	**0-30**	**31-120**	**121-365**	**Beyond 1 year**	**Total**
Ordinary customers	51%	14%	11%	9%	16%	100%
Financial institutions	100%					100%
Other creditors	23%		17%	75%	8%	100%

(figures in %)		**31 Dec. 2011**				
		Past due by				
	Falling due	**0-30**	**31-120**	**121-365**	**Beyond 1 year**	**Total**
Ordinary customers	54%	11%	13%	8%	14%	100%
Financial institutions	100%					100%
Other creditors	37%		28%	31%	4%	100%

Liquidity risk

The liquidity risk is the risk that an entity may find it difficult to fulfil the obligations associated with financial liabilities to be settled through the delivery of cash or other financial assets.

The loans taken out to finance the refurbishment of both station complexes and property investments have all been paid out and are structured on the basis of the estimated future cash flows expected from the lease agreements.

It is hereby noted that during 2012 - further to the activation of the procedures involving direct disbursement - a tranche of EUR 25,190 million was collected for the grants of the "Legge Obiettivo" works.

Grandi Stazioni, which aims to prudently manage liquidity risk which originates from normal operations, utilises leading financial institutions in the banking system, from which it has received committed and uncommitted credit facilities granted to cover liquidity needs. As at 31 December 2012, Grandi Stazioni had credit facilities amounting to EUR 66 million of which EUR 2.5 million used for the issuing of guarantees.

The contractual maturities of the financial liabilities, including interest to be paid, are shown in the following table (*amounts in thousands of EUR*):

		Contractual cash flows					
31 December 2012	**Book value**	**Contractual cash flows**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**Beyond 5 years**
Non-derivative financial liabilities							
Bank loans	169,217	186,485	8,972	8,663	17,416	54,133	97,301
Trade payables	108,732	108,732	65,623	43,100			
Derivative financial liabilities							
Interest rate swaps	8,805	9,297	844	836	1,641	4,015	1,961
Interest rate collars and interest rate caps	814	849	148	148	277	276	0
Total	**287,568**	**305,364**	**75,597**	**52,747**	**19,334**	**58,424**	**99,262**

		Contractual cash flows					
31 December 2011	**Book value**	**Contractual cash flows**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**Beyond 5 years**
Non-derivative financial liabilities							
Bank loans	185,203	215,994	10,106	10,344	19,168	58,065	118,311
Trade payables	106,172	106,172	48,995	57,177			
Derivative financial liabilities							
Interest rate swaps	5,696	5,015	505	410	1,165	2,397	538
Interest rate collars and interest rate caps	420	302	32	32	80	152	6

Total	**297,491**	**327,483**	**59,638**	**67,963**	**20,413**	**60,614**	**118,855**

Derivative and non-derivative financial liabilities

31 December 2012	Total book value	Book value maturities				
		Within 12 months	6-12 months	1-2 years	2-5 years	Beyond 5 years
Non-derivative financial liabilities						
Bank loans	169,217	8,109	7,821	15,759	48,238	89,566
Total	**169,217**	**8,109**	**7,821**	**15,759**	**48,238**	**89,566**

31 December 2011	Total book value	Book value maturities				
		Within 12 months	6-12 months	1-2 years	2-5 years	Beyond 5 years
Non-derivative financial liabilities						
Bank loans	185,203	8,030	8,126	15,930	47,747	105,369
Total	**185,203**	**8,030**	**8,126**	**15,930**	**47,747**	**105,369**

The contractual flows of floating rate financial liabilities have been calculated using the forward rates estimated as at the balance sheet closing date.

With regard to the stratification of the flows expected from derivative financial instruments please see the "Exchange risk" and "Interest rate risk" sections below.

Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market rates, changes in exchange rates, interest rates or the prices of equity instruments. The purpose of managing the market risk is to handle and maintain the company's exposure to this risk within acceptable levels, while optimising return from investments. The company uses hedges in order to handle the volatility of results.

Fair value of a derivative contract is determined using the official prices for instruments traded on organised markets. The fair value of instruments not listed on organised markets is determined using measurement techniques appropriate for each type of financial instrument and market data as of the close of the period (such as interest rates, exchange rates, and volatility), discounting expected cash flows on the basis of the market interest rate curve at the balance sheet date and translating amounts in currencies other than the Euro using year-end exchange rates provided by the European Central Bank.

There were no changes to the criteria for the evaluation of derivatives at the end of the financial year compared to those adopted at the end of the previous financial year. The effect of these evaluations on the income statement and shareholders' equity are therefore due exclusively to normal market trends.

The notional value of a derivative contract is the amount on the basis of which flows are exchanged. The notional amounts of derivatives reported here do not necessarily represent amounts exchanged between the parties and

therefore are not a measure of the company's credit risk exposure.

The financial assets and liabilities relating to derivative instruments owned by the company are cash flow hedge derivatives, concerning the hedging of the risk of changes in cash flows or the exchange rate risk connected to long-term indebtedness indexed at a floating rate.

Exchange risk

During the period the company did not carry out any transactions in foreign currency and therefore there are no risks relating to fluctuations in exchange rates.

Interest rate risk

During the meeting on 20 March 2009, the Board of Directors of Grandi Stazioni decided to implement additional hedges with respect to those already in existence in order to increase the ratio between the hedged value and the exposure to floating rates in relation to existing loan contracts by 50%.

The company is exposed to interest rate risk in relation to medium/long-term loans. Loans bearing floating interest rates expose the company to the risk of changes in interest rates. The company's policy envisages keeping approximately 44% of the medium/long-term loans at a fixed rate, converting floating rate loans to fixed rate through the use of hedges. In 2012 and 2011 of the floating rate loans were denominated in Euro.

The instruments envisaged were traditional derivatives (such as, for example, IRS, FRA, COLLAR, CAP). As at 31 December 2012, Interest Rate Swaps, Interest Rate Collars were again used, in addition to an Interest Rate Cap entered into prior to the date of said resolution.

The credit risk policy for transactions in derivatives has been defined for Grandi Stazioni and the other major companies belonging to the FS Group.

In order to avoid concentrations of this credit risk, it was established that no counterparty could assume positions in excess of 30% of the notional value of the debt being hedged and the minimum rating would have to be at least equal to "A-."

As at 31 December 2012, the Grandi Stazioni had 3 ISDA Master Agreements with leading Italian and international institutions possessing the required credit rating and its transactions were contained within the afore-mentioned concentration limits. Neither counterparty holds a notional value of derivatives equal to more than 30% of the debt portfolio being hedged.

The loans taken out by the Company are normally settled at a floating rate increased by a spread. The economic results of the Company are therefore significantly influenced by the performance of interest rates.

The Company's policy is to minimise the risk linked to interest rates as much as possible over the medium-term, so as to remain essentially exposed only to the risks linked to property assets.

As at 31 December 2012, the following hedges were outstanding:

·IRS with RBS (Royal Bank of Scotland) entered into in 2009 to hedge the EIB loan, with a notional value of EUR 20 million and an amortising structure with a fixed rate of 3.635%; maturity is on 30 June 2023;

·IRS with Credit Agricol entered into in 2009 to hedge the EIB loan, with a notional value of EUR 30 million and an amortising structure with a fixed rate of 3.738%; maturity is on 30 June 2023;

·Collar with BNP Paribas entered into in 2010 to cover the EIB loan, with a notional value of EUR 25 million and amortising structure with a cap rate of 3.96%, a floor of 1.25% and a spread of 0.25%; maturity is on 31 December 2016;

All the contracts indicated are qualified as cash flow hedges. The expiry of these contracts does not exceed the maturity of the underlying financial liabilities so that any change in fair value and/or expected cash flows of these contracts is balanced by a corresponding change in the fair value and/or expected cash flows of the underlying position.

Interest rate swaps usually provide for the periodic exchange of flows of interest at floating rates against flows of interest at fixed rates, both calculated on the same notional reference capital.

Interest rate options provide for the periodic payment of an interest rate differential calculated on a notional capital reference, once specific predefined values are achieved (the strike). These threshold values determine the maximum rate (the cap) or minimum rate (the floor) at which the indebtedness will be index-linked as a result of the hedge.

Interest rate options are usually entered into when the fixed interest rate achievable through an interest rate swap is considered to be too high with respect to the expectations of the company on future interest rates. In addition, the use of interest rate options is considered appropriate in periods of uncertainty regarding the future performance of rates, making it possible to benefit from any interest rate decreases.

The following table shows the medium/long-term fixed and floating rate loans (including the short-term portion):

Medium/long-term loans (including the short-term portion)				**Contractual cash flows**		
				Portion of the notional value maturing between		
	Accounting balance	**Book value**	***Current notional value***	***1 and 2 years***	***2 and 5 years***	***Beyond 5 years***
- floating rate	169,217	169,492	15,930	15,759	48,238	89,566
Balance as at 31 December 2012	**169,217**	**169,492**	**15,930**	**15,759**	**48,238**	**89,566**
- floating rate	185,203	185,203	16,156	15,930	47,747	105,369
Balance as at 31 December 2011	**185,203**	**185,203**	**16,156**	**15,930**	**47,747**	**105,369**

The following table shows the percentage of medium/long-term fixed and floating rate loans (including the short-term portion):

Medium/long-term loans (including the short-term portion)	**31 Dec. 2012**	**31 Dec. 2011**
Prior to hedging with derivatives		
- floating rate	100%	100%
- fixed rate	0%	0%
After hedging with derivatives		
- floating rate	56%	60%
- protected floating rate	15%	13%
- fixed rate	29%	27%

It is hereby noted that the company has no transactions of a speculative nature or which are not connected to its own debt position.

Sensitivity analysis is presented below, highlighting the effects which would be registered in terms of change in the financial expense in the presence of a change of +/- 50 basis points in the Euribor rates applied to loans payables during 2012.

+50 bps additional cost hypotheses	**31 Dec. 2012**	**31 Dec. 2011**
Additional costs for interest	908	988
Minor costs for SWAPs	(296)	(254)
Total	**611**	**733**
IRES (company earnings' tax)	27.50%	27.50%
Net impact	**443**	**532**

-50 bps additional cost hypotheses	**31 Dec. 2012**	**31 Dec. 2011**
Additional costs for interest	(908)	(988)
Greater costs for SWAPs	333	316
Total	**(575)**	**(672)**
IRES (company earnings' tax)	27.50%	27.50%
Net impact	**(417)**	**(487)**

If the interest rates in the years ended 31 December 2012 and 2011 have been 50 basis points higher, with all other variables being equal, the profit for the year net of the tax effect would have been lower by EUR 0.443 million and EUR 0.532 million respectively. On those same dates, if the interest rates have been 50 basis points lower, with all other variables being equal, the profit for the year would have been higher by EUR 0.417 million and EUR 0.487 million respectively.

In conclusion, the "Hedging derivatives fair value sensitivity" table is presented, which indicates the balance sheet effects which would be registered on the value of the derivatives should an increase or decrease of 50 basis points take place in the Euribor interest rates.

	Shift + 50 bps	**Shift - 50 bps**
Fair value hedging derivatives	2,169	2,361

Capital management

The company's objective insofar as capital management is concerned is mainly to ensure the ongoing nature of the company so as to guarantee the returns to the shareholders and the benefits for other stakeholders. The company has also set for itself the objective of maintaining an optimal capital structure so as to reduce borrowing costs.

Financial assets and liabilities by category

In order to complete the information provided on financial risks, the table below provides a reconciliation between financial assets and liabilities as shown in the balance sheet and the financial asset and liability category indicated based on the requirements of IFRS 7 (*in EUR thousands*):

Financial assets and liabilities by category

31 Dec. 2012	Receivables and loans	Payables and loans due	Hedging derivatives
Non-current trade receivables	5,899		
Current financial assets (including derivatives)	4,836		
Other non-current assets	1,290		
Construction contracts	12,230		
Current trade receivables	81,972		
Other current assets	2,731		
Medium/long-term loans		153,260	
Non-current financial liabilities (including derivatives)			9,619
Other non-current liabilities		4,101	
Short-term loans and current portion of medium/long-term loans		15,956	
Current trade payables		108,732	
Other current liabilities		7,559	

Financial assets and liabilities by category

31 Dec. 2011	Receivables and loans	Payables and loans due	Hedging derivatives
Non-current trade receivables	6,162		
Current financial assets (including derivatives)	16,974		
Other non-current assets	1,807		
Construction contracts	14,214		
Current trade receivables	77,205		
Other current assets	12,803		
Medium/long-term loans	-	169,047	
Non-current financial liabilities (including derivatives)			6,116
Other non-current liabilities		4,282	
Short-term loans and current portion of medium/long-term loans		16,156	
Current trade payables		106,172	
Other current liabilities		9,311	

Analysis of the balance sheet items

6 Property, plant and machinery

The table below shows the property, plant and machinery at the start and end of the year, together with the related changes. It should be noted that there were no changes in the estimated useful life of these assets during 2012.

	Land, buildings, port and railway infrastructure	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Construction in progress and advance payments	Leased assets	Total
Historical cost	90,859	83,030	1,058	6,471	157,758	1,014	340,190
Depreciation and impairment losses	(5,787)	(15,378)	(1,008)	(5,030)	(418)	(981)	(28,602)
Grants		(18,747)			(30,156)		(48,903)
Balance as at 31 Dec. 2011	**85,072**	**48,905**	**50**	**1,441**	**127,184**	**33**	**262,685**
Investments	36	10,099		229	34,676		45,040
Entry into service	3,167	1,490			(12,529)		(7,872)
Depreciation	(3,109)	(5,159)	(19)	(482)		(8)	(8,777)
Impairment losses				205			205
Sales and disposals				(205)			(205)
Increases in grants for the period					(25,190)		(25,190)
Other reclassifications					(2,645)		(2,645)
Total changes	**94**	**6,430**	**(19)**	**(253)**	**(5,687)**	**(8)**	**556**
Historical cost	94,062	94,619	1,058	6,495	177,259	1,014	374,508
Depreciation and impairment losses	(8,896)	(20,537)	(1,027)	(5,307)	(418)	(989)	(37,174)
Grants	-	(18,747)	-	-	(55,346)	-	(74,093)
Balance as at 31 Dec. 2012	**85,166**	**55,335**	**31**	**1,188**	**121,496**	**25**	**263,241**

The increases in the item Construction in progress and advance payments totalling EUR 34,676 thousand in 2012 refer to the capitalisation of external and internal costs mainly concerning design and work costs for the renovation activities underway at the Venice, Genoa, Verona, Bologna, Florence, Bari and Palermo Central stations. The change in investments for "plant and machinery" is essentially due to the purchase of the advertising system finalised in December for EUR 9,759 thousand further to the closure of the Arbitration Award with the supplier Vidion; for the related details, see the notes on the main events during the year in the report on operations. The recognition of this value under the assets in the item property, plant and machinery (which represents a independent cash flow generating unit) is supported by adequate checking of the recoverability of the value via impairment test, carried out considering the future cash flows expected discounted back concerning Advertising, on the basis of the "2011-2015 Media plan" approved by the company's Board of Directors subsequently updated for the years 2012-2016 to take into account the market trend and the new investment prospects.

