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ANNUAL FINANCIAL REPORT  
AS AT 31<sup>st</sup> DECEMBER 2012

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SADI SERVIZI INDUSTRIALI GROUP

SADI SERVIZI INDUSTRIALI S.p.A.  
Via Cassanese, 45  
20090 Segrate (MI)

Share capital: Euro 48,204,000.00 fully paid-up

Tax number: 10190370154  
VAT number : 02248000248  
Business register 10190370154  
R.E.A. CCIAA MI 1415152  
[www.sadi-servizi-industriali.com](http://www.sadi-servizi-industriali.com)

# ANNUAL FINANCIAL REPORT AS AT 31<sup>st</sup> DECEMBER 2012

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## GENERAL INFORMATION

### CORPORATE BODIES

In charge as at 31.12.2012

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#### *BOARD OF DIRECTORS*

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##### *Honorary Chairman*

Andrea Monorchio

##### *Chairman*

\* Alberto Azario (5)

##### *Vice Chairman*

\* Paola Grossi

##### *CEO*

\* Pier Giorgio Cominetta

##### *Directors*

Franco Castagnola (1) (2) (3)

\* Vincenzo Cimini (4)

Giovanni Mangialardi (1) (2) (3) (6)

\* Andrea Grossi

Marco Antonio Manzoni (1) (2) (3)

Enrico Menzolini (1)

Alberto Scaccabarozzi

\* Daniele Semenzato

\* Executive directors

(1) Independent directors

(2) Members of the Directors Remuneration Committee

(3) Members of the Committee for Internal Control

(4) Appointed by the Board for the Coordination of the Internal Control System

(5) Responsible for relations with institutional investors and other shareholders

(6) Member of the Supervisory Body

#### *AUDITORY COMMITTEE*

##### *Standing Auditors*

Michaela Marcarini – Chairman

Daniele Bernardi

Enrico Felli

##### *Deputy Auditors*

Enrico Calabretta

Paola Pizzelli

#### *INDEPENDENT AUDITING COMPANY*

PricewaterhouseCoopers S.p.A.

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## REPORT OF THE BOARD OF DIRECTORS ON THE MANAGEMENT OF 2012

### Premises

Sadi Servizi Industriali S.p.A. is a joint-stock company incorporated in Italy and registered with the Register of Companies of Milan. The address of its registered office is Segrate, via Cassanese 45.

The consolidated financial statements of the Sadi Servizi Industriali Group (hereafter the "Group" or also the "Sadi Group") includes the financial statements of Sadi Servizi Industriali S.p.A. (also called "SSI" or the "Company") and those of the Italian and foreign companies on which Sadi has the right to exercise direct or indirect control, determining their financial and management choices, as well as the right to obtain the related benefits.

The consolidated financial statements are prepared in accordance with international accounting standards (hereinafter "IFRS") issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure referred to in art. 6 of the Regulation (EC) No. 1606/2002 by the European Parliament and the Council of 19 July 2002 and in compliance with the provisions of article 9 of Legislative Decree 38/2005. IFRS refers to all International Financial Reporting Standards, all International Accounting Standards, all interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC),

The 2012 financial statements are subject to review by the Auditing Company PricewaterhouseCoopers S.p.A..

All values below are expressed in thousands of euros.

## Remarkable events occurred during the financial year

On 3<sup>rd</sup> July 2012, Sadi Poliarchitettura S.r.l. and Special Solution S.r.l. signed a final contract for the transfer of Sadi Poliarchitettura S.r.l. Therefore, 100% of the shares of Sadi Poliarchitettura were transferred from Sadi Servizi Industriali to Special Solutions S.r.l., excluded the warehouse located in Orgiano (VI) and other non-core financial items, that remained part of the scope of consolidation.

The total price is composed of a fixed symbolic part of 1.00 Euro and of a variable component to be calculated on the basis of the six-months EBITDA that Sadi Poliarchitettura will have on June 30, 2013, multiplied by 5 times net of the net financial position at the same date. It should be noted that if the value [EBITDA ± NFP] should be negative or equal to zero, the balance of the price would be zero, without any price adjustment claim being formulated by the acquirer.

The meeting of the subsidiary Sadi Poliarchitettura S.r.l. had approved on 18 July 2012 the partial demerger plan of the same, in view of the transfer, which provided for the assignment, at the date on which the demerger was effective, to a newly constituted beneficiary, which has assumed the denomination of Valdastico Immobiliare Srl, of the company's assets portfolio representing its real estate investment business and other non-core assets. As a result of the split, the operational industrial area was separated from the real estate area: the split Sadi Poliarchitettura S.r.l. has maintained the operating branch which mainly deals with the manufacture, trade and installation of all kinds of decorative or industrial building articles, while the newly-established beneficiary Valdastico Immobiliare S.r.l. has acquired the Orgiano real estate complex and deals with the real estate business and the valorization and development of property assets and real estate investments.

The sale was completed on October 1, 2012 through the registration of the partial and proportional split of the Sadi Poliarchitettura S.r.l. at the Milan Business Register, which was signed on 25 September 2012.

Given the significance of the transaction in question, on 15 October 2012, Sadi Servizi Industriali S.p.A. has published the Information Document prepared in accordance with Article 71 and in accordance with Annex 3B, Schedule 3, Consob Regulation of 14 May 1999, No.1171.

Following the divestment of the "Architecture" branch, the Group operates exclusively in the "Environment" sector, so the sector information is no longer provided.

## Sadi Servizi Industriali Group

The Sadi Servizi Industriali Group represents, in Italy, one of the leading players in the field of the management of industrial waste and environmental remediation. It operates in the following areas:

- Environmental remediation;
- Treatment and disposal of industrial waste;
- Energy production from renewable sources and Environmental Engineering activities.