Assets entering into service for a total of EUR 12,529 thousand concerned: the item Buildings for EUR 3,167 thousand and Plant and machinery for EUR 1,490 thousand, for the bringing onto stream of Verona Porta Nuova station during the year. The remaining EUR 7,872 thousand concerns the bringing into stream of the improvements made to the divisional property owned, located close to Venice station, reclassified - for a more correct financial statement presentation - in the item "investment property".

The operating grants totalling EUR 74,093 thousand refer to: EUR 18,747 of former Jubilee 2000 grants received by the company for the construction of the Rome Termini station; EUR 55,345 thousand to work under way for the "additional station complex work," approved as part of the strategic infrastructure program (Law 443/2001 – the so-called "Legge Obiettivo"). EUR 25,190 thousand was collected in October for this latter form of funding. For greater details please see the section "Loans" under Main events during the year in the Group Report on operations.

The reclassification for EUR 2,645 thousand refers to renovation work carried out by the company on behalf of RFI (Rete Ferroviaria Italiana), at the Milan Central, Turin Porta Nuova and Naples Central stations, the payments for which, during the first half of the year, were acknowledged as reimbursable by said RFI and thus invoiced to the same.

7 Investment Property

The following table lists the property investments and the changes in the same.

	2012		Total	2011		Total
	Land	Buildings	Item	Land	Buildings	Item
Balance as at 1 January						
Cost	10,925	42,891		10,925	42,891	
Accumulated depreciation	-	(15,240)		-	(13,442)	
Book value	**10,925**	**27,651**	**38,576**	**10,925**	**29,449**	**40,374**
Changes during the year						
Reclassifications		7,872				
Depreciation		(1,903)			(1,798)	
Total changes		**5,969**			**(1,798)**	
Balance as at 31 December						
Cost	10,925	50,763		10,925	42,891	
Accumulated depreciation		(17,143)			(15,240)	
Book value	**10,925**	**33,620**	**44,545**	**10,925**	**27,651**	**38,576**

The item investment property includes the value of the properties bordering the stations of Naples Central, Venice Santa Lucia and the building complexes in Bologna and Florence. In addition to the depreciation charge for the period, the item disclosed an increase due to the introduction of the improvement made to the Venice divisional property as mentioned in the previous section.

There are mortgages on the Florence, Bologna, Venice and Naples properties against loans originally totalling EUR 80 million.

The property investments indicated include various properties occupied by companies in the Ferrovie dello Stato Italiane Group and/or by third parties from which the parent company receives compensation for occupancy or lease fees. For more details on dealings with related parties, see note 45. Total lease revenues recorded in the period amounted to EUR 2,653 thousand (EUR 3,120 thousand in 2011) and the maintenance cost amounted to EUR 498 thousand (EUR 755 in 2011).

With regard to the appraisal of the investment properties, the Company deemed those made over the last few years by an independent external appraiser to be valid, having established the appraisal values to be higher than the book values.

8 Intangible assets

The table below lists the intangible asset balances made up of just software and usage licences and accessory charges which increased during the year by EUR 737 thousand mainly due to investments made on the ERP-SAP system.

	Concessions, licences, trademarks and similar rights
Historical cost	5,111
Amortisation and impairment losses	(4,568)
Balance as at 31 Dec. 2011	**543**
Investments	737
Amortisation	(323)
Total changes	**414**
Historical cost	5,848
Amortisation and impairment losses	(4,891)
Balance as at 31 Dec. 2012	**957**

It is hereby noted that during 2012, the company did not incur research and development costs.

9 Prepaid tax assets and deferred tax liabilities

The following tables illustrate the balance of the prepaid tax assets and deferred tax liabilities, together with the changes that occurred in 2012:

	31 Dec. 2011	**Increase (decrease) booked in IS**	**Other changes**	**31 Dec. 2012**
Prepaid tax assets:				
Value differences on tangible and intangible assets	879	(225)		654
Provisions for risks and charges and impairment losses with deferred tax deductibility	4,019	1,067		5,086
Valuation of financial instruments	1,641		948	2,589
Other items	513	81		594
Total	**7,052**	**923**	**948**	**8,923**
Deferred tax liabilities:				
Differences on long-term financial assets	444			444
Income subject to deferred taxation	6,102	(2,211)		3,891
Valuation of financial instruments	80	(7)		73
Employee benefits	82	59	(81)	60
Capitalised financial charges	2,215	(97)		2,118
Total	**8,923**	**(2,255)**	**(81)**	**6,586**

Prepaid tax assets totalled EUR 8,923 thousand as at 31 December 2012, up by EUR 1,871 thousand compared to 31 December 2011. This difference is principally due to the timing differences that emerged following the allocations made to the allowance for doubtful receivables, the provision for risks and charges and the valuations of the financial instruments.

There are no prior tax losses on which the Company could have recorded prepaid taxes.

The deferred tax liabilities totalled EUR 6,586 thousand as at 31 December 2012, down by EUR 2,336 thousand, mainly attributable to the re-absorption of the deferred taxes recorded on the capital gains generated on the sale of the former departmental office buildings in Venice and Rome, payable for tax purposes in instalments during the current year and respectively the next one and three years.

10 Equity investments

The tables below show the opening and closing balances for the period under review, grouped by category, and the related changes that took place in 2012 and 2011 in equity investments.

	Original cost 31 Dec. 2011	Original cost 31 Dec. 2012
Equity investments in subsidiary companies	4,074	4,074
	4,074	**4,074**

	Net Value 31 Dec. 2011	Changes in the year: Purchases / subscriptions	Disposals/ reimbursements	Writedowns/ writebacks	Reclassifications	Other changes	Net Value 31 Dec. 2012	Cumulative Writedown Provision
Equity investments in subsidiary companies								
Grandi Stazioni Ingegneria S.r.l.	20						20	
Grandi Stazioni Ceska Repubblica Sro	4,054						4,054	
	4,074	-	-	-	-	-	**4,074**	

The list of equity investments in subsidiaries currently owned by the company and a comparison between the book values and the corresponding portion of shareholders' equity owned, are presented below.

	Registered offices	Share capital	Profit (loss) for the period	Shareholders' equity as of 31 Dec. 2012	% holding	% of shareholders' equity (a)	Book value as at 31 Dec. 2011 (b)	Difference (b) - (a)
Equity investments in subsidiary companies								
Grandi Stazioni Ingegneria S.r.l.	Rome	20	299	768	100%	768	20	(748)
Grandi Stazioni Ceska Repubblica Sro	Prague	7,950	1,451	11,853	51%	6,045	4,054	(1,991)
TOTAL		**7,970**	**1,750**	**12,622**		**6,813**	**4,074**	**(2,739)**

The significant differences recorded for both the companies, between the book value and the shareholders' equity, are due to the profits generated in previous years carried forward.

11 Current and non-current trade receivables

Trade receivables are analysed as follows:

	31 Dec. 2012			31 Dec. 2011			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Ordinary customers	5,899	61,728	67,627	6,162	56,032	62,194	(263)	5,696	5,43
Amounts due from Group companies		29,816	29,816		31,496	31,496	-	(1,680)	(1,68
Subsidiaries		*690*	*690*		*929*	929	-	*(238)*	*(23*
Parent Company		*2,209*	*2,209*		*146*	146	-	2,063	2,06
Other affiliated companies		*26,916*	*26,916*		*30,421*	30,421	-	(3,505)	(3,50
Total	**5,899**	**91,544**	**97,443**	**6,162**	**87,528**	**93,690**	**(263)**	**4,016**	**3,75**
Allowance for doubtful receivables		(9,572)	(9,572)		(10,323)	(10,323)	-	751	75
Third parties		*9,433*	9,433		*10,012*	10,012	-	(579)	(57
Group		*139*	139		*312*	312	-	(173)	(17
Total net of allowance	**5,899**	**81,972**	**87,871**	**6,162**	**77,205**	**83,367**	**(263)**	**4,767**	**4,50**

Trade receivables as at 31 December 2012 increased overall with respect to the previous year by EUR 4,504 thousand; “current” receivables increased EUR 4,767 thousand while “non-current” receivables fell by EUR 263 thousand. The improvement vis-à-vis the Group companies was mitigated by the slowdown seen vis-à-vis third party customers; however, the widespread action for recovery of receivables which continued in a systematic manner throughout the period should, in any event, lead to positive results during the coming year.

During the year, the allowance for doubtful receivables was used for a total of EUR 2,017 thousand for receivable positions definitively non-collectable or settled, released for EUR 171 thousand and used for EUR 2 thousand. Furthermore, following the indications of difficulty that became apparent in certain past due positions which present an increase with specific reference to the more mature positions relating to both media customers and tenants, it was deemed advisable to increase the allowance for doubtful receivables by a total of EUR 1,438 thousand, so as to reach a total balance of EUR 9,572 thousand.

The ageing of the receivables as at the balance sheet date is shown below:

	Gross value 31 Dec. 2012	Writedown 31 Dec. 2012	Gross value 31 Dec. 2011	Writedown 31 Dec. 2011
Not yet due	49,303		50,827	
Past due by 0-30 days	13,386		10,470	
Past due by 31-120 days	10,531		12,063	
Past due by 121-365 days	8,391	(3,750)	7,169	(4,045)
Beyond 1 year	15,832	(5,822)	13,161	(6,279)
Total	**97,443**	**(9,572)**	**93,690**	**(10,323)**

It is hereby noted that the main customers from which over 10% of total company’s revenues derived in 2011 and 2012 are the following:

- Rete Ferroviaria Italiana with EUR 54,490 thousand in 2011 and EUR 51,150 thousand in 2012;
- Trenitalia with EUR 26,418 thousand in 2011 and EUR 29,299 thousand in 2012.

The afore-mentioned revenues are all related to the company’s core business operations involving the lease and management of the spaces.

The maximum exposure to credit risk, shown by geographic region, is the following:

	31 Dec. 2012	31 Dec. 2011	Changes

Italy	87,848	83,052	4,797
Euro zone countries	23	315	(293)
Total	**87,871**	**83,367**	**4,504**

12 Other current and non-current assets

The item is broken down as follows:

	31 Dec. 2012			31 Dec. 2011			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Other tax receivables	1,288	1	1,289	1,805	40	1,845	(517)	(39)	(555)
VAT credits					80	80		(80)	(80)
IRES (company earnings tax) for tax consolidation		615	615		354	354		261	261
Sundry debtors	2	1,885	1,887	2	12,003	12,005		(10,119)	(10,119)
Accrued income and prepaid expenses		230	230		325	325		(95)	(95)
Total	**1,290**	**2,731**	**4,021**	**1,807**	**12,803**	**14,609**	**(517)**	**(10,072)**	**(10,588)**
Allowance for doubtful receivables			-	-	-	-	-	-	-
Total net of allowance	**1,290**	**2,731**	**4,021**	**1,807**	**12,803**	**14,609**	**(517)**	**(10,072)**	**(10,588)**

The other "non-current" tax credits refer mainly to: the Irpeg credit of EUR 1,288 thousand as at 31 December 2012 (due beyond 12 months), transferred from Ferrovie dello Stato S.p.A. in 2004, used in each accounting period to the maximum limit envisaged by applicable legislation (Italian Legislative Decree No. 241/97). Sundry debtors amounting to EUR 2 thousand concern guarantee deposits.

The IRES credit from the tax consolidation scheme relates to the difference resulting from the advances paid to the parent company Ferrovie dello Stato Italiane S.p.A. and the taxes set aside during the current year.

The significant change in other "current" debtors is mainly due to the closure of the advances paid to the supplier Vidion of reference for the "Media" activities further to the issue of the Arbitration award whose effects are commented on in the section provisions for risks and charges.

Accruals and deferrals refer to portions of cost to be deferred to the following year for insurance premiums paid in advance.

All the receivables in this financial statement item refer to Italy.

13 Construction contracts

Construction contracts are made up as follows:

	31 Dec. 2012	31 Dec. 2011	Changes
Construction contracts	38,555	36,251	2,304
Allowance for doubtful receivables	(165)	(157)	(8)
Net value	**38,390**	**36,094**	**2,296**
Advance payments	(26,160)	(21,880)	(4,280)
Total construction contracts	**12,230**	**14,214**	**(1,984)**

The construction contracts referring to orders not completed as at 31 December 2012 were recognised under inventories, based on the contractual amounts disciplined by contracts entered into mainly with RFI S.p.A. and Trenitalia S.p.a. (both companies belonging to the FS Group).

The decrease in the construction contracts item as at 31 December 2012 compared to the previous year of EUR 1,984 thousand is due to the combined effect of: an increase of EUR 2,304 thousand for the increase in the contractual amounts accrued in the year for work completed, net absorption of the allowance for doubtful receivables of EUR 8 thousand, and decreases of EUR 4,280 thousand for advances received mainly from RFI and Trenitalia.

The table below shows the changes in the allowance for doubtful receivables during the period, with the provisions and releases relating to the expected losses.

	Balance as at 31 Dec. 2011	Provisions	Uses	Release of excess allowances	Balance as at 31 Dec. 2012
Construction contracts writedown allowance	**157**	80		(72)	**165**
TOTAL	**157**	**80**	**-**	**(72)**	**165**

14 Current and non-current financial assets (including derivatives)

The table below shows the changes in financial assets at the end of the two periods compared.

	Book value								
	31 Dec. 2012			31 Dec. 2011			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Financial assets									
- Other financial receivables (from parent company)		4,836	4,836	-	16,974	16,974	-	(12,138)	(12,138)
	-	**4,836**	**4,836**	**-**	**16,974**	**16,974**	**-**	**(12,138)**	**(12,138)**

It is hereby noted that the book values reflect the respective fair values determined as at the balance sheet dates.

The financial receivables from the parent company consist entirely of the balance of the intercompany current account held by Ferrovie dello Stato Italiane S.p.A. as at 31 December 2012, through which the collections and payments relating to economic dealings with companies belonging to the FS Group transit, (in addition to the same parent company, Ferservizi, Italferr, RFI and Trenitalia). This current account relationship takes place at arm's length and based on a contract that envisages a receivable interest rate equal to the average monthly Euribor minus a spread of 0.175% per annum. The average rates applied for 2011 and 2012 are respectively equal to: 0.017% and 0.199%."

Please see note 5, sections "Exchange rate risk" and "Interest rate risk" for information on the Group's derivative financial instruments.

15 Cash & cash equivalents

The item is broken down as follows:

Description	31 Dec. 2012	31 Dec. 2011	Changes
Bank and post office deposits	26,989	26,795	194
Cash and equivalents on hand	6	7	(1)
Total	**26,995**	**26,802**	**193**

The current year end balance has not changed significantly compared to the prior year and shows the cash and cash equivalents as at 31 December 2012.

16 Tax receivables

The tax receivables as at 31 December 2012 disclosed a balance of EUR 777 thousand, due to the differential between the advances paid and the amounts set aside in the current year.

	31 Dec. 2012	31 Dec. 2011	Changes
IRAP credit (regional business tax)	777	-	777
Total	**777**	**-**	**777**

17 Current assets held for sale

As at 31 December 2012, the "non-current assets held for sale" consisted of the residual value of the former divisional Genoa building, reclassified from property investments in 2010, following the resolution of the Board of Directors, which granted the CEO mandate to initiate the procedures for disposal of the properties in question. The item, stated at a value no higher than the estimated realisable one in the event of sale, did not undergo any changes during the year.

Assets held for sale	31 Dec. 2012	31 Dec. 2011	Changes
Building and Land Trading	7,266	7,266	-
Total assets held for sale	**7,266**	**7,266**	**-**

18 Shareholders' equity

Grandi Stazioni S.p.A.'s goals with regard to the management of capital are based on the creation of value for shareholders, guaranteeing the interests of stakeholders and safeguarding the status of the company as an going-concern, as well as maintaining an adequate level of capitalisation so as to enable the strengthening of the equity and financial structure of the Company, also in consideration of the significant investments currently being made.

The changes that occurred during 2012 regarding the main items making up shareholders' equity are shown analytically in the statement which follows the financial statements schedules.

Share capital

The share capital of the company as at 31 December 2012, fully subscribed and paid up, consists - as it did in 2011 - of 83,334 ordinary shares with a par value of EUR 51.65 each, totalling EUR 4,304,201.10. As at 31 December 2012, based on the results of the shareholders' register, the share capital was 60% held by Ferrovie dello Stato Italiane S.p.A. and 40% by Eurostazioni S.p.A..

Legal reserve

The legal reserve, totalling EUR 861 thousand, was unchanged compared to 31 December 2011, as it had reached the limit as indicated in Article 2430 of the Italian Civil Code (20% of the share capital).

Extraordinary reserve

The extraordinary reserve is a result of the allocation of profits from previous years which were not distributed. This reserve has therefore increased by EUR 14,162 thousand in 2012.

Share premium reserve

The share premium reserve, which amounts to EUR 58,309 thousand, dates back to the share capital increase transaction which took place on 28 July 2000 and has not changed when compared to the previous year.

Reserve for actuarial gains (losses) for employee benefits

The item amounts to less than EUR 346 thousand and includes just the portion of gains/(losses) deriving from the actuarial calculation booked in full to shareholders' equity, in the reference period, taking into account the related deferred tax effect.

Reserve for fair value valuation on derivatives - Cash flow hedge

The item amounts to less than EUR 6,824 thousand and includes the effective portion of the net accumulated change in fair value from the cash flow hedges relating to hedging transactions that had not yet taken place taking into account the related tax effect. The change of EUR 2,498 thousand reported during the year is the consequence of the adjustment of the instruments in question to fair value at year end. For additional details please see note 5 under section "interest rate risk" and note 22 "”Non-current financial liabilities (including derivatives).

Retained earnings

The retained earnings amount to EUR 9,387 thousand and refer to the reserves deriving from first-time adoption of the IAS net of the actuarial valuation reserves and the cash flow hedges mentioned above.

Result for the year

The result for the period amounts to EUR 19,272 thousand. The decrease compared to the previous period is mainly due to the extraordinary transactions that characterized this period.

Following the resolution of the shareholders' meeting which took place on 28 May 2012, during the year the company distributed dividends based on 2011 results amounting to EUR 15,833 thousand.

The table below shows the origin, availability and possibility of distribution of the shareholders' equity items as well as their use over the last three years.

Origin	Balances at 31 Dec. 2012 (a+b)	Restricted portion (a)	Unrestricted portion (b)	Distributable portion of (b)	Summary of uses in last three years			
					Share capital increase	Coverage of losses	Distribution to shareholders	Other (to be specified)
Share capital	**4,304**							
Capital reserves:								
Share premium reserve	58,309		58,309	58,309				
Income reserves:								
Legal reserve	861		861					
Extraordinary reserve	64,469		64,469	64,469				
IAS 19 reserve	(346)	(346)						
IAS 39 reserve	(6,824)	(6,824)						
FTA reserve	9,387	6,663	2,724					
TOTAL	**130,160**	**(507)**	**126,363**	**122,778**				

Other components of the statement of comprehensive income recognised during the period

The statement of comprehensive income is shown among the financial statements and presents other components of the comprehensive result net of the tax effect. The following table shows the gross amount and the related tax effect of these other components:

	31 Dec. 2012			31 Dec. 2011		
	Gross amount	Tax effect	Net amount	Gross amount	Tax effect	Net amount
Effective portion of the fair value changes of cash flow hedges	(3,446)	948	(2,498)	(3,894)	1,071	(2,823)
Gains (losses) relating to actuarial benefits	(295)	81	(214)	(120)	33	(87)
Other components of the statement of comprehensive income for the period	**(3,741)**	**1,029**	**(2,712)**	**(4,014)**	**1,104**	**(2,910)**

Please see note 20 "employee leaving indemnity and other staff benefits" regarding the recognition of the gains and losses related to actuarial benefits.

19 Medium/long-term and short-term loans

The note below shows the contractual terms and conditions that govern the medium/long-term loans and the related current portion measured at amortised cost; the loans are shown by type in the table below:

	Book value		
Medium/long-term loans	**31 Dec. 2012**	**31 Dec. 2011**	**Changes**
Bank loans	153,260	169,047	(15,787)
Total	**153,260**	**169,047**	**(15,787)**
Short-term loans	**31 Dec. 2012**	**31 Dec. 2011**	**Changes**
Bank loans (short-term)	15,956	16,156	(200)
Total	**15,956**	**16,156**	**(200)**
Total loans	**169,217**	**185,203**	**(15,986)**

As regards the breakdown of the contractual maturities of these financial liabilities, inclusive of interest to be paid, see note 5 ("Risk management"), section entitled "Liquidity risk".

The terms and conditions for outstanding loans are as follows:

				31 Dec. 2012		31 Dec. 2011		Change	
Creditor	**Currency**	**Nominal interest rate**	**Year of maturity**	**Nom. value**	**Book value**	**Nom. value**	**Book value**	**Nom. value**	**Book value**
Banca BIIS – Bologna/Florence property mortgage loan	EUR	Euribor 6 months +0.95%	2022	13,125	13,132	14,206	14,223	(1,081)	(1,091)
Banca BIIS – Venice/Naples property mortgage loan	EUR	Euribor 6 months +0.95%	2022	39,375	39,395	42,619	42,669	(3,244)	(3,274)
Bipop Carire	EUR	Euribor 6 months +0.80%	2013	325	326	975	979	(650)	(653)
EIB loan	EUR	Euribor 6 month + floating spread	2023	116,667	116,365	127,778	127,332	(11,111)	(10,967)
Total loans				**169,492**	**169,218**	**185,579**	**185,203**	**(16,086)**	**(15,985)**

The book values of the loans detailed in the above table are representative of the related fair values.

The loans refer to:

- the loan taken out by the company with Banca BIIS (Banca Infrastrutture Innovazioni e Sviluppo - Infrastructures Innovations and Development Bank) due to the raising of two property mortgages secured by the properties in Rome, Venice and Naples totalling EUR 80 million originally. Both of the contracts were entered into on 6 March 2003 for a twenty-year duration, and both provide for the payment of the interest only for the first three years and the return of the principal over the next 17 years at a floating rate equal to the six-month Euribor plus a spread of 0.95%. The change reported during the year was due to the reimbursement of the respective principal portions;

·the Bipop Carire loan entered into by the parent company in May 2005 for a total amount of EUR 3.25 million, to support the investment in shareholdings in Italian companies abroad (Italian Law 100/90 – SIMEST). This has a duration of 8 years, envisages interest-only payments for the first three years and the repayment of the principal over the next five years at a floating rate equal to the six-month Euribor plus a spread of 0.8%; The change reported during the year was due to the reimbursement of the respective principal portions;

·the loan entered into with the EIB (European Investment Bank), by the company in April 2008 for EUR 150 million for refurbishment work within the stations. The transaction is guaranteed by Caylon Bank and Cassa Depositi e Prestiti S.p.A.. The duration is 15 years as from the first disbursement (30 June 2008); reimbursement is envisaged in six-monthly instalments at a constant capital rate from 30 June 2010 and with an interest rate equal to the offered six-month Euribor rate for a duration of six months increased or decreased by the number of basis points communicated by the Bank to the Company. In June 2008 and October 2008, two additional guarantees were entered into, respectively with Banca Caylon S.A. and Cassa Depositi e Prestiti S.p.A., to which six-monthly commission is payable, amounting to 45 basis points, to be calculated on the amount by way of principal of the payments made from time to time. The contract requires that the guarantor be informed regarding the methods of hedging the debt (historical with financial statements figures as at 31 December 2010 and forecast with figures from the 2011 budget) and as at 31 December 2010 this had been fulfilled. To cover the loan, the hedging contract with Mediobanca was maintained and three new IRS hedging contracts were entered into during the course of 2009, as detailed previously. It is hereby noted that to cover the costs for raising this loan, accessory charges were incurred which amounted to EUR 340 thousand used to reduce the value of the financial debt for the calculation of the amortised cost.

The following table shows the maturities of the financial lease liabilities:

	Current value of minimum payments for leases	
	2012	**2011**
Within 12 months	6	5
Between 1 and 5 years	15	21
	21	**26**

As at 31 December 2012, there was a financial lease agreement outstanding entered into by the Company for a total of EUR 33 thousand, of which EUR 12.5 thousand paid during the year by way of the balloon payment and the first principal payment.

20 Employee leaving indemnity and other staff benefits

	31 Dec. 2012	31 Dec. 2011	Changes
Current value of leaving indemnity liabilities	2,073	1,840	233
Total current value of obligations	**2,073**	**1,840**	**233**

Effects of the change in the discounting back rate

The annual discount rate, used for determining the current value of the leaving indemnity obligation, was calculated with reference to the "IBOXX Eurozone Corporates A" index with a duration of 7-10 years as at 31 December 2012. The change in rating with respect to the "IBOXX Eurozone Corporates AA" with a duration of 7-10 years used as at 31 December 2011, was justified by the gradual deterioration, in the latter period, of the average rating of the issuers of debt securities, both at public issuer level (sovereign debt, public institutions, etc.) and with regard to businesses. In this regard, for the purpose of observing the matters established by IAS 19 regarding identification of the discounting back rate to be used for the development of the actuarial appraisals, the following was deemed more representative of the actual effective trends of the financial market for listed bonds issued by private companies: a basket corresponding to the simple average return, as at the actuarial valuation date, of the bonds with issuer rating equal to at least A (Standard & Poor) or Aa1 (Moody's), and in other words with rating levels which in observance of the definition of "high quality" required by IAS 19, also permit an adequate range of the reference basket, also having taken into account the specific aims of use of this rate established by the same standard. In any event, in accordance with the recent indications expressed by Consob further to the provisions issued recently by the ESMA (European Security Markets Authority) regarding the disclosure to be provided in the event of change of the reference basket for establishing the rate, please note that the change adopted has led to a minor obligation for leaving indemnities of EUR 86 thousand (rate applied 2.4% with respect to 2.05% as per the "IBOXX AA" basket) which, net of the tax effect of EUR 23.6 thousand, translates into a minor loss in the specific profit (loss) reserves relating to actuarial benefits of EUR 62.4 thousand.

The following table shows the changes in the current value of the liabilities for defined-benefit obligations exclusively comprising the TFR (employee leaving indemnity).

Employee leaving indemnities (TFR)	**31 Dec. 2012**	**31 Dec. 2011**
Defined-benefit obligations at 1 January	1,840	1,856
Interest cost (*)	72	82
Actuarial (gains) losses recognised under shareholders' equity	295	105
Advances and uses	(134)	(204)
Liabilities for defined-benefit obligations as at 31 December	**2,073**	**1,840**

There are no assets serving the defined-benefits plan and the cost recognised in the income statement for 2011 and 2012 is made up exclusively by the financial charges deriving from discounting back the employee leaving indemnity (TFR), totalling EUR 82 thousand and EUR 72 thousand respectively.

Actuarial assumptions

The following is a summary of the main assumptions made in the actuarial process:

	31 Dec. 2012	31 Dec. 2011
Discounting back rate	2.40%	4.05%
Future increases in pensions (*annual rate of TFR increase*)	3%	3%
Expected rate of employee turnover	4.50%	4.50%
Expected rate of advances	1%	1%
Probability of demise	RG48	RG48

Assumptions regarding mortality are based on the statistics published and mortality tables.