It should be noted that the scope of consolidation has changed compared with the previous year following the sale of the whole share held in Sadi Poliarchitettura srl and the constitution of Valdastico Immobiliare S.r.l., owned 100% as follows:

- <u>Bioagritalia Srl</u>	<u>70%</u>	<u>ITALY</u>
- <u>Valdastico Immobiliare Srl</u>	<u>100%</u>	<u>ITALY</u>
- <u>Blu Ambiente Srl</u>	<u>100%</u>	<u>ITALY</u>
- <u>Co.gi.ri. Srl</u>	<u>100%</u>	<u>ITALY</u>
- <u>Ecoitalia Srl</u>	<u>100%</u>	<u>ITALY</u>
- <u>Green Piemonte Srl</u>	<u>100%</u>	<u>ITALY</u>
- <u>La Torrazza Srl</u>	<u>100%</u>	<u>ITALY</u>
- <u>S.I. Green Uk Ltd</u>	<u>100%</u>	<u>UNITED KINGDOM</u>
- <u>Smarin SpA</u>	<u>100%</u>	<u>ITALY</u>
- <u>Tekna Srl</u>	<u>100%</u>	<u>ITALY</u>

### Companies consolidated by the equity method

- <u>Daisy Srl</u>	<u>50%</u>	<u>ITALY</u>
- <u>Barricalla SpA</u>	<u>35%</u>	<u>ITALY</u>
- <u>Siad Srl</u>	<u>25%</u>	<u>ITALY</u>

## Reference Market

Data on the total production of special waste in Italy come from the Annual Report on Waste of the Institute for Environmental Protection and Research (ISPRA) (2012 edition), published in January 2013 and referring to the national waste production in 2010, derived from the MUD declarations presented in the year 2011

National production of special waste in 2010 amounted to about 137.9 million tonnes, an increase of 2.4% compared to 2009, equivalent to 3.2 million tonnes.

The production of special, non-hazardous waste produced by MUD processing is equal to 61 million tonnes in 2010. To these must be added 9.6 million tons on supplementary estimates made for the manufacturing and health sectors and about 57.4 million tons of inert waste, entirely estimated, pertaining to the construction and demolition sector, for a total production of special non-hazardous waste of 128.2 million tons.

The amount of special hazardous waste produced in 2010 is estimated at about 9.6 million tonnes (about 1.7 million tonnes, or 17.3% of the total figure, for the estimated quantities of end-of-life vehicles).

In generale, a fronte del calo evidenziato nel biennio 2008-2009 a causa della grave crisi economico-finanziaria che ha investito il nostro Paese, nel 2010 si assiste ad una limitata ripresa del mercato e dell'industria, in linea con il contesto generale dell'economia nazionale. In particolare, per tutti i settori delle attività manifatturiere si registrano, rispetto al 2009, aumenti dell'indice di produzione industriale.

In particular, compared to 2009, the total production of special non-hazardous waste shows a quantitative increase of almost 3.9 million tonnes (+ 3.1%), almost at the level recorded in 2008. Production of hazardous waste, however, shows a drop of 6.3%, corresponding to approximately 655 thousand tonnes.

Overall, in the three-year period 2008-2010 there was a reduction in the production of special waste of 4.9 million tonnes, corresponding to a 3.5% contraction; both the production of special, non-hazardous and hazardous waste decreased respectively to 3.3 million tonnes (-2.5%) and 1.6 million tonnes (-14.4%). (See Figure 1.1 below).

**Tabella 1.1 – Produzione nazionale di rifiuti speciali, anni 2008 – 2010**

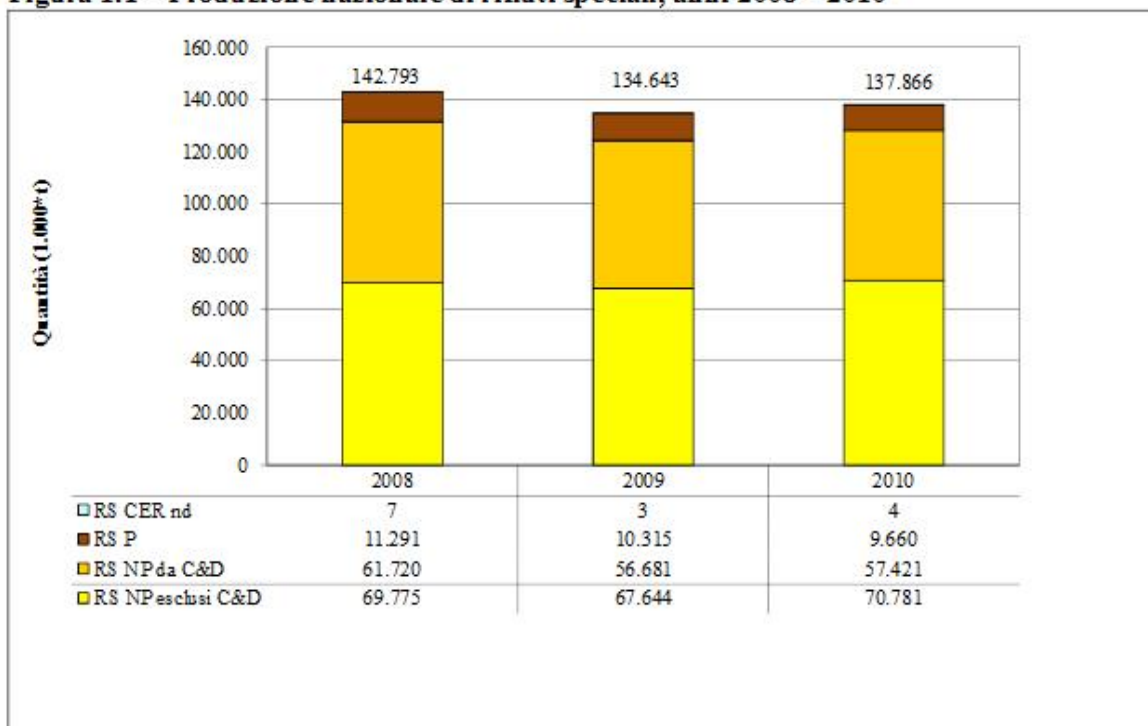
Tipologia	Quantitativo annuale (t)		
	2008	2009	2010
Rifiuti speciali non pericolosi esclusi i rifiuti stimati (MUD)	60.533.424*	58.774.270*	61.053.058*
Rifiuti speciali non pericolosi esclusi i rifiuti stimati da C&D (integrazioni stim e)	9.175.547	8.688.731	9.635.421
Rifiuti speciali non pericolosi da C&D (stim e)	61.720.058	56.680.750	57.421.288
Rifiuti speciali non pericolosi con attività ISTAT non determinata (MUD)	65.559	180.749	92.610
<b>Totale non pericolosi</b>	<b>131.494.588</b>	<b>124.324.500</b>	<b>128.202.377</b>
Rifiuti speciali pericolosi (MUD)	10.050.409	8.689.192	7.972.671
Veicoli fuori uso (stim e)	1.229.921	1.610.137	1.671.153
Rifiuti speciali pericolosi con attività ISTAT non determinata (MUD)	10.925	15.313	16.211
<b>Totale pericolosi</b>	<b>11.291.255</b>	<b>10.314.642</b>	<b>9.660.035</b>
Rifiuti speciali con CER non determinato (MUD)	6.992	3.461	3.641
<b>Totale rifiuti speciali</b>	<b>142.792.835</b>	<b>134.642.603</b>	<b>137.866.053</b>

\* Inclusi i quantitativi di rifiuti speciali non pericolosi provenienti dal trattamento di rifiuti urbani (CER 190501, 190503, 191210, 191212) pari rispettivamente a 4.211.026 tonnellate nel 2008, 6.137.041 tonnellate nel 2009, 6.689.356 tonnellate nel 2010.