21 Provisions for risks and charges

The following table shows the balances at the beginning and end of the year and changes during 2011 in provisions for risks and charges:

Description	31 Dec. 2011	Provisions	Uses	Release of excess allowances	31 Dec. 2012
Disputes with personnel	1,248	140	(314)	(524)	550
Disputes with third parties:	3,864	6,209	(1,536)	(668)	7,868
Tax disputes	*973*	*843*	*(439)*	*(447)*	*929*
Civil disputes	*2,844*	*5,351*	*(1,097)*	*(221)*	*6,878*
Other charges	*47*	*15*			*61*
Total current and non-current	**5,112**	**6,348**	**(1,850)**	**(1,192)**	**8,418**

The provisions indicated above are stated in the income statement on the basis of their nature. The release is stated as adjusting the cost item previously affected by the provision.

This statement, made in the 2012 financial statements for the purpose of an improved representation of the financial statement items, has also been reflected in the balances as at 31 December 2011 for a correct comparability of the figures.

Main civil and administrative disputes vis-à-vis third parties which arose in previous years

Disputes with agents

With regard to the lawsuits brought by Grandi Stazioni against the agents Publica S.r.l., Spaziale S.r.l., AD S.r.l. and Media & Sport S.a.s., for which the company has requested the ascertainment of the termination of the contracts and ruling requiring the agents to pay damages due to their breach of contract, the expert appraisals relating to the expert witness reports ordered by the judges have been concluded, what is more disputed by Grandi Stazioni. The proceedings vis-à-vis Publica S.r.l., Spaziale S.r.l. and Media & Sport S.a.s. are pending ruling.

In the proceedings relating to AD S.r.l., the Genoa Court, by means of sentence dated 22 September 2012, declared the termination due to serious breach of Grandi Stazioni of the agency agreement dated 2 February 2004 and, consequently, ordered the company to pay AD a total of EUR 4,418 thousand for commission, FIRR (agents' leaving indemnity), damage compensation, interest and costs. On 24 October 2012, the plaintiff served said sentence on Grandi Stazioni with the related order for payment of the sums awarded. Grandi Stazioni immediately appealed against the sentence by means of petition to suspend the provisional execution.

By means of presidential order dated 31 October 2012, the Genoa Court of Appeal ordered the suspension of the executive nature of the first instance sentence, fixing the hearing for dealing with the injunction for 6 December 2012. By means of court order dated 19 December 2012, said Court ordered the partial suspension of the executive efficacy of the sentence dated 31 October, reserving itself a valuational supplement, solely for the *quantum* relating to compensation of the damages suffered by AD (EUR 3,605 thousand), for the early termination of the contract and fixed the hearing for the closing forms of order for 11 May 2013.

In consideration of the matters just commented on, the risk provision as at 31 December 2012 relating to AD includes a total of EUR 3.2 million relating to the amounts paid in January 2013 (EUR 521 thousand) plus interest and expenses and to the quantification of the risk of losing deemed - also with the support of external legal advisors availed of - probable relating to the component of the damage compensation for which partial suspension of the executive efficacy previously mentioned was obtained.

With reference to the other three disputes whose verdicts were being decided as at 31 December 2012 (Publica S.r.l., Spaziale S.r.l. and Media & Sport S.a.S.), the risk provision includes the quantification of the components whose risk of losing appears probable for a total EUR 3 million. The expert investigation operations led to the quantification of the damage compensation component as EUR 12 million not reflected in the risk provision as at 31 December 2012 since the risk of losing, also with the support of outside legal advisors availed of, has been deemed as merely possible. Furthermore, reference is made to explanatory note 46 in connection with the information on events after the balance sheet reference date.

In light of the matters commented on, steps were taken to adjust the provision for risks and charges previously established up to a total of EUR 6.2 million, proceeding with a further amount set aside during the year of EUR 5.2 million.

Vidion S.r.l. 2009-2010 arbitration ruling

On 4 December 2012, the operative part of the arbitration award in the proceedings launched in 2009 and 2010 by Vidion S.r.l., subsequently joined, was filed, in relation to the execution of the associate investment agreement dated 19 February 2007. The award declared the termination of the agreement and ordered the transfer to Grandi Stazioni of complete ownership of the system for the installations which carry out projected advertising activities, created and installed by Vidion, the installations provisionally dismantled by Vidion upon the request of Grandi Stazioni, the spare parts for said installations, as well as the mediums and/or assets instrumental for the continuation of the activities, against payment, by Grandi Stazioni, of a total of EUR 9,759 thousand (plus VAT), for the transfer of the installations, spare parts and mediums and a total of EUR 541 thousand (plus VAT) as the balance of the advance items (whose significant change is stated in the item Other current assets) and the balance of the profits accrued and not distributed as from the start of the contract until the date of the award, whose economic impact (equal to EUR 997 thousand) is commented on in note 30. Further to the matter mentioned above, the provision was used for EUR 721 thousand.

Retail Group S.p.A. arbitration

In the arbitration proceedings brought by Grandi Stazioni in July 2010 against Retail Group S.p.A., to ascertain the latter's breach of the obligations ensuing from the rental contract signed on 18 December 2002 and for termination of the rental contract itself pursuant to Article 1454 of the Italian Civil Code, the expert witness report has been ordered, not yet known to the company. The opinion of the legal advisor appointed by the defence in the proceedings revealed a possible risk of losing in relation to the counterclaims of Retail Group and probable in relation to the damages suffered by the plaintiff for the seepage which occurred in premises at Milan Central further to a precautionary procedure furthered by Grandi Stazioni even if the compensation requests appear challengeable and not supported by suitable evidence. The provision as at 31 December 2012, unchanged with respect to the previous year, includes the estimate of the legal costs.

CBS Outdoor Ruling

CBS Outdoor Holding, the former concessionary for advertising in the railway stations managed by the Company, appealed against the ruling No. 240045/2009 with which the Court of Rome had dismissed the claims of the afore-mentioned company which aimed to obtain a ruling against Grandi Stazioni and compensation of damages for a civil wrongdoing relating to the failure to authorise the stipulation of certain advertising commissions amounting to approximately EUR 7 million, ordering the plaintiff to pay two-thirds of the trial costs with the remaining one third to be paid jointly by the parties.

Grandi Stazioni was present at the appeal hearing; however, no probable potential liabilities are expected.

RomArtifico Ruling

By means of the ruling dated 5 May 2011, the Court of Rome established the proceedings brought by Grandi Stazioni with regard to the termination of the associate investment agreement of 19 April 2002 with RomArtificio, the return of the premises occupied at Rome Termini station and payment of various amounts totalling EUR 126 thousand, in addition to compensation of damages deriving from breach and from the release of the property.

The Court dismissed both the claim for damages from Grandi Stazioni and the counterclaim by RomArtificio to receive compensation for damages for a total of EUR 16 million. The claim by Grandi Stazioni to receive payment of a number of contractual payments due from RomArtificio, amounting to around EUR 150 thousand, was also dismissed. RomArtificio appealed against the sentence, while Grandi Stazioni S.p.A. filed its appearance before the courts.

Petition regarding the call for tenders for executive planning and execution of measures for the functional adaptation of the station buildings and additional infrastructure works for the railway stations of Venice S. Lucia, Venice Mestre and Verona P. Nuova

By means of petition served on 20 October 2010, CIR S.p.A. appealed to the Council of State against the sentence with which the Lazio Administrative Tribunal (TAR) had dismissed the company's appeal for the cancellation, following the evidence brought on examination of the second awardee pursuant to Article 140 of Italian Legislative Decree No. 163/2006, of the awarding of the contract for the executive design and execution of the functional measures for adaptation of the station buildings and additional infrastructure works for the railway stations of Venice Santa Lucia, Venice Mestre and Verona Porta Nuova, including the execution and maintenance of the works and installations of the station buildings, to ATI CMB-Fatigappalti S.p.A.

By means of sentence dated 14 November 2012, the Council of State - overturning the Lazio TAR sentence - declared the pre-contractual responsibility of Grandi Stazioni for having caused the legitimate awarding on conclusion of the tender contract within the sphere of the examination procedure launched after the termination of the contract previously entered into with the awardee. The judgement against Grandi Stazioni was limited to just the costs incurred by ATI CIR Costruzioni for supplying the documentation requested for the entering into of the contract and 10% of the legal costs to the extent of EUR 8 thousand for both levels of proceedings.

Work for the functional adaptation of building D at the Rome Termini station

With its summons served on 21 October 2010, Mucciola Piero S.p.A. brought a lawsuit against Grandi Stazioni before the Court of Rome to obtain payment of approximately EUR 121 thousand, plus interest and revaluation as compensation for the "caro ferro" (price revision) pursuant to Article 26.4 *bis* of Italian Law No. 109/1994, for the additional expenses incurred in the period from 2004 to 2007, within the sphere of executing the tender contract concluded on 16 December 2004 regarding the functional adaptation of building D at Rome Termini station. The risk of losing does not appear probable.

Tax disputes relating to previous years

In 2001, the Guardia di Finanza (Italian finance police) served an official Notice of Assessment charging the company with failure to withhold tax on employee income for the years 1997-2000 amounting to EUR 1.2 million, plus fines.

The sentences by means of which the Rome Provincial Tax Commission upheld the appeals filed by the company against the notices of assessment relating to 1997 and 1998 for EUR 0.3 million, served by the Italian Internal Revenue Agency in 2005, were filed in 2008. The Internal Revenue Agency appealed against these sentences to the Rome Regional Tax Commission; the hearing for the discussion of 1997 and 1998. With rulings 80/21/10 and 81/21/10, both filed on 19 April 2010, the Regional Tax Commission dismissed the appeal and confirmed the cancellation of the notices; at this time there has been no notification of an appeal before the Court of Cassation by the Internal Revenue Agency. For 1999 and 2000, following an initial acceptance of the company's positions by the Regional Tax Commission with sentence 227/48/2009, the Rome 1 department of the Internal Revenue Agency appealed to the Rome Regional Tax Commission and the company immediately submitted the necessary counterclaims. By means of sentence 134/38/11 filed on 29 March 2011, the Regional Tax Commission dismissed the Agency's appeal and confirmed the cancellation of the notices. Since it does not emerge that any appeal has been made against said sentence before the Supreme Court, the same has become final. The company therefore took steps to release the risk provision of EUR 447 thousand established previously.

On 21 February 2008 the company was served a payment notice for approximately EUR 158 thousand for payment of ICP (municipal advertising tax) due mainly to the Rome City Council for the year 2004. Believing that the company does not owe the amount the City Council claims, on 18 April 2008 the company appealed to the Rome Provincial Tax Commission and the latter, under sentence No. 367/16/10 filed on 24 June 2010 partially upheld the appeal and ruled that only the amount of EUR 19 thousand was due To date, despite numerous notifications, the City Council has not returned the excess amount.

On 5 December 2011, the Florence City Council served the company a fine notification for installation of advertising media in Florence Santa Maria Novella station without the necessary authorization. This fine amounts to a total of EUR 71 thousand. After several checks in this connection, the company decided to accept the proposal for payment to a reduced amount of EUR 24 thousand (to be settled by the envisaged deadline of 60 days) and settle the company's position. At the beginning of 2012, the company had taken steps to settle the *petitum* consequently using the amounts set aside previously.

At the end of December 2011, Venice City Council served the company a series of payment notices for municipal advertising taxes for the years 2006, 2007, 2009 and 2010 for a total amount of approximately EUR 51 thousand, including fines and interest. After careful analysis of these notices and a subsequent discussion with the municipal offices in question it was discovered that certain calculations were vitiated by incomplete information provided by Venice City Council which was sent a request for resettlement totalling EUR 20 thousand provided for in the provision for risks and charges. At the beginning of 2012, the company had settled the *petitum* consequently using the amount set aside previously.

Having settled the tax positions pertaining to the lease agreements with Trenitalia, Ferservizi and Rete Ferroviaria Italiana in 2012 with retroactive effect, the company took steps to fully use the provision for risks and charges previously set aside for around EUR 396 thousand.

On 21 December 2011, the Lazio regional department of the Internal Revenue Agency served the company a notice of assessment relating to a full inspection for the tax year 2008. The Agency revealed a higher taxable base for IRES (company earnings' tax) of EUR 4,215 thousand, for IRAP (regional business tax) of EUR 4,050 thousand and VAT irregularities for EUR 127 thousand. As the company deems certain irregularities as acceptable, it took steps to adjust the provision for risks and charges previously established up to EUR 424 million, proceeding with a further amount set aside during the year of EUR 338 million.

Tax disputes arising during the year

On 18 December 2012, the Italian Internal Revenue Agency - Lazio Regional Division - Major Taxpayers Office served a notice of assessment on the Company in which a higher taxable income for IRAP (regional business tax) and IRES (company earnings' tax) purposes was assessed for 2007, amounting to EUR 4,971 thousand, and consequently requested the payment of additional tax for EUR 247 (for IRAP) and EUR 1,640 thousand (for IRES), plus fines and interest. It should be emphasised that the IRES notice of assessment was served on the parent company Ferrovie dello Stato Italiane S.p.A., as a result of the tax consolidation contract which links the two companies, which on 28 January 2013 presented a specific request for the uses of the tax losses of the consolidation scheme not used; by means of this request, the parent company has a further sixty days available to make a specific appeal. The higher value of production derives from the disputed deductibility of the amounts paid to the supplier Vidion by virtue of the associate investment contract concerning the management of the advertising exploitation activities in the station complexes. After a series of attempts for cordial settlement which were unsuccessful, the company filed - on 15 February 2013 - a petition before the Rome Provincial Tax Commission, in which it requested the cancellation of the IRAP notice of assessment. Since the company takes part in the tax consolidation scheme of the parent company Ferrovie dello Stato Italiane S.p.A., on 18 January 2013 it presented a request to use IRES losses, extending the deadline for presenting an appeal by a further 60 days. Given that, on the basis of the information currently available, the company deems the risk of losing to be merely possible, it decided not to make any provision.