Fonte: ISPRA



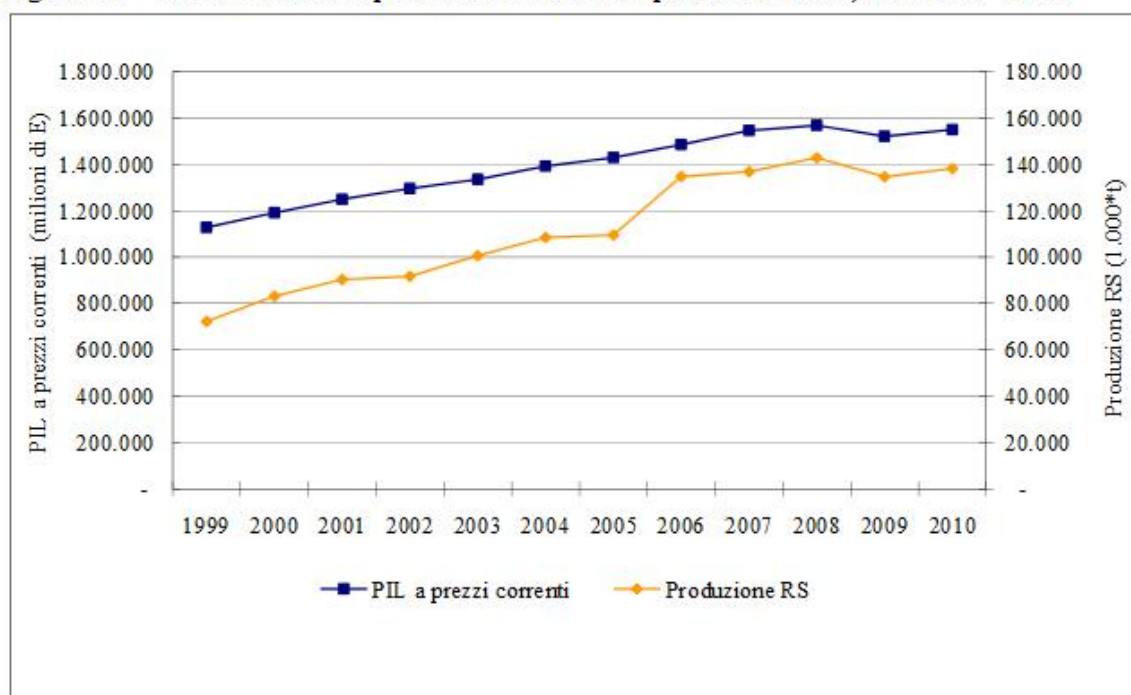
**Figura 1.1 – Produzione nazionale di rifiuti speciali, anni 2008 – 2010**



Fonte: ISPRA

Comparing the trend of the production of waste to the gross domestic product (current prices), we can observe, with reference to the 1999-2010 period, a good correlation, with a R value of 0.9924, indicative of a regression of linear type (Figure 1.3).

**Figura 1.3 – Andamento della produzione dei rifiuti speciali e del PIL, anni 1999 – 2010**



Fonti: ISPRA, elaborazioni ISPRA su dati ISTAT

The analysis of data by economic activity (according to Ateco 2002) shows that the largest contribution to the total production of special waste is given by the construction and demolition sector (Ateco 45), with a percentage in 2010 equal to 43.3% of the total.

Manufacturing activities (Ateco 15 to 36), taken as a whole, account for around 27.9%, while a percentage of 20.1% is represented by waste treatment activities falling within Ateco 37 and 90. Other economic activities account for a total of around 8.7%.

As far as the geographic area is concerned, the highest values of total production of special waste, taking into account the distribution of the productive system, are concentrated in Northern Italy with almost 80 million tonnes in 2010 (equal to 57.7 % of the total national figure). The production in Central Italy amounts to approximately 25.8 million tonnes, while the production of Southern Italy is about 32.5 million tonnes.

In the North, between 2009 and 2010, it was recorded an increase in total special waste production amounting to nearly 2.5 million tonnes (+ 3.2%), largely due to non-hazardous waste (almost 2 million tonnes, of which about half is made up of waste from construction and demolition). Even in the South, over the same period, total production increased by about 1.3 million tonnes (+ 4.1%). In detail, there is an increase in produced non-hazardous waste of almost 2.4 million tonnes (+8.8%), and a sharp contraction in the production of hazardous waste of 1.1 million tonnes (-26.7%). For the latter, the largest reduction is recorded for the refining of petroleum (Ateco 23).

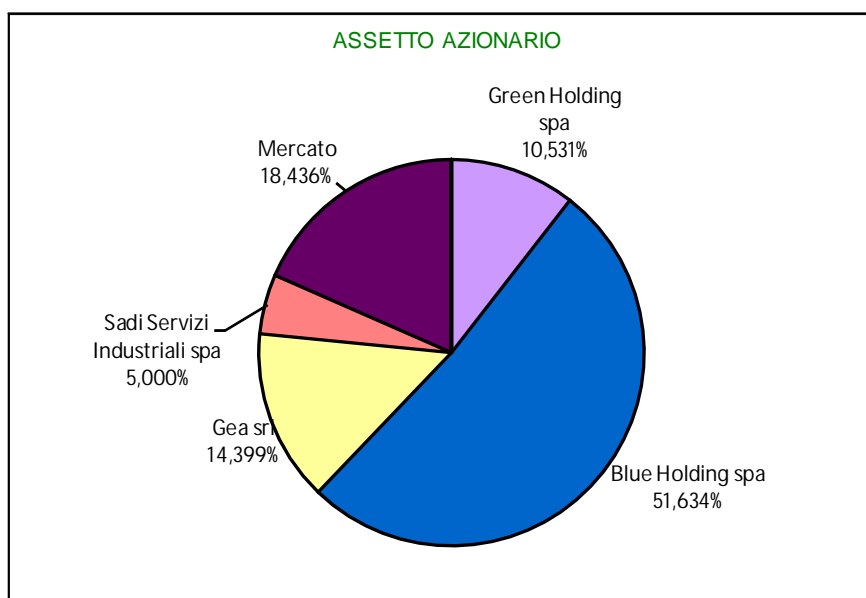
The production trend of the Center appears, however, in contrast, recording, between 2009 and 2010, an overall decrease of about 485 thousand tons (-1.8%). The reduction is due to non-hazardous waste from construction and demolition (-4.8%); the hazardous waste generated decreased by almost 53 thousand tonnes (-4.3%).

## News related to the title

As of 31<sup>st</sup> December 2012, the shareholders participated to the share capital of the Company SADI SERVIZI INDUSTRIALI S.p.A., represented by 92,700,000 shares in circulation - directly or indirectly, with voting rights exceeding 2% of the share capital, according to the shareholder register, supplemented by the communications received under Article 120 of the Consolidated provisions on financial intermediation under Legislative Decree no. 58/1998, as well as according to other information available to the company - according to the following shares:

SSI SHAREHOLDERS	SHARES NO.	%	TOTAL
Green Holding S.p.A.	9,762,365	10.531%	81.564%
Blue Holding S.p.A.	47,864,634	51.634%	
GEA Srl	13,348,043	14.399%	
Ambienthesis S.p.A.	4,635,173	5.000%	
Market	17,089,785	18.436%	18.436%
<b>TOTAL</b>	<b>92,700,000</b>	<b>100%</b>	<b>100%</b>

Azionisti SSI	n. azioni	%	
Green Holding spa	9.762.365	10,531%	<b>81,564%</b>
Blue Holding spa	47.864.634	51,634%	
Gea srl	13.348.043	14,399%	
Sadi Servizi Industriali spa	4.635.173	5,000%	
Mercato	17.089.785	18,436%	<b>18,436%</b>
<b>TOTALE</b>	<b>92.700.000</b>	<b>100,00%</b>	



The company Green Holding S.p.A., Blue Holding S.p.A. and Gea S.r.l. are companies indirectly controlled by the RAPS Sas Marina Rina Cremonesi & C.

As of 31<sup>st</sup> December 2012 the reference price of the SSI title featured a listing of 0.25 Euro (0.31 Euro the previous year), while on 9<sup>th</sup> April 2013 the title is of 0.28 euro.

As of today, in accordance with the shareholders' resolutions of April 24, 2008 and April 29, 2009, Sadi Servizi Industriali S.p.A., holds a total of 4,635,173 treasury shares, representing approximately 5.000% of the share capital, with an average purchase price of approximately EUR 0.55.

During the FY 2012 no treasury shares were purchased

The Company does not hold or has held during the reporting period, shares of the Parent companies.

## SYNTHESIS OF THE ECONOMIC AND FINANCIAL RESULTS OF THE SADI SERVIZI INDUSTRIALI GROUP AS AT 31.12.2012

<b>ECONOMIC DATA</b> In thousands of Euros	<b>SSI Group as at</b> <b>31.12.2012</b>	<b>SSI Group as at</b> <b>31.12.2011</b>	<b>Variation %</b>
Revenues	68,020	76,776	-11.4%
Gross operating margin (Ebitda)	3,429	11,787	-70.9%
Net operating margin (Ebit)	-594	7,220	-108.2%
Pre-tax income	-945	6,872	-113.8%
Net result from discontinued operations	-2,386	-887	169.0%
<b>Final net result – profit/loss</b>	<b>-3,072</b>	<b>3,335</b>	<b>-192.1%</b>

<b>FINANCIAL DATA</b> In thousands of Euros	<b>ATH Group as at</b> <b>31.12.2012</b>	<b>ATH Group as at</b> <b>31.12.2011</b>	<b>Variation %</b>
Net circulating capital	19,320	23,888	-19.1%
Total assets	139,179	146,676	-5.1%
Equity	74,350	78,253	-5.0%

<b>NFP</b> In thousands of Euros	<b>ATH Group as at</b> <b>31.12.2012</b>	<b>ATH Group as at</b> <b>31.12.2011</b>	<b>Variation %</b>
Net financial position	-13,792	-16,534	16.6%

Net working capital is accounted for by all short-term assets and liabilities that are of a non-financial nature, recurring in the business and of a monetary and not "accounting" nature.

### Management performance

During the year, net consolidated revenues amounted to 68,020 thousand Euros, decreased in respect to 2011, that were 76,776 thousand Euros (- 11.4%).