Main disputes with personnel

Proceedings involving former directors

A member of the Board of Directors, who resigned on 21 July 2008, served Grandi Stazioni on 22 March 2011 a provisionally executable injunction issued by the Labour Tribunal of the Court of Rome to obtain payment of EUR 484 thousand plus related charges, pursuant to the clause of 20 July 2006 concerning the remuneration of the CEO established on the basis of Article 2389.3 of the Italian Civil Code. The company appeared at the hearing and requested suspension of the provisional execution of the decree. At the hearing on 30 June 2011, the Labour Tribunal of the Court of Rome ruled in favour of the revocation of the provisional execution of the injunction which had been served on the company. With its ruling of 3 November 2011, the Labour Tribunal of the Court of Rome cancelled the injunction served in March on the company by the former director, and ordered the latter to pay legal expenses. The risk provision was released during the year for EUR 50 thousand.

Proceedings involving former consultants

On 26 July 2011, a former consultant of the company served a petition to the labour tribunal pursuant to Article 414 of the Italian Code of Civil Procedure to have his relationship with the company declared an employment relationship starting from 28 December 1998 and ending on 31 December 2008, to have the right to be qualified as a manager based on the CCNL (trade union) agreements for executives working in the tertiary sector or, alternatively, as a middle manager, and to order the company to pay remuneration differences, TFR (leaving indemnity) differences, compensation for unjustified termination, plus related charges, for a total of EUR 927 thousand. The company appeared at the hearing and asked for dismissal of the appeal.

On 7 December 2011, a former consultant of the company served an petition to the labour tribunal pursuant to Article 414 of the Italian Code of Civil Procedure to have his relationship with the company declared an employment relation starting from 1 June 2003, to have the right to be qualified as a manager based on the CCNL (trade union) agreements for company managers working in the commerce sector, and to order the company to pay compensation for unjustified termination, TFR (leaving indemnity), professional damages from demotion, moral damages, for a total of EUR 552 thousand. The company appeared at the hearing and asked for dismissal of the appeal. The dispute was settled by means of judicial settlement report signed on 14 February 2013, within the sphere of which Grandi Stazioni, without any recognition of the grounds of the claims and the requests made by the plaintiff, paid - by way of general novation settlement - the total gross sum of EUR 125 thousand, plus legal costs for EUR 10 thousand. The effect of this settlement is reflected in the change in the risk provisions as at 31 December 2012.

By means of non-final sentence filed on 9 March 2010, the Court of Rome ordered Grandi Stazioni to pay the former consultant the fees for the performance of the professional services as project manager. The expert appointed by the Judge quantified the amount due by way of compensation as approximately EUR 98 thousand.

The sentence was applied. The Company has appealed against the sentence.

In consideration of the risk of losing deemed probable, it was considered prudent to maintain a number of provisions and set further amounts aside to risk provisions whose amounts are summarised in the previous analytical table.

Proceedings involving former employees

The Rome Court, by means of sentence dated 29 March 2012, ordered the Company to pay a former executive a total amount of around EUR 700 thousand, by way of professional damages and biological damages consequent to demotion, remunerative compensation for early termination of the work relationship, biological damages consequent to dismissal. leaving indemnity on remunerative compensation, plus legal costs. The sentence was applied with the settlement of the *petitum*; however, the Company has appealed against the sentence. In light of the matters commented on, the risk provision was used in full for a total of EUR 305 thousand.

On the basis of the information currently available and having consulted the legal advisors, it is believed that the provisions for risks and charges are overall sufficient for the coverage of the related risks: from the legal disputes pending, arbitration and other proceedings underway, on the basis of a reasonable estimate based on the available information and having consulted the legal advisors.

Disclosure has also been provided with regard to the quantification of the risks relating to the legal disputes whose degree of losing, on the basis of information available at present, is deemed possible and which, therefore, is not reflected under the provisions for risks and charges as at 31 December 2012.

22 Current and non-current financial liabilities (including derivatives)

Non-current financial liabilities are broken down as follows:

	31 Dec. 2012			31 Dec. 2011			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Financial liabilities									
Financial hedging derivatives	9,619		9,619	6,116	-	6,116	3,503	-	3,503
Other financial liabilities			-	-	-	0	-	-	-
	9,619	**-**	**9,619**	**6,116**	**-**	**6,116**	**3,503**	**-**	**3,503**

This item contains the fair value of derivatives which have already been fully described in note 5 which you are kindly requested to refer to for further details

The two interest rate swaps subscribed with RBS and Calyon were concluded during 2009 while the collar subscribed with BNP Paribas was concluded in 2010; all aimed to hedge the risk of changes in interest rates deriving from the loan taken out with EIB, the comments for which are contained in note 19.

All the contracts described previously are qualified as cash flow hedge contracts, and therefore the value recorded in the financial statements constitutes the fair value determined at the end of the year and recorded under a specific item in shareholders' equity. The "collar" in 2012 had a time value differential of EUR 51 thousand which was recognised in the income statement under financial expenses.

These derivative financial items were recognised at fair value on the respective balance sheet dates and according to the hierarchy for determining the fair value the measurement took place at level two, that is the fair value was measured using the various input data from listed prices (in an active market for identical financial instruments) which can be a observed directly (or as prices) or indirectly (or rather as price derivatives).

23 Other current and non-current liabilities

Other non-current and current liabilities are shown below:

	31 Dec. 2012			31 Dec. 2011			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Social security and welfare payables	-	1,244	1,244	-	1,210	1,210	-	34	34
Other tax payables	-	1,820	1,820	-	1,353	1,353	-	467	467
VAT payables due to FS Italiane	-	1,908	1,908	-	3,529	3,529	-	(1,621)	(1,621)
Other payables due to Group companies	1,288	-	1,288	1,805	-	1,805	(516)	-	(516)
Other payables	427	1,975	2,402	314	2,174	2,489	112	(199)	(87)
Accrued expenses and deferred income	2,386	612	2,999	2,163	1,044	3,208	223	(432)	(209)
Total	**4,101**	**7,559**	**11,660**	**4,282**	**9,311**	**13,594**	**(181)**	**1,752**	**1,933**

Other non-current liabilities mainly consist of: payables to parent companies concerning the remaining debt towards FS for the IRPEG credit transferred by the latter to Grandi Stazioni S.p.A. in 2004, as already mentioned in the item "other non-current assets" (note 12). The "other payables" item refers to deposits provided by tenants to guarantee fulfilment of the lease agreements. The accrued expenses and deferred income item refers to rental income paid in advance by customers, the portion referring to future periods being suspended.

Other current liabilities mainly refer to: payables to social security and welfare institutions (EUR 1,244 thousand); withholdings made at the end of the year and settled during January 2012 (EUR 1,820 thousand); VAT payable to FS Holding which became due as part of the Group consolidated VAT scheme which the company joined at the beginning of the period (EUR 1,908 thousand) and which it renewed for 2013 as well; other amounts essentially due to employees accrued but not paid (EUR 1,706 thousand); accrued expenses and deferred income mainly for the portions of revenue applying to 2013 regarding the repayment of expenses invoiced during the period which will be released to the income statement based on the duration of the lease agreement in question.

24 Current and non-current trade payables

Trade payables, all current, are analysed as follows:

	31 Dec. 2012 Current	31 Dec. 2011 Current	Changes
Payables to suppliers	75,344	86,746	(11,402)
Payables for construction contracts	378	308	70
Trade payables to Group companies	33,010	19,118	13,892
Total	**108,732**	**106,172**	**2,560**

The change in trade payables, with respect to 31 December 2011, is due to the slowdown seen, in December, in payments to suppliers with particular reference to FS Group companies. The amount of the liabilities for invoices to be received comes to EUR 58,875 thousand (of which EUR 10,528 thousand due to group companies), compared to EUR 60,601 thousand (of which EUR 6,363 thousand to group companies) as at 31 December 2011.

For further details regarding payables due to the parent company and affiliated companies please see note 45 "Related parties."

25 Tax payables

The item presents a zero balance, down EUR 498 thousand with respect to 31 December 2011, due to advance taxes paid in the year to an extent higher than that accrued in the year as shown below:

	31 Dec. 2012	31 Dec. 2011	Changes
IRAP (regional business tax)	-	498	(498)
Total	**0**	**498**	**(498)**

Analysis of the income statement items

The income statement items for 2012, presented on a comparative basis with the previous year, are analysed as follows: It is hereby emphasised that for an improved comparability with the current year, a number of reclassifications were made in 2011 as more fully commented on in detail in the following notes.

TOTAL REVENUES AND INCOME

The total revenues and income for 2012 amounted to EUR 193,737 thousand, disclosing a decrease of EUR 16,832 thousand compared to the previous year.

Revenues and income for 2012 are broken down below:

26 Revenues from sales and services

This item amounted to EUR 190,189 thousand, and is broken down as follows:

	2012	2011	Changes
Revenues from sales and services			
✓ *Long-term lease revenues*	89,070	90,537	(1,467)
✓ *Engagement activities and special installations*	4,247	3,893	354
✓ *Revenues for Lease Costs*	68,986	67,725	1,261
✓ *Revenues for Design and Works Management Activities*	0	25	(25)
✓ *Media Management Revenues*	15,251	15,405	(154)
✓ *Revenues for customer services*	10,339	9,974	365
✓ *Change in work in progress*	2,296	4,709	(2,413)
✓ *Provisions/(Releases)*	0	30	(30)
Total	**190,189**	**192,298**	**(2,109)**

The revenues from leases (30% of which refer to companies belonging to the FS Group) fell due to the vacancies registered, particularly at Rome Termini station with regard to a number of areas used for office space, partly mitigated by the bringing onto stream of certain new retail areas with particular reference to the Milan, Turin and Naples stations. The balance as at 31 December 2012 includes, furthermore, the out-of-period income recognised following the normal review of the estimates in the adjustments provided in the previous period totalling EUR 910 thousand.

"Revenues for lease costs" (around 84% of which refer to FS Group companies), increased in relation to the increases reported in related costs. The balance includes out-of-period expense for around EUR 107 thousand due to revised estimates.

There was an increase in the revenue item for "Engagement activities and special installations" which, after a drop in the economic trend, is disclosing a tendential rise (+EUR 354 thousand) with customers showing greater preference for innovative forms of digital promotion compared to the traditional advertising channels which, consequently disclose a tendential drop. The balance includes out-of-period income for around EUR 77 thousand due to revised estimates.

With regard to this financial statement item it is hereby disclosed that, for the purposes of an improved comparison with the current period, in 2011 steps were taken to reclassify EUR 539 thousand in sundry amounts recovered in relation to subsidiaries under "other revenues and income" as well as a recovery/release of provisions for risks and charges pertaining to the section in question.

The change in work in progress amounts to EUR 2,296 thousand and disclosed a decrease of EUR 2,413 thousand compared to 2011, due mainly to the lower volume of work carried out for the affiliated company RFI. A breakdown of the changes reported during the year is presented below:

Description	2012	2011	Changes
Increase during the period	2,304	4,139	(1,835)
Recovery of previous years' losses	72	609	(537)
Writedown for future losses	(80)	(39)	(41)
Total	**2,296**	**4,709**	**(2,413)**

The change in work in progress in 2012, accounted for using the cost to cost method, refers to the assessment of the progress of the amounts due during the year for the technical activities necessary for the implementation of the renovation, restructuring, maintenance and enhancement works in the property complex of 13 stations under consolidated management, carried out mainly for RFI and Trenitalia. The aforementioned change is net of the recoveries and losses forecast for subsequent years referring to their completion, which are examined individually.

27 Other income

Other income amounts to EUR 3,667 thousand and has decreased by EUR 14,603 thousand compared to 2011; the item is broken down as follows:

	2012	2011	Changes
Other income			
✓ *Income from recoveries vis-à-vis subsidiaries*	630	581	50
✓ *Sales of building and land trading*	0	14,928	(14,928)
✓ *Sundry reimbursements*	2,873	2,692	181
✓ *Ordinary capital gains*	1		1
✓ *Other income*	163	70	93
Total	**3,667**	**18,270**	**(14,603)**

The main change registered in the item is that relating to the capital gain generated on the sale of the ex-divisional property in Via Marsala, Rome. Sundry reimbursements mainly refer to: the revenues from the reimbursement of expenses that Grandi Stazioni incurred to increase the qualitative or functional standards of the stations, invoiced during the year and prepaid according to the number of years envisaged in the related lease agreements (EUR 1,049 thousand) and for recovery of the promotional and advertising expenses carried out within the stations on behalf of the tenants (EUR 1,815 thousand).

With regard to this financial statement item it is hereby disclosed that, for the purposes of an improved comparison with the current period, in 2011 steps were taken to reclassify EUR 539 thousand in sundry amounts recovered in relation to subsidiaries under "revenues from sales and services".

28 Payroll and related costs

This item amounts to EUR 14,519 thousand, down by EUR 1,065 thousand compared to 2011 and is broken down as follows:

	2012	2011	Changes
Permanent staff			
✓ *Wages and salaries*	10,602	10,486	116
✓ *Social security charges*	3,141	3,156	(15)
✓ *Other payroll and related costs for permanent staff*	256	440	(184)
✓ *Employee leaving indemnities*	817	800	17
✓ *Provisions/(Releases)*	(818)	51	(869)
Freelance staff and Co-workers			
✓ *Wages and salaries*	250	370	(120)
✓ *Social security charges*	20	25	(5)
✓ *Seconded staff*	246	252	(6)
✓ *Other costs for Freelance staff and Co-workers*	5	4	1
Total	**14,519**	**15,584**	**(1,065)**

This amount includes all employee costs, including promotions, transfers from one category to another, allocations required by the law and those for bonuses and incentives accrued on the basis of the merit-based personnel policies as well as provisions and releases for the related risks and charges.

The main changes recorded in 2012 in detail include: that under "other payroll and related costs for permanent staff", essentially due to the combined effect of an increase in training costs and luncheon vouchers and a decrease in out-of-period expense deriving from normal up-dates of estimates and minor additional sums disbursed to leavers. The item provisions/releases reflects the net balance emerging at year end with particular reference to certain disputes outstanding which, because they have become inexistent, led to a net release of EUR 817 thousand, compared with a provision in the previous year of EUR 51 thousand. With regard to this latter amount, it should be mentioned that - for an improved financial statement presentation - the same derives from a reclassification made from "*provisions/releases for risks and charges*".

The freelance staff and co-workers include the cost of seconded personnel and temporary work.

The average number of company employees expressed as FTE for 2012, amounted to 230.5 and are divided up as follows:

STAFF	Average FTE 2012	Average FTE 2011	Change
Executives	15.0	14.1	0.9
Middle management	41.5	39.1	2.4
White-collars	186.7	186.8	(0.1)
TOTAL PERMANENT STAFF	**243.2**	**239.9**	**3.2**
Atypical	6.4	10.3	(3.9)
Seconded *	(19.1)	(18.8)	(0.3)
TOTAL	**230.5**	**231.5**	**(1.0)**

(*) Seconded to GS 18.1 units

29 Raw, ancillary and consumable materials and goods for resale

This item amounts to EUR 165 thousand, down by EUR 35 thousand compared to 2011 and breaks down as follows:

	2012	2011	Changes
Materials and consumables	159	199	(40)
Fuel and lubricants	6	1	5
Total	**165**	**200**	**(35)**

30 Costs for services

The costs for services amounted to EUR 86,565 thousand, up by EUR 1,243 thousand compared to the previous year. The table below shows the breakdown of this item:

	2012	2011	Changes
Contracted services and work	**61,886**	**60,927**	**958**
- Services - Security	5,872	4,932	940
- Cleaning	19,373	21,791	(2,418)
- Maintenance	17,385	19,632	(2,247)
- Utilities	19,256	14,572	4,684
Miscellaneous services:	**24,680**	**24,395**	**285**
- Consulting	168	188	(20)
- Engineering services	1,870	4,052	(2,182)
- Professional services	1,745	1,867	(123)
- Utilities	666	625	41
- Travel and business trips	457	512	(55)
- Insurance premiums	1,032	1,033	(1)
- IT services	942	689	254
- Commission	2,226	2,255	(29)
- Fees for corporate bodies	289	329	(40)
- Advertising and promotional expenses	1,150	1,207	(57)
- Payments for Media Services	3,669	3,023	646
- Costs for customer services	5,565	5,428	137
- Other services	2,969	2,971	(2)
- Provisions/(Releases)	1,931	217	1,714
Total	**86,565**	**85,322**	**1,243**

Costs for contracted services and work with respect to the same period last year present a decrease in costs for cleaning and maintenance, due to efficiencies and savings achieved during the period, while the increase registered in utility costs is essentially due to the new station utilities acquired during the year by RFI, within the sphere of the Group project underway for the separation of the utilities, as well as the tariff increases and adjustments reported during the period.

The main changes in miscellaneous services refer to: the decrease in the engineering services, professional services, promotional costs and travel and business trips; while there was an increase in amounts paid for other Media services (inclusive of the cost differential registered at the time of closure of the "Arbitration award" for EUR 997 thousand), in IT services and in costs for customer services, the latter strictly linked to the increase in the related revenues.

For the purpose of greater comparability with the current year, mention should be made of the reclassification on 2011 figures from provisions for risks and charges of 217 of "provisions/releases" referring to costs for services which, during 2012 reported a significant increase (+ EUR 1,714 thousand, due to the net provisions made in the year, with particular reference to disputes underway with the previous advertising agents as mentioned previously.

31 Costs for the use of third party assets

This item amounts to EUR 37,860 thousand, down by EUR 1,153 thousand compared to 2011 and is broken down as follows:

	2012	2011	Changes
Operating lease fees	5	9	(4)
Reconveyance fee vs. FS Italiane S.p.A.	26,041		26,041
Reconveyance fee vs. RFI S.p.A.	11,635	38,795	(27,160)
Reconveyance fee vs. SISTEMI URBANI S.r.l.	179	204	(25)
Property lease fees	-	5	(5)
Total	**37,860**	**39,014**	**(1,153)**

The net reduction in reconveyance fees is directly associated with the decrease in lease revenues reported during the year. It should be highlighted that the changes seen in the values pertaining to the reconveyance fees are the consequence of the spin-off carried out in 2012 in favour of Ferrovie dello Stato Italiane, of part of the properties located at Milan Central, Naples Central, Rome Termini and Turin Porta Nuova stations, previously owned by Rete Ferroviaria Italiana.

There are currently no minimum payments from irrevocable operating leases.

32 Other operating costs

The item Other operating costs amounts to EUR 9,979 thousand, up by EUR 4,501 thousand compared to 2011 and breaks down as follows:

	2012	2011	Changes
Sundry taxes and duties	5,461	5,408	53
Fines, sanctions and similar	304	111	193
Subscriptions and membership fees	78	74	4
Capital losses on disposal of fixed assets	1		1
Disputes and litigation	526	36	490
Other operating costs	185	350	(165)
Provisions/(Releases)	3,424	(501)	3,925
Total	**9,979**	**5,478**	**4,501**

The main changes concerned: an increase in fines and penalties due to formalisation of registration tax on lease agreements for EUR 304 thousand, the closure of disputes and litigation which have not been covered by provisions previously set aside for EUR 526 thousand, net provisions on sundry taxes and duties and other disputes and litigation outstanding for EUR 3,424 thousand. Other operating costs for 2012 included around EUR 254 thousand in out-of-period expense due to normal estimate reviews.

33 Costs for in-house work capitalised

The costs for in-house work capitalised amount to EUR 775 thousand and decreased by around EUR 89 thousand compared to the previous year. The capitalised cost refers to the direct personnel operating on investments underway.

34 Amortisation and depreciation

This item amounts to EUR 11,003 thousand, up by EUR 75 thousand compared to 2011 and breaks down as follows:

	2012	2011	Changes
Amortisation/depreciation of intangible and tangible assets			
✓ *Amortisation of intangible assets*	323	161	162
✓ *Depreciation of tangible assets*	10,680	10,767	(87)
Total	**11,003**	**10,928**	**75**

The increase in the amortisation of intangible assets was mainly due to the increase reported in the related fixed asset item. Mention should be made of the bringing onto stream of the work carried out at the Verona Porta Nuova station, the improvements made to a residual portion of the Venice divisional building and the advertising system acquired in December further to the closure of the Arbitration award, details of which can be found in the description contained in note 21 "provisions for risks and charges".

35 Writedowns and impairment losses (writebacks)

The item is broken down below, with regards to group companies and third parties alike:

	2012	2011	Changes
Adjustments and value writebacks on receivables	1,261	3,825	(2,564)
Group	*(170)*	*(265)*	*95*
Third parties	*1,431*	*4,091*	*(2,659)*
Total	**1,261**	**3,825**	**(2,564)**

The writedown of receivables classified under current assets is based on a careful analysis of the same and the degree to which they are recoverable.

36 Provisions for risks and charges

The item presents a zero balance since the net provisions totalling EUR 5,155 thousand have been allocated to the corresponding cost items. For the purpose of greater comparability with the current year, also all the provisions for risks and charges in 2011 were reclassified with an allocation of the same to the corresponding cost items.

37 Financial income

As at 31 December 2012, finance income amounted to EUR 389 thousand, down EUR 621 thousand with respect to last year mainly as a result of a decrease in the average balance and interest rates. Financial income is analysed as follows:

	2012	2011	Changes
Interest income on bank deposits	214	417	(203)
Interest income from parent companies	115	335	(220)
Income from subsidiary companies	47	237	(190)
Sundry interest income	13	21	(8)
Total	**389**	**1,010**	**(621)**

“Interest income on bank deposits” refers to the interest income accrued during the year on bank deposits. Compared to the previous year, there has been a decrease in the average liquidity and a decrease in the interest rates.

The item “interest income from parent companies” refers to the interest income from the intercompany current account held with Ferrovie dello Stato Italiane S.p.A., the terms and conditions of which are shown in detail under note 14 “current and non-current financial assets (including derivatives).”

The financial income from subsidiaries refers mainly to the interest from Grandi Stazioni Ceska on the bridge loan (repaid during the year) and on the guarantees issued in favour of the company for the medium/long-term loan and the hedging derivatives (for further information please see paragraph 40 “guarantees and commitments”).

38 Financial expense

As at 31 December 2012, finance expense amounted to EUR 5,022 thousand, down by EUR 93 thousand compared to the previous year. The financial charges are broken down as follows:

	2012	2011	Change
Default interest	79	25	54
Interest expense on long-term loans	3,774	4,490	(716)
Financial expense on derivatives	1,363	1,339	24
Financial expense relating to TFR discounting	72	82	(10)
Sundry financial expense	1		1
Capitalised financial charges	(886)	(822)	(64)
Provisions / (Releases)	619		619
Total	**5,022**	**5,115**	**(93)**

The interest payable on long-term loans refers to the interest due on the mortgages taken out by the parent company with Banca BIIS (Banca Infrastrutture Innovazione e Sviluppo – Infrastructures Innovation and Development Bank – formerly OPI) and on the long-term loans from Bipop Carire and the EIB (European Investment Bank). For further details please see note 18 “Short and long-term loans.” The significant decrease compared to 2011 is due to the considerable drop in the 6-month Euribor rate (basis for the calculation of the cost of financial funding), as well as the decrease in borrowing recorded during the period, due to repayments that took place on mortgages and on the EIB loan. Please see note 19 regarding financial expenses on derivatives. It is hereby noted that the financial expense is stated net of capitalisation of property, plant and equipment, for EUR 886 thousand in 2012 and EUR 822 thousand in 2011.

The item provisions/(releases) related to the financial component of the provisions relating to the dispute with a former agent already commented on in note 21.

39 Income taxes

As at 31 December 2012, income taxes amounted to EUR 9,375 thousand, down by EUR 7,607 thousand compared to the previous year, essentially as a result of the decrease in pre-tax profit (lack of capital gains) and the extraordinary tax proceed, calculated in the item "adjustments for income taxes relating to previous years", deriving from the recent measures which permits the deductibility from IRES (company earnings tax) of the IRAP (regional business tax) liability pertaining to payroll and related costs analytically determined (Italian Decree Law No. 201 dated 2011).

The item is broken down below:

Current taxes	2012	2011	Change
IRAP (regional business tax)	2,356	3,136	(779)
IRES (company earnings' tax)	11,000	10,884	116
Adjustments for income taxes relating to previous years	(803)		(803)
Deferred and prepaid taxes	(3,178)	2,963	(6,141)
Total income taxes	**9,375**	**16,982**	**(7,607)**

The statement of reconciliation between the effective tax liability and the theoretical tax liability for IRES is presented below:

Reconciliation between the theoretical tax liability and the current tax liability	IRES (COMPANY EARNINGS' TAX)			
	2012		2011	
	Taxable amount	Taxation	Taxable amount	Taxation
Pre-tax profit	28,586		46,977	
Theoretical tax liability		**7,861**		**12,919**
Theoretical tax rate		27.50%		27.50%
Timing differences deductible in subsequent years	17,492	4,810	14,025	3,857
Previous years' timing differences	(6,367)	(1,751)	(22,650)	(6,229)
Taxable permanent differences	(1,510)	(415)	1,763	485
Deductible permanent differences	1,798	494	(538)	(148)
IRES (COMPANY EARNINGS' TAX)	**39,999**	**11,000**	**39,578**	**10,884**
Effective tax rate		38.48%		23.17%
IRAP (REGIONAL BUSINESS TAX)		**2,356**		**3,136**
Adjustments for previous years' taxes		(803)		
Total deferred taxation		(3,178)		2,963
Total taxation		**9,375**		**16,982**

Other information

40 Contractual commitments and guarantees

Guarantees granted to third parties are shown below:

Description	31 Dec. 2012	31 Dec. 2011	Change
RISKS			
Sureties			
- in favour of other affiliated companies	116	116	
- in favour of third parties	2,500	631	1,869
Other unsecured guarantees			
- in favour of subsidiary companies	31,533	30,795	738
TOTAL	**34,149**	**31,542**	**2,607**
COMMITMENTS			
Contracts with deferred execution	21,000	21,000	
TOTAL	**21,000**	**21,000**	
TOTAL MEMORANDUM ACCOUNTS	**55,149**	**52,542**	**2,607**

The balance concerns:

- EUR 116 thousand for a surety issued by Ferrovie dello Stato Italiane, in the interests of Grandi Stazioni S.p.A., in favour of Metropark guaranteeing a rental agreement for various equipment which expires on 1 January 2013;
- EUR 500 thousand for a surety issued by Intesa-San Paolo in favour of the Venice Municipal Authority (Direzione Centrale Sportello Unico) which originally was to expire on 10 September 2008 and has been tacitly renewed, guaranteeing the restructuring work under way on the former divisional building in Venice (EUR 500 thousand) with automatic renewal until receipt of the release communication from the municipal authority;
- EUR 2 million for a surety issued by Intesa-San Paolo on behalf of Rete Ferroviaria Italiana S.p.A., guaranteeing the exact and complete fulfilment of the contractual obligations further to the awarding the concession for the economic exploitation of the Rome Tiburtina property complex for the entire duration of the contract;
- a guarantee amounting to EUR 29.03 million, which corresponds to CZK 730 million at the exchange rate of 25.14 as at 30 December 2012, issued in favour of Unicredit Bank of Austria on behalf of Grandi Stazioni Cesca Republika to guarantee the facility agreement dated 3 August 2011;a guarantee amounting to EUR 29.03 million, which corresponds to CZK 730 million at the exchange rate of 25.14 as at 30 December 2012, issued in favour of Unicredit Bank of Austria on behalf of Grandi Stazioni Cesca Republika to guarantee the facility agreement dated 3 August 2011;
- a guarantee of EUR 2.5 million issued to Unicredit S.p.A. on behalf of Grandi Stazioni Cesca Republika to guarantee derivative transactions, linked to the loan of CZK 730 million;
- EUR 21 million for an obligation deriving from the signing (on 20 April 2010) of a preliminary contract between Grandi Stazioni and Metropolitana di Napoli Spa, the objective of which is the undertaking by Metropolitana di Napoli Spa of the obligation to lease to Grandi Stazioni the property portion comprising the Galleria Commerciale for a total duration of 35 years from the

date of delivery which envisaged the advance payment by Grandi Stazioni of the lease fee equating to EUR 21 billion plus VAT on the date the final contract is signed.

41 Potential assets and liabilities

Please refer to the details indicated in note 21 concerning "Provisions for risks and charges", with reference to potential liabilities.

Furthermore, there were no potential assets for which an increase in assets is deemed probable.