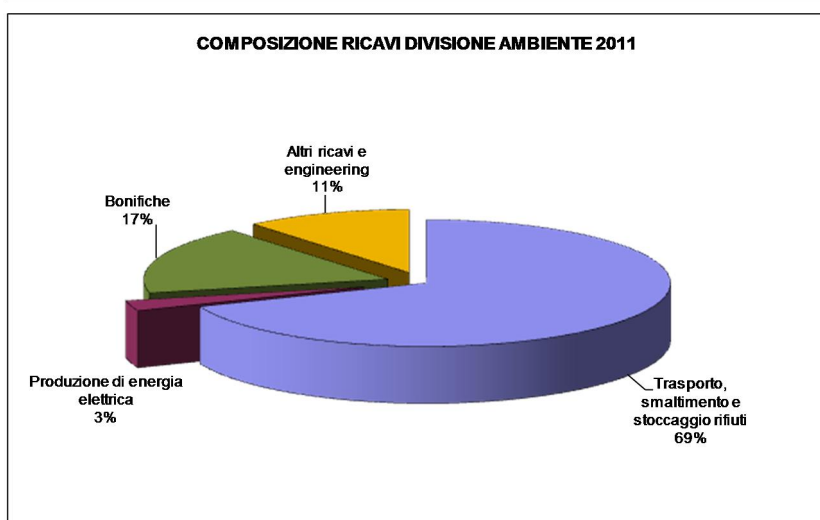
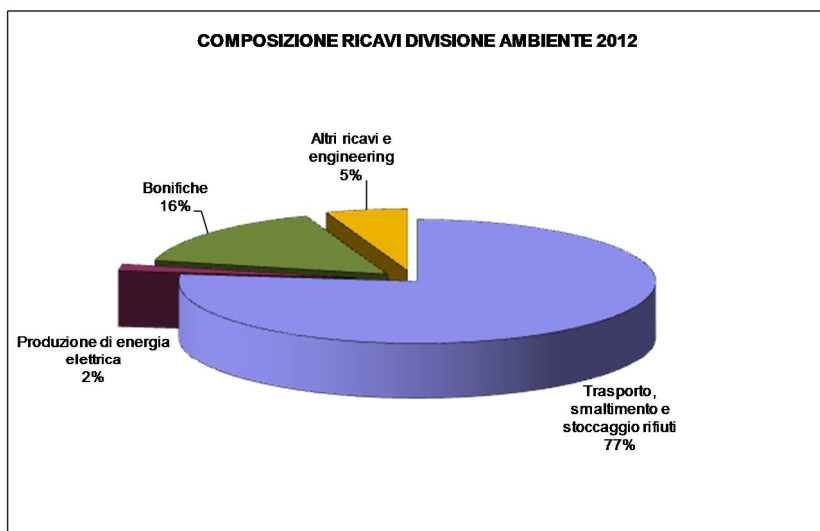
The consolidated gross operating margin was of 3,429 thousand Euros compared to the 11,787 thousand Euros of 2011 (-70.9%).

Consolidated profit before taxes was negative and amounted to -945 thousand Euros compared to the profit of 6,872 thousand Euros of the previous year.

The Group therefore closed the 2012 financial year with a consolidated net loss of -3,072 thousand Euros (compared to the profit of 3,335 thousand Euros of 2011), after depreciation and write-downs for 4,023 thousand Euros.

Several factors have affected the reduction in margins.

First of all, it should be noted that the contraction in sales, which is certainly related to the unfavorable macroeconomic scenario across the national territory, is to be attributed to those areas of business that traditionally have weighed on the Group's profit and loss account in a more profitable way : environmental remediation-works (-19% compared to the previous year) and, above all, the construction of dedicated ecological plants (-56% compared to 2011).



More generally, in addition to the above, the generalized economic difficulty and the lesser presence on the market of business availability have tightened the competition of various players on the industrial waste treatment and disposal prices.

The activity of Poliarchitettura, whose disposal operation has been completed, as already mentioned in the premises, during 2012, has a negative impact, for Euro 2,386 thousand, on the final result.

In other words, net of the position attributable to the result of discontinued operations, the Group's consolidated net profit would have had a much smaller loss (Euro 686 thousand).

Acquisitions of new "contract" jobs are, for the "Environment" sector, in line with what was found in 2011:

Thousands of euros			
Incoming orders	SSI Group as at 31.12.2012	ATH Group as at 31.12.2011	Variation %
Environmental Sector	15,219	15,878	-4.2%

The consolidated order backlog at December 31, 2012, concerning only "job orders", is approximately of the Environmental sector is of approximately 43.1 million Euros.

The overall net financial position, equal to -13,792 thousand Euros, albeit at a time of overall difficulty of the market and of the reference financial framework, has improved compared to the corresponding period of the previous year (-16,534 thousand Euros).

## NET FINANCIAL POSITION AS AT 2012

*Figures in thousands of Euros*

	31/12/2012	31/12/2011
A. Cash	18	8
B. Cash equivalents	436	1,609
C. Bonds held for negotiation	0	0
D. Cash (A+B+C)	454	1,617
E. Current financial receivables		
	1,799	1,533
-of which to related parties		
	1,799	1,533
F. Current bank debts	(9,102)	(6,827)
G. Current portion of non-current debt	(4,357)	(6,103)
H. Other current bank debt	(356)	(364)
-of which to related parties		
	(13,815)	(13,294)
I. Current financial debt (F+G+H)	(11,562)	(10,144)
J. Net current financial debt (I-E-D)	(2,103)	(6,232)
K. Non-current bank debt	0	0
L. Issued bonds	(127)	(158)
M. Other non-current financial liabilities	(2,230)	(6,390)
N. Financial non-current debt (K+L+M)	(13,792)	(16,534)

The leverage ratio, as a ratio between net financial position and equity, was 0.19 (compared with 0.21 in the corresponding period of 2011).

The amount of the net financial position is negatively affected by the lack of realization of the considerable credit owed from TR Estate Due S.r.l. for the reclamation of the "Ex Sisas" areas, which will be discussed further. In addition to the above, the net financial position is affected by the Group's investments in the last three to four years - the last of which was the completion of the Barletta landfill of Daisy S.r.l. and the refurbishment of the liquid treatment plant at the multifunctional platform of Orbassano (TO).

The Administrators, after the sale of Poliarchitettura S.r.l., which will soon be able to make its positive effects, and in the sum of the receipts (SSI and Ecoitalia) deriving from the receivables towards T.R. Estate Due S.r.l. (Reclamation of the former Sisas), count on increasing the availability of resources also through forms of supply from the credit system; there are, in fact, pending requests for the extension of short-medium-term credit lines, which, presumably in the second quarter of 2013, will be resolved.

### Other information

- Acquisizione di nuove commesse e di nuovi servizi consistenti Acquisition of new significant orders and services

Below are the most significant orders acquired during the year:

- The implementation of top soil interventions at the Polimeri Europa plant in Porto Marghera (VE), as part of the project "land reclamation with safety measures", for a contract amount of approximately 2,500 thousand Euros, for an expected duration of two years;
- The contract for the technical adjustment of the landfill for non-hazardous waste located in Pontey, Valloille (AO), for a sum of 2,592 thousand Euros, on behalf of Valeco S.p.A. ;
- Top soil reclamation of the "Nuovo Petrolchimico" at the Syndial site in Porto Marghera (VE), for a contractual amount of approximately 4,000 thousand Euros and for a presumed period of 24 months;
- Supplementary expertise of the Alumix reclamation - located in the municipality of Portoscuso (CA) - for 2,415 thousand Euros, on the basis of the estimates, following the requirements of the Ministry of the Environment, in relation to the design modifications under the law 36/2003;
- Award by the grouping of companies constituted by Sadi Servizi Industriali S.p.A. and Settentrionale Trasporti S.p.A., of the contract for the service of removal, loading, transport and treatment of slag and ashes from thermo-destruction and land reclamation stored in the business area IREN S.p.A. located in the Municipality of Parma, for a total amount of 1,115 thousand Euros;
- Award of the contract for the removal, disposal and recovery of the entire quantity of waste in the shed located in the municipality of San Giorgio in Bosco (PD) for a total amount of 245 thousand Euros to be carried out by the grouping of companies between Sadi Servizi industriali S.p.a., Ecoltecnica S.r.l. and Settentrionale Trasporti S.p.A.;
- Realization of civil and structural works related to the service area at the Daisy landfill site in San Procopio - Barletta (BT) for an amount of 770 thousand Euro;
- Contract extension of the contract for the safekeeping of the groundwater through the acquisition, rental and management of the groundwater treatment plant at the ex-Flucosit site located in Castelnuovo near the municipality of Asola (MN), for an amount of 106 thousand Euros;
- Award of contract for the service of loading, transporting and disposal of dust arising from the treatment of smoke and light ashes of the waste incineration plant ACCAM S.p. A. located in Busto Arsizio (VA) for 1,845 thousand Euros (lot 1) and 267 thousand Euros (Lot 2);
- Award by the grouping of companies constituted by Sadi Servizi Industriali S.p.A. and Settentrionale Trasporti S.p.A., of the contract for the collection, transport and recovery of Residual Sodium Products from the construction of a waste-to-energy plant of TRM S.p.A. located in Turin, Gerbido, lot 1, for a total amount of 625 thousand Euros; The share of Sadi Servizi Industriali is 93%;
- Award by the grouping of companies, of which Sadi Servizi Industriali S.p.A. is the parent company, of the contract for the collection, transport and recovery of slags identified by the CER code "19.01.11 heavy ash and slag containing dangerous substances" from the construction of waste-to-energy plant of TRM S.p.A. located in Turin, Gerbido, for a total amount of 1,763 thousand Euros (Lot A) and for a total amount of 1,786 thousand Euros (Lot B): Sadi Servizi Industriali's share is 92%.

- Reclamation works in the area "Ex Sisas"

Below is a summary of the events that marked the evolution of the order:

- With DPGR n. 88 of January 18, 2008, the Lombardy Region approved the Program Agreement for the Remediation Activities of the former SISAS area, entrusting said remediation to TR Estate Due S.r.l.;
- The Temporary Business Association, of which Sadi Servizi Industriali S.p.A. was the parent company, was commissioned by the customer TR Estate Due Srl, a related company, to carry out the aforementioned reclamation activity and, until 2010, it has put in place a whole range of site preparation activities and predi-position of waste disposal and waste removal tests on landfill C;
- With the Order of the President of the Council of Ministers, on 30 April 2010, the Government appointed a Delegated Commissioner to remove the A and B landfills located in the former SISAS Area; The commissarial activities have evolved in the setting up and the award of a tender to complete the disposal of the same landfills A and B. The successful tenderer was the Company Daneco S.p.A.;
- TR Estate Due Srl, as a result of the failure to comply with the conditions, in particular that of the economic and financial balance of the reclamation costs provided for in the Program Agreement and the subsequent Supplementary Act, interrupted (as, consequently did the TBA), the execution of the works of safe-keeping, reclamation and requalification of the above-mentioned area appealed to the Lombardy TAR for the recognition of receivables deriving from the reclamation and for the sentence to the administrations to pay them;
- as a result of requests of Sadi Servizi Industriali S.p.A. for payment of the amount due to TR Estate Due S.r.l., the parties subscribed an addendum to the original contract under which the customer TR Estate Due S.r.l. expressly acknowledged its (residual) debt towards Sadi Servizi Industriali S.p.A committing itself to extinguishing its debit exposure by December 31, 2012, agreeing to pay a first installment by 31 January 2012.
- Last 31 January 2012 TR Estate Due S.r.l. did not make the first payment as outlined above and agreed on, and sent a communication on January 30, 2012, asking to Sadi Servizi Industriali S.p.A. to refrain from requesting payments expiring on 31 January 2012, proposing to meet payments already promised in the short term, i.e. from June 2012.
- TR Estate Due S.r.l. did not make the payment scheduled for June 2012
- Subsequently Sadi Servizi Industriali S.p.A. was made aware of the correspondence between the Lombardy Region and TR Estate Due Srl that revealed the existence of transactional negotiations with respect to the reclamation of the "ex Sisas" area and in which it is indicated, among other things, the willingness of the Administrations involved to come to an amicable solution
- The Lombardy TAR (Sect. II, RG 2260/2011), after a first ruling, The hearing for the decision on the appeal lodged by TR Estate Due S.r.l. for the recovery of its credit towards the Lombardy Region (and other resilient administrations); The judgment would then be expected by the end of 2013 and, in case of positive result of the appeal, it would allow TR Estate Due S.r.l. to acquire the monetary provision to fulfill its obligation towards Sadi Servizi Industriali S.p.A. and to the TBA of which the latter is a Parent Company.

The Directors, while confiding in a positive conclusion of the negotiations or in a positive outcome of the appeal filed by TR Estate Due S.r.l. against the mentioned public administrations, since the date of 30 September 2012 has expired without Sadi Servizi Industriali S.p.A. having recovered its credit,, in order to carry out any necessary act to protect the assets of the latter, have, appointed the legal representatives to carry out the necessary, contractual and non-contractual recovery operations, both against TR Estate Due Srl, and the public administration as well as all the others who, with their behavior, have contributed to the delay suffered today by Sadi Servizi Industriali S.p.A. in obtaining the payment of the fee for the works performed.

#### ➤ Tax assessments

With reference to general audits by the Revenue Agency, with regard to Sadi Servizi Industriali S.p.A., Ecoitalia S.r.l. and Blu Ambiente S.r.l. it should be noted that the same ones were concluded, with a final statement of minutes, on 20/04/2011, 7/04/2011 and 16/12/2010.

As further specified below within the explanatory notes to the consolidated financial statements:

- Sadi Servizi Industriali S.p.A. has obtained the suspension of the collection, pending the appeal;



- On 14 January 2013, the Milan Tax Commission accepted the entirety of the appeal by Blu Ambiente S.r.l., annulling all notified assessment notices. For this position, there is a deadline for the office to appeal.