42 Remuneration of the directors and officers

The overall remuneration payable to Directors, members of the Board of Statutory Auditors and the Supervisory Body for their services, is illustrated below. The remuneration of the Directors also includes the cost of the CEO in his capacity as company executive. The decrease with respect to the previous year is mainly the result of lower compensation paid to the SB, following the insourcing in 2012 of two members out of three envisaged on the board.

RECIPIENTS	2012	2011	Change
Directors	798	796	2
Statutory auditors	57	57	0
Supervisory Body	20	60	(40)
TOTAL	**876**	**913**	**(38)**

43 Independent auditors' fees

It is hereby noted that pursuant to Article 37.16 of Italian Legislative Decree No. 39/2010 and section 16 *bis* of Article 2427 of the Italian Civil Code, the total amount of fees due to the independent auditing firm accrued as at 31 December 2012 amounted to EUR 60 thousand.

44 Disclosure on management and co-ordination activities

The statements summarising the key data from the latest set of financial statements of the consolidating company Ferrovie dello Stato Italiane S.p.A., which carries out the management and coordination activities, pursuant to Article 2497 *bis* of the Italian Civil Code, are presented below. The essential data referring to the parent company Ferrovie dello Stato Italiane S.p.A. was taken from the related financial statements for the period ended 31 December 2011. For an adequate and complete comprehension of the equity and financial position of Ferrovie dello Stato Italiane S.p.A. as at 31 December 2011 as well as regarding the economic result of the company for the period ended on that date, please refer to the financial statements which are available in the forms and as per the formalities envisaged by the law, together with the independent auditors' report.

(In EUR thousands)

BALANCE SHEET	**31 Dec. 2011**	**31 Dec. 2010**
ASSETS:		
Total non-current assets	43,084,969	43,630,684
Total current assets	2,534,679	2,229,403
TOTAL ASSETS	**45,619,648**	**45,860,087**
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Shareholders' equity		
Share capital	*38,790,425*	*38,790,425*
Reserves	*298,231*	*297,168*
Retained earnings (accumulated losses)	*(3,026,753)*	*(3,046,628)*
Profit (loss) for the period	*41,305*	*20,921*
TOTAL SHAREHOLDERS' EQUITY	**36,103,209**	**36,061,887**
Liabilities		
Total non-current liabilities	7,601,630	8,079,315
Total current liabilities	1,914,808	1,718,885
TOTAL LIABILITIES	**9,516,439**	**9,798,200**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**45,619,648**	**45,860,087**

INCOME STATEMENT	**2011**	**2010**
Revenues and income	145,781	152,684
Operating costs	151,972	156,999
Amortisation/depreciation	18,902	19,941
Writedowns and impairment losses (writebacks)	1,552	1,573
Provisions for risks and charges	3,191	5,041
Financial income and (expense)	13,237	(29,008)
Income taxes	57,904	80,800
NET RESULT FOR PERIOD	**41,305**	**20,921**

45 Related parties

Transactions with executives with strategic responsibilities

The remuneration of individuals with strategic responsibilities is shown in the table below. The schedule has been prepared with regard to the period in which the office was held and on an accruals basis.

	2012	2011	Change
Short-term benefits	2,594	2,636	(42)
Benefits due to employees for termination of the employment relationship	103	111	(8)
Total	**2,697**	**2,747**	**(50)**

During the periods under review, a total of 10 executives could be classified as Executives with strategic responsibilities (including the CEO and a manager seconded by Ferrovie dello Stato Italiane S.p.A.).

It is hereby noted that all strategic executives have declared that during the period they did not carry out any transactions, either directly or through close family members, with companies belonging to the Ferrovie dello Stato Italiane group or companies that are directly or indirectly controlled by the latter.

Other transactions with related parties

The inter-relations between Grandi Stazioni and other related parties take place on an arm's length basis, this being identified with the assistance of external professionals if required.

The inter-company transactions conducted within the Ferrovie dello Stato Italiane Group, of which Grandi Stazioni is a member, pursue the common goal of creating value These processes and transactions take place according to the civil law and tax regulations specific to the sector, in compliance with the guidelines of the supervising Ministries and taking into account the characteristics and peculiarities of the activities carried out by many companies in the FS Group.

Below is a summary table representing the main receivable and payable transactions during the year with subsidiaries, parent companies and other affiliated companies. Dealings with the company exercising management and coordination activities and with the companies subject to these management and coordination activities are also highlighted.

Company name	Receivable transactions	Payable transactions
Subsidiary companies		
GS Ingegneria	Commercial and other: service tenancy costs reimbursements	Commercial and other: payments on engineering work reimbursements seconded staff services
GS Ceska	Commercial and other: assignment fee loans guarantees	Commercial and other: seconded staff Professional services
Parent Companies		
Ferrovie dello Stato Italiane (a)	Commercial and other: tenancy costs occupancy of complexes occupancy indemnity reimbursements Media IRES tax consolidation Financial: intercompany current account interest	Commercial and other: service remuneration of corporate bodies payable for transfer of tax credit seconded staff VAT consolidation reconveyance fee employee leaving indemnities (TFR)
Affiliated companies		
Trenitalia (b)	Commercial and other: tenancy costs occupancy indemnity occupancy of complexes leases reimbursements Media	Commercial and other: advance payments on engineering work and travel account
Rete Ferroviaria Italiana (b)	Commercial and other: tenancy costs occupancy indemnity occupancy of complexes engineering fees reimbursements leases	Commercial and other: reconveyance fee advance payments on engineering work utilities
Ferservizi (b)	Commercial and other: tenancy costs occupancy indemnity occupancy of complexes reimbursements	Commercial and other: employee leaving indemnities (TFR) Fee
Trenord (b)	Commercial and other: tenancy costs leases reimbursements	
FS Sistemi Urbani (b)		Commercial and other: reconveyance fee
Fercredit (b)		Commercial and other: receivable factoring
Thello (b)	Commercial and other: tenancy costs leases Media	
Italferr (b)	Commercial and other: tenancy costs leases	Commercial and other: tax liabilities
Terminali Italia (b)		Commercial and other: employee leaving indemnities (TFR)
Metropark (b)	Commercial and other: reimbursements leases facility	Commercial and other: services equipment hire

Company name	Receivable transactions	Payable transactions
Other related parties		
Anas	Commercial and other: leases tenancy costs	
Poste Italiane	Commercial and other: tenancy costs leases reimbursements	Commercial and other: services
Rai	Commercial and other: Media	
Toscana Energia Clienti		Commercial and other: services
Eni		Commercial and other: services
Enel		Commercial and other: services
Mario Negri Fund		Commercial and other: welfare fund
Cassa Depositi e Prestiti		Financial and other: commission

(a) Company which exercises management and co-ordination activities (direct parent)
(b) Company which is subject to management and co-ordination activities of (a)

Trade and other dealings

The balance sheet and income statement balances deriving from the dealings indicated above are presented below (in thousands of EUR).

Company name	31 Dec. 2012				2012	
	Receivables	Payables	Purchases for investments	Guarantees and Commitments	Costs	Revenues
Subsidiary companies						
GS Ceska	18	54			(124)	226
GS Ingegneria	668	2,088	9,012		(197)	434
Parent Companies						
Ferrovie dello Stato Italiane	2,831	26,610			26,488	1,952
Other affiliated companies						
Trenitalia	10,952	99			164	29,299
Rete Ferroviaria Italiana	13,928	5,357	112,444		11,887	51,150
Ferservizi	1,880	221			2	3,539
Trenord	16					44
Fercredit		774				
Fs Sistemi Urbani		873			179	
Thello	21					19
Italferr	114					641
Terminali Italia		1				
Metropark	41	153			411	55
Total other affiliated companies	**26,952**	**7,478**	**112,444**		**12,643**	**84,747**
Other related parties						
Anas S.p.A.	776					4,097
Poste Italiane S.p.A.	19				3	372
RAI S.p.A.	58					1
Toscana Energia Clienti	35				235	
Eni S.p.A.	1,811				2,866	
Mario Negri Fund		61			117	
Enel S.p.A.		129			960	
Total other related parties	**2,699**	**190**			**4,181**	**4,470**
TOTAL	**33,168**	**36,402**	**121,456**		**42,991**	**91,829**

Financial dealings

The dealings with the companies belonging to the Group were mainly of a commercial nature and, therefore, the costs and revenues and the related payables and receivables refer to: the leasing of stations areas, reimbursement of accessory costs, recovery of costs for seconded personnel, supply of general group services and business travel services

Lastly, it should be highlighted that there is an inter-company bank account shared by Ferrovie dello Stato Italiane S.p.A. and Grandi Stazioni S.p.A., through which the receipts and payments concerning economic relations with FSI Holding, Ferservizi, Italferr, RFI and Trenitalia transit. As at 31 December 2012, the balance of the intercompany current account came to EUR 4,836,371.

The balance sheet and income statement balances deriving from the dealings indicated above are presented below (in thousands of EUR).

Company name	31 Dec. 2012			2012	
	Receivables	Payables	Guarantees and Commitments	Expense	Income
Subsidiary companies					
GS Ceska	4		31,240		47
Parent Companies					
Ferrovie dello Stato Italiane	4,836				115
Other affiliated companies					
Metropark			116		
Other related parties					
Cassa Depositi e Prestiti				286	
TOTAL	**4,840**		**31,356**	**286**	**162**

By means of resolution dated 16 March 2010, the company's Board of Directors opted, together with the Parent Company FSI, for application of the National Tax Consolidation scheme for the three year period from 2010 to 2012, as per Article 117 of the Income Tax Consolidation Act (ITCA).

The tax consolidation agreement envisages that for the taxable income generated and transferred to Ferrovie dello Stato Italiane S.p.A., the subsidiaries undertake to transfer to the latter "tax adjustments" net of the credits transferred within the time period established by law for payment of the balance and the advances relating to the income transferred. Any offsetting carried out by Ferrovie dello Stato Italian SpA as part of the taxation of the FSI Group shall not be applicable for identifying the extent and the deadlines of the payment.

In the event of the transfer of a tax loss, Ferrovie dello Stato Italiane S.p.A. must pay the subsidiaries compensation equal to the loss that they themselves would have used independently in the absence of the taxation of the FSI Group.

IRAP (regional business tax) is settled independently by each company participating in the aforementioned tax consolidation scheme.

46 Events after the end of the accounting reference date

On 7 January 2013, two clauses were entered into with the Satrel S.p.A. - Mugnai S.p.A. JV, amending and supplementing the original agreement dated 23 February 2007, concerning the performance of the executive design activities and execution of the functional adaptation measures on the station buildings and the additional infrastructural works relating to the Bari and Palermo Central railways stations, as well as the executive design activities and execution of the additional infrastructural works for the Naples station buildings (the overall contract amount was recalculated from EUR 46.2 million to EUR 42.3 million); as well as the performance of the executive design activities and execution of the functional adaptation measures on the stations buildings and the additional infrastructural works (external work) relating to the Bologna Central and Florence Santa Maria Novella railway stations (the overall contract amount was recalculated from EUR 44.6 million to EUR 45.7 million).

On 15 January 2013, further to the order of the Genoa Court of Appeal dated 19 December 2012, the Company took steps to settle in favour of a former agent the amount of EUR 521 thousand for the partial execution of the sentence issued by the Genoa Court in 2012. Please refer to note 21 for detailed disclosure.

On 31 January 2013, Rete Ferroviaria Italiana and Grandi Stazioni signed the first delivery report for the property complex of the Rome Tiburtina High Speed Train Station.

On 15 February 2013, the company filed a petition before the Rome Provincial Tax Commission, in which it requested the cancellation of the IRAP notice of assessment served on 18 December 2012 by the Italian Internal Revenue Agency - Lazio Regional Division - Major taxpayers Office. For more detailed information, please see note 21 (tax disputes arising during the year).

Further to the preliminary process supplement, in relation to the disbursement of the CIPE grant relating to the 1st Programme of Strategic Works - Major Stations Programme, forwarded to the Department of Infrastructures and Transport - Technical Mission Structure on 4 February 2013, on 5 March 2013 the same issued the go ahead for the disbursement of another portion of the grant for an amount equal to EUR 8,276 thousand, relating to the WSC number 11 and 12, the latter in November 2012.

The Rome Court, by means of sentence published on 16 March 2013, rejected - with order to pay the litigation costs - the opposition brought in 2006 by Grandi Stazioni against the injunction issued in favour of Ingrande s.r.l. (now Fallimento Ingrande in bankruptcy) for the sum of EUR 146,400.00, plus interest, on the basis of an alleged purchase by Grandi Stazioni of advertising space. No contract had been finalised for this purchase, since there had been merely negotiations subsequently interrupted. An appeal is to be made against this sentence, filed on 17 May 2013.

Within the sphere of the legal proceedings furthered by Grandi Stazioni against Spaziale S.r.l., aimed at obtaining the ascertainment of the termination of the agency agreement dated 2 February 2004 and the ordering of this company to pay damages deriving from breach of contract, the Milan Court, by means of sentence filed on 2 May 2013, forwarded on 7 May 2013, rejected the claims made by Grandi Stazioni and, upholding the counterclaim proposed by Spaziale, declared the termination of the agreement due to serious breach by the plaintiff and, consequently, ordered Grandi Stazioni to pay Spaziale a total sum of EUR 1,706,092.49 by way of direct and indirect commission, inclusive of the amount already acknowledged at the time of granting of the injunction issued during the lawsuit, end of mandate indemnity, FIRR (agents' leaving indemnity) accrued as of the date of contractual termination, indemnity pursuant to Article 1751 of the Italian Civil Code, compensation of damages suffered, by way of loss of earnings due to lack of commission, lack of accrual of the indemnity pursuant to Article 1751 of the Italian Civil Code, lack of accrual of FIRR, plus legal interest as from 1 July 2008 until settlement, as well as legal costs and accessory expenses as per the law, making the plaintiff definitively responsible for the CTU (expert witness) costs.

The sentence in question appears censurable with regard to many aspects, with particular reference to the serious shortfalls noted in the justification for the ruling and in the reconstruction and assessment of the facts of the cases, as well as the clear contradictions which can been noted in various stages of the proceedings. These circumstances lead us to trust in a possible overturning during appeal and the suspension of the provisional execution of the same.