In the light of the above, and as already pointed out in the financial statements as at 31 December 2011, the companies involved, given that there are valid arguments in defense of the findings contained in the minutes itself and in the subsequent assessment notices, as it was confirmed by external consultants assisting them in the dispute in question, decided not to make any budget allocations.

#### ➤ Daisy S.r.l. Landfill in Barletta

The activities of completion of the special waste landfill of the subsidiary Daisy S.r.l. located in the town of Barletta are underway. It should start operating from the second half of the current year.

#### Intra-group relations and related parties

With regard to transactions with related parties, it should be noted that the same are a normal course of business of the Group companies and are regulated at market conditions, taking into account characteristics of the goods or services involved. Please note that the above-mentioned transactions do not qualify as either atypical or unusual; information on related party transactions is set out in the Explanatory Notes.

The Group maintains relationships with the parent company, jointly controlled companies and affiliated companies, other related parties, at market conditions deemed normal in their respective reference markets, taking into account the characteristics of the goods and services provided. There are no guarantees given or received against related parties.

The effects on the income statement and on the consolidated financial position for the current financial year are reported in the explanatory notes to the consolidated financial statements.

#### Human resources and data on employment

In 2012 the income statement includes 6,493 thousand Euros of personnel costs.

The breakdown of the number at the end of the year and its change over 2011 is as follows:

<b>Number of employees</b>	<b>31.12.2012</b>	<b>31.12.2011</b>	<b>Variation</b>
Directors	8	7	1
Employees	65	64	1
Workers	44	37	7
<b>Total</b>	<b>117</b>	<b>108</b>	<b>9</b>

#### Information on the environment

The commitment on the issues of social responsibility and of the territory is now an integral part of the principles and the Group's conduct, oriented to technological excellence, maintenance of high levels of safety, environmental protection and energy efficiency, as well as training, awareness and involvement of staff on social responsibility issues.

The Group's environmental strategy, therefore, is based on the following principles:

- optimize the use of energy sources and natural resources;
- minimize the negative environmental impacts and maximize the positive ones
- spread the culture of a correct approach to the environmental themes
- carry out the progressive improvement of the environmental performances
- adopt purchase policies aware of the environmental themes

## Investments

During the year, the Group invested a total of 2,862 thousand Euros, as summarized below:

### *Investments in intangible assets (in thousand euros)*

Investments in intangible assets	Acquisitions during the year
Industrial patent rights and use of intellectual property	1
Concessions, licenses, trademarks	18
Assets under construction and advances	5
Other intangible assets	1
<b>TOTAL</b>	<b>25</b>

Investments in tangible assets	Acquisitions during the year
Lands and buildings	34
Plant and machinery	897
Industrial and commercial facilities	277
Assets under construction and advances	1,603
Other assets	26
<b>TOTAL</b>	<b>2,837</b>

Investments in tangible fixed assets are almost entirely attributable to the ordinary management and implementation of the plant, machinery and equipment required for carrying out the Group's activities. It is worth noting the completion of the interventions for the modernization and upgrading of the new biomass plant system at the Orbassano multipurpose platform owned by Sadi Servizi Industriali S.p.A..

## Risks and uncertainties

The main risk factors to which the company is exposed, described below with an indication of the management strategies and policies pursued, are classified into the following macro-categories and are commented below:

- Financial Risks
- Operational Risks
- Strategic Risks
- Compliance Risks

➤ Financial Risks

INTEREST RATE RISK

Risk Class	Brief De- scription	Detailed description
Financial	Interest Rate Risk	Risk related to the chance to increase the financial liabilities due to an unfavourable variation of the interest rates.

The Group monitors and hedges the underlying risk through two main levers:

- 1) The constant analysis of the trend in interest rates in relation to the performance of the financial markets;
- 2) A policy for collecting loans with a predominance of the fixed rate over the variable one, especially with regard to medium and long-term funding.

EXCHANGE RATE RISK

Risk Class	Brief De- scription	Detailed description
Financial	Exchange Rate Risk	Risk linked to exchange rate changes that may lead to a loss in the purchasing power of the currency held and a loss in the value of receivables.

The risk associated with changes in exchange rates, which can lead to a loss in the purchasing power of the currency held and a loss in the value of the receivables, has for the Group at 31/12/2012 a low likelihood of occurrence and a low-impact, since the Group operates mainly within the domestic market and the only foreign company operates in terms of costs and revenue in a single currency.

LIQUIDITY RISK

Risk Class	Brief De- scription	Detailed description
Financial	Liquidity Risk	Liquidity risk can generate financial tensions and shortages in the financial structure of the company and the Group.

The liquidity risk to which the Group may be subject is due to the lack of adequate financial resources necessary for its operations and for the development of its industrial and commercial activities.

The Group has adopted a series of policies and processes to optimize the management of financial resources, reducing the risk of liquidity, in particular by:

- the maintenance of an adequate level of available liquidity, either through self-financing or through the support provided by credit institutions;
- obtaining and renewing adequate and large credit lines, both short and medium term;
- monitoring prospective liquidity conditions, in relation to the business planning process.

#### CREDIT RISK

Risk Class	Brief De- scription	Detailed description
Financial	Credit Risk	Credit risk may lead to difficulties in the recoverability of credit in the various business lines, while at the same time generating short-term and medium-term financial tensions in the same business lines (waste disposal, reclamation).

The credit risk is the Group's exposure to potential losses arising from non-compliance of obligations by trading partners.

Client solvency is subject to specific pre-assessments, through a procedure of 'trust' for each client. The Group, therefore, mitigates credit risk through:

- a) precautionary actions for the customer's creditworthiness by controlling such risk through specific instruments such as advance payments or sureties;
- b) systematic and structured procedures for monitoring any possible insolvency status of customers, as well as soliciting and recoverability of the credit;
- c) specific assessments of the recovery actions to be made in the event of any insolvency cases.

The Group is considering the possibility of obtaining a structured Balance Sheet from Assicom or other operators for each customer requested.

#### PRICE RISK

Risk Class	Brief De- scription	Detailed description
Financial	Price Risk	The risk of volatility of the purchase price of some production factors (waste disposal and transport activities) which may impact the profitability of the business.