As also indicated in the opinion supplement rendered by the company's defence counsel, the risk associated with the appeal may be classified as possible along with the suspension of the executive efficacy of the sentence.

By means of sentence dated 9 May 2013, the Rome Court of Law acting as Employment Tribunal finalised the proceedings pursuant to Article 414 of the Italian Code of Civil Procedure furthered on 6 May 2011 by a former co-worker of the company and, partially upholding the requests of the plaintiff, ascertained the subordinate nature of the work relationship and ordered Grandi Stazioni to pay the plaintiff the sum of EUR 203,825.55, plus interest and revaluation, by way of leaving indemnity and supplementary indemnity, to put right the social security contribution position of the plaintiff and pay the legal costs.

Checks are underway of the sums necessary for regularising the plaintiff's contribution position, also for the purpose of ascertaining any prescription of the contributions due and on elements for proposing an appeal.

REISSUE OF THE AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

GRANDI STAZIONI SPA

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2012

REISSUE OF THE AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

To the Shareholders of
Grandi Stazioni SpA

Foreword

A) In execution of the engagement assigned to us, we had audited the consolidated financial statements of Grandi Stazioni SpA and its subsidiaries ("Grandi Stazioni Group") as of 31 December 2012. On those financial statements we issued our report dated 15 April 2013 whereby we expressed an unqualified opinion with one informative disclosure in relation to different disputes in which the Company was involved.

B) On 21 May 2013 we were informed that the abovementioned consolidated financial statements were supplemented with disclosures to take into account the developments of some ongoing disputes at 31 December 2012 following some post balance sheet events which took place before the Shareholders' Meeting approving the consolidated financial statements.

Conclusions

Now therefore, we re-issue here below our report on the Company's consolidated financial statements for the year ended 31 December 2012:

1 We have audited the consolidated financial statements of Grandi Stazioni SpA and its subsidiaries ("Grandi Stazioni Group") as of 31 December 2012, which comprise the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes. The directors of Grandi Stazioni SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob (the Italian Commission for Listed Companies and the Stock Exchange). Those standards require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An

audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 13 April 2012.

3 In our opinion, the consolidated financial statements of the Grandi Stazioni Group as of 31 December 2012 comply with the International Financial Reporting Standards as adopted by the European Union; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of the Grandi Stazioni Group for the year then ended.

4 The Group is involved in different disputes that are described in Note 21, against which provisions for risks and charges were set aside amounting to € 8,420 thousand at 31 December 2012. The directors have indicated those disputes for which specific provisions were deemed necessary and also the reasons why the other disputes do not require any provision to cover risks on future liabilities.

5 The directors of Grandi Stazioni SpA are responsible for the preparation of a report on operations in compliance with the applicable laws. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili and recommended by Consob. In our opinion, the report on operations is consistent with the consolidated financial statements of the Grandi Stazioni SpA as of 31 December 2012.

Rome, 15 April 2013 (24 May 2013 as set out in paragraph B) on the foreword and in paragraph 4 of the auditors' report)

PricewaterhouseCoopers SpA

Signed by

Leda Ciavarella
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

REISSUE OF THE AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

GRANDI STAZIONI SPA

SEPARATE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2012

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REISSUE OF THE AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

To the Shareholders of
Grandi Stazioni SpA

Foreword

A) In execution of the engagement assigned to us, we had audited the separate financial statements of Grandi Stazioni SpA as of 31 December 2012. On those financial statements we issued our report dated 15 April 2013 whereby we expressed an unqualified opinion with one informative disclosure in relation to different disputes in which the Company was involved.

B) On 21 May 2013 we were informed that the abovementioned separate financial statements ~~were supplemented~~ with disclosures to take into account the developments of some ongoing disputes at 31 December 2012 following some post balance sheet events which took place before the Shareholders' Meeting approving the separate financial statements.

Conclusions

Now therefore, we re-issue here below our report on the Company's separate financial statements for the year ended 31 December 2012:

1 We have audited the separate financial statements of Grandi Stazioni SpA as of 31 December 2012, which comprise the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes. The directors of Grandi Stazioni SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union. Our responsibility is to express an opinion on these separate financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob (the Italian Commission for Listed Companies and the Stock Exchange). Those standards require that we plan and perform the audit to obtain the necessary assurance about whether the separate financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the separate financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 13 April 2012.

3 In our opinion, the separate financial statements of Grandi Stazioni SpA as of 31 December 2012 comply with the International Financial Reporting Standards as adopted by the European Union; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of Grandi Stazioni SpA for the year then ended.

4 The Company is involved in different disputes that are described in Note 21, against which provisions for risks and charges were set aside amounting to € 8,419 thousand at 31 December 2012. The directors have indicated those disputes for which specific provisions were deemed necessary and also the reasons why the other disputes do not require any provision to cover risks on future liabilities.

5 The directors of Grandi Stazioni SpA are responsible for the preparation of a report on operations in compliance with the applicable laws. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili and recommended by Consob. In our opinion, the report on operations is consistent with the separate financial statements of the Grandi Stazioni SpA as of 31 December 2012.

Rome, 15 April 2013 (24 May 2013 as set out in paragraph B) on the foreword and in paragraph 4 of the auditors' report)

PricewaterhouseCoopers SpA

Signed by

Leda Ciavarella
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

DECLARATION OF THE CHIEF EXECUTIVE OFFICER AND THE EXECUTIVE RESPONSIBLE FOR DRAWING UP THE CORPORATE ACCOUNTING DOCUMENTS RELATING TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 DECEMBER 2012

1. The undersigned, Fabio Battaggia and Giovanni Raddi, respectively CEO and Executive responsible for drawing up the corporate accounting documents of Grandi Stazioni S.p.A., having taken into account:

   - the matters envisaged by Article 27 of Grandi Stazioni SpA's Articles of Association;
   - the matters specified in point 2 below;

   hereby certify:

   - the adequacy in relation to the company's characteristics and
   - the effective application

   of the administrative and accounting procedures for the drafting of the annual financial statements for 2012.

2. In this connection, the following is disclosed:

   a. the appraisal of the adequacy and effective application of the administrative - accounting procedures for the drafting of the annual financial statements of Grandi Stazioni S.p.A., is based on the internal model defined on a consistent basis with the "*Internal Controls – Integrated Network*" issued by the *"Committee of Sponsoring Organizations of the Treadway Commission"* which acts as a reference framework for the internal audit system generally accepted at international level;

   b. said appraisal revealed the following key aspects:

   the company avails of organisational and administrative-accounting procedures which in their entirety are sufficient with regard to the characteristics of the same; however, the effective application of the procedures is still lacking, in particular with regard to the following through of certain controls, the timescales and the transmission methods for the data required for drawing up the financial statements and the formalisation of the Media contracts.

   In conclusion, the formalisation of the activities and controls aimed at disciplining and monitoring the main IT processes still presents shortfalls, therefore as from January 2013 appropriate action plans were launched, which together with the Segregation of Duties projects (SoD) and IT General Computer Controls (ITGC), will make it possible to redress the shortfalls noted.

On a general note, it is believed that the anomalies highlighted - in relation to which corrective action plans have been or will be launched - have a low impact on the accuracy and quality of the 2012 financial disclosure.

3. Furthermore, it is hereby certified that the annual financial statements:

   a. have been drawn up in compliance with the international accounting standards recognised by the European Union in pursuance of (EC) Regulation No. 1606/2002 of the European Parliament and Council dated 19 July 2002;

   b. comply with the results of the underlying accounting ledgers and entries;

   c. are suitable for providing a true and fair view of the equity, economic and financial situation of Grandi Stazioni S.p.A..

Rome, Italy, 4 April 2013

The Chief Executive Officer	The Appointed Executive
s/Fabio Battaggia	s/Giovanni Raddi

DECLARATION OF THE CHIEF EXECUTIVE OFFICER AND THE EXECUTIVE RESPONSIBLE FOR DRAWING UP THE CORPORATE ACCOUNTING DOCUMENTS RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2012

1. The undersigned, Fabio Battaggia and Giovanni Raddi, respectively CEO and Executive responsible for drawing up the corporate accounting documents of Grandi Stazioni, having taken into account:

    - the matters envisaged by Article 27 of Grandi Stazioni SpA's Articles of Association;
    - the matters specified in point 2 below;

    hereby certify:

    - the adequacy in relation to the Group's characteristics and
    - the effective application

    of the administrative and accounting procedures for the drafting of the consolidated financial statements for 2012.

2. In this connection, the following is disclosed:

    a. the appraisal of the adequacy and effective application of the administrative - accounting procedures for the drafting of the consolidated financial statements of the Grandi Stazioni Group, is based on the internal model defined on a consistent basis with the "*Internal Controls – Integrated Network*" issued by the *"Committee of Sponsoring Organizations of the Treadway Commission"* which acts as a reference framework for the internal audit system generally accepted at international level;

    b. said appraisal revealed the following key aspects:

    the Group avails of organisational and administrative-accounting procedures which in their entirety are sufficient with regard to the characteristics of the same; however, the effective application of the procedures is still lacking, in particular with regard to the following through of certain controls, the timescales and the transmission methods for the data required for drawing up the financial statements and the formalisation of the Media contracts.

    In conclusion, the formalisation of the activities and controls aimed at disciplining and monitoring the main IT processes still presents shortfalls, therefore as from January 2013 appropriate action plans were launched, which together with the Segregation of

    Duties projects (SoD) and IT General Computer Controls (ITGC), will make it possible to redress the shortfalls noted.

On a general note, it is believed that the anomalies highlighted - in relation to which corrective action plans have been or will be launched - have a low impact on the accuracy and quality of the 2012 financial disclosure.

3. Furthermore, it is hereby certified that the consolidated financial statements:

   a. have been drawn up in compliance with the international accounting standards recognised by the European Union in pursuance of (EC) Regulation No. 1606/2002 of the European Parliament and Council dated 19 July 2002;

   b. comply with the results of the underlying accounting ledgers and entries;

   c. are suitable for providing a true and fair view of the equity, economic and financial situation of Grandi Stazioni and all the companies included in the scope of consolidation.

Rome, Italy, 4 April 2013

The Chief Executive Officer
s/Fabio Battaggia

The Appointed Executive
s/Giovanni Raddi

GRANDI STAZIONI S.P.A. - Share capital EUR 4,304,201 fully paid-in

Registered offices: Via G. Giolitti, 34 - 00185 Rome, Italy - Companies' Register No. 571591/96

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING

Dear Shareholders,

You are hereby informed that, further to the presentation of the annual financial statements by the Board of Directors on 5 April 2013, the Board of Statutory Auditors gave its consent to the waiver of the deadlines since the shareholders' meeting for the approval of the same was envisaged for 30 April of the same year.

As you are aware, the Board of Statutory Auditors is tasked with overseeing operations, since the accounts audit is entrusted to PricewaterhouseCoopers S.p.A.; accordingly, it carried out its appointment making the appropriate contact with the heads of the various audit divisions and, therefore, carrying out its co-ordination activities for the same.

The Board of Statutory Auditors took part in the meetings of the Board of Directors and acquired information on the operating performance and the business outlook from the Company's Chief Executive Officer and Executive appointed to draw up the accounting documents.

Moreover, the Chairman of the Board of Statutory Auditors attended the meetings of the Supervisory Body reporting promptly to said Boards on the same, while the Board of Statutory Auditors periodically held discussions with the head of the Internal Audit department, with whom it continued to analyse the reports drafted by the latter so as to disclose the results of the work performed to the Board of Directors.

The Board of Statutory Auditors discloses that the transactions with related parties were not out of the ordinary and that adequate disclosure on the same has been provided to the Board of Directors in the specific section of the Report on operations.

The Company's subjection to the management and co-ordination of Ferrovie dello Stato S.p.A., as per Article 2497 of the Italian Civil Code, has taken on the form, insofar as the Board of Statutory Auditors has been able to ascertain, of acknowledgement of the Group procedures and changeover to the SAP IT platform, which has been essentially completed.

The Board of Statutory Auditors: also had ongoing dealings with the Independent Auditing Firm PricewaterhouseCoopers S.p.A., which always took part in the meetings of the Board of Statutory Auditors with partners and managers in charge of the accounts audit of Grandi Stazioni S.p.A .. As a result of such contact, the Board of Statutory Auditors was able to duly note that the accounting checks, as well as the controls on the tax and social security fulfilments, did not reveal any omissions, irregularities, reprehensible facts or in any event facts which would require reporting to the audit bodies or mentioning in this report.

The Board of Statutory Auditors hereby specifies that it has specifically held discussions with the Independent Auditing Firm on the subject of the separate and consolidated financial statements, in particular during the meeting held on 11 April 2013, when it looked in-depth at the valuational aspects which are the most problematic. Thus, it received indications from PricewaterhouseCoopers S.p.A., which issued its opinion as of today's date without findings but with a disclosure request, also expressing a positive opinion on the consistency of the Report on operations with the financial statements.

As a consequence of the matters stated and within the sphere of our responsibility, we therefore believe that the 2012 separate financial statements deserve to be approved. The Board of Statutory Auditors takes due note of the Board of Directors' decision not to make any proposal with regard to the allocation of the profit for the year, leaving any decision in this connection to the shareholders' meeting.

We believe the corresponding consolidated financial statements to be likewise fit for approval, insofar as we are responsible and on the basis of the information acquired from PricewaterhouseCoopers S.p.A..

You are hereby informed that the Board of Statutory Auditors has not received any reports pursuant to Article 2408 of the Italian Civil Code.

In conclusion, you are hereby informed that the Board of Directors has concluded its mandate, and that, therefore, you shall have to take steps to appoint this Body, as well as the Board of Statutory Auditors, which has likewise completed its three-year appointment, and grant the appointment for the Independent Auditing Firm, since PricewaterhouseCoopers S.p.A. has terminated its period in office.

With regard to this latter aspect, in as far as we are competent, you are hereby referred, to the note attached to this report .

Rome, Italy, 15 April 2013

THE BOARD OF STATUTORY AUDITORS
s/Carlo CONTE
CHAIRMAN

s/Claudio Bianchi
STATUTORY AUDITOR

s/Paolo Buzzonetti
STATUTORY AUDITOR