The Group mitigates the risk associated with the volatility of the purchase cost of the production factors by defining contracts - typically annual - at a fixed price or by maintaining consolidated supply relations that allow for price reductions or, in any event, price stability of the goods or services purchased.

With particular reference to the supply of electricity, a framework agreement has been renewed, thanks to which we have opted, even in relation to such raw material, for a fixed price with the aim of a prudent hedging.

The Group, furthermore, controls the risk through investments aimed at increasing its plants efficiency, especially with regard to the waste disposal business, in order to ensure energy savings.

➤ Operational and Strategical Risks

MACROECONOMIC TREND RISK

Risk Class	Brief Description	Detailed description
Strategical	Macroeconomic trend Risk	Risk linked to the possibility that the Group's financial and economic position may be negatively influenced by exogenous macroeconomic factors

The Group systematically monitors the reference macroeconomic framework in order to detect, in a timely manner, potential unfavourable trends and to plan, if necessary, related corrective actions.

While declining, the substantial stability of the turnover achieved in 2012 compared to the previous year has shown, however, the ability to mitigate the negative impacts resulting from the macro-economic slowdown that has characterized both the main businesses (waste disposal, land reclamation) in which the Group operates.

DEPENDENCE ON SUPPLIERS RISK

Risk Class	Brief Description	Detailed description
Strategical	Dependence on suppliers Risk	Risk linked to contractual dependence with certain suppliers such as to lead to blocks in the customer service operations.

The Group mitigates the risk of contractual dependence on suppliers, which as such could entail blockages in customer service operations across all business lines by identifying a sufficient portfolio of suppliers with which to collaborate.

Selection within this portfolio is a structured process aimed at identifying the most appropriate dependency entity based on a timely assessment of the ethical, qualitative and technical requirements of the supplier.

The Group, also for 2012, confirms the strategic choice of constantly monitoring dependence on suppliers and ensuring that there are at least two potential suppliers for each requested service.

DEPENDENCE ON CUSTOMERS RISK

Risk Class	Brief Description	Detailed description
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Strategical	Dependence on customers Risk	Risk related to contractual dependency on one or few customers
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The Group mitigates the risk of customer dependency through constant monitoring of the relative weight of each customer on the revenue of each corresponding business line. In this regard, it is emphasized that in 2012, despite the crisis situation that could have led to the survival of a few large customers, the Group continues to notice a low incidence of each customer on the total turnover of the corresponding line of business.

#### LACK OF BUSINESS GROWTH RISK

Risk Class	Brief Description	Detailed description
Strategical	Lack of business growth Risk	Risk related to the lack of monitoring of business opportunities that arise on the market or the incorrect management of the same

The Group mitigates the risk linked to a possible lack of monitoring of market opportunities or mismanagement of the business opportunities through the use of a formalised procedure to identify, select and assign to the competent subjects the various opportunities that may arise.

The risk of a lack of growth in the waste disposal business, in the current crisis situation in the industry, is addressed proactively by seeking growth opportunities in the foreign market and acquiring new customers nationwide.

With regard, instead, to the business of reclamation, also characterized by a situation of crisis in the sector, the Group assesses the possibility of managing the risk of a lack of growth of the same business through the implementation of remediation commissioned by private individuals.

The Tender Office, also by using the support provided by a specialised agency, monitors daily the invitations to tender to which the Group can participate.

#### COMPETITION RISK

Risk Class	Brief Description	Detailed description
Strategical	Competition Risk	Risk linked to the possible entry of new competitors in the business sectors

The risk of new competitors entering the market is mitigated by factors that are inherent to the businesses in which the Group operates, such as market fragmentation, difficulty in entering the market and the need to have specific certifications.

Given the above and given the high level of competition in the two main business areas (waste disposal and reclamation) in which the Group operates, the constant presence on all tenders is considered a key element for the possible coverage of the risk factor in question.

The Tender office constantly monitors, by consulting a special archive, the number of tenders awarded, those that have not been awarded and those awarded to the Group's competitors.

In the event of failure to award a specific notice, the Tender office may also assess to act legally against the successful tenderer in order to verify the consistency and correctness of the declared requirements.

Finally, the Group mitigates the risk of competition on the domestic market, with the consequent possibility of loss of market share, also through the response of foreign market penetration, the recent experienced with reference to participation in invitations to tender and already consolidated with respect to waste disposal.

#### DEPENDENCE ON KEY HUMAN RESOURCES RISK

Risk Class	Brief Description	Detailed description
Strategical	Dependence on key human resources Risk	Risk related to the possible dependence on key human resources

The Group constantly monitors the risk in question, in relation, particularly, to commercial and technical personnel working in the various business lines.

More specifically, in order to contain said risk, the Group intervenes through:

- (i) continuous training;
- (ii) incentives and benefits;

#### REPUTATIONAL RISK

Risk Class	Brief Description	Detailed description
Strategical	Reputational risk	Risks related to protecting the image and reputation on the market that may impact the business performance of the Group

The Group pays particular attention to the management of reputational risk, through initiatives that involve an active role in projects with key players in the industry. The perception of the experience in the field by the Group is also proven by the participation to initiatives carried out by associations on the most significant issues of the sector, as well as in research projects with universities.

The Group also mitigates reputational risk thanks to the visibility offered by participation in major trade fairs, where it is present in a continuous improvement of its image and reputation of the entire Group, as well as through investment for the participation to trade associations such as ANIDA.

#### RISK OF LACK OF FULL OPERATIONAL USE OF THE PRODUCTION CAPACITY

Risk Class	Brief Description	Detailed description
Strategical	Risk of lack of full operational use of the production ca-	Risk related to non-exhaustive use/exploitation of plants and / or production capacity in general, with consequent impact on achievable business volumes

	capacity	
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During 2012, the Group has demonstrated that its capacity utilization has been maintained, even compared to the previous year, for which, at the Orbassano plant, the historical use thresholds had been exceeded .

#### RISK LINKED TO INFORMATION SYSTEMS

Risk Class	Brief Description	Detailed description
Operational	Risk linked to Information systems	Risks related to the management of business information support systems.

The Group, as well as making some management software real tools to support its operational choices, constantly monitors the functionality of the various applications and it's cautious, even from a contractual point of view, about the timeliness of any technical and regulatory updates to which the same applications must be subjected.

Back-up and disaster recovery procedures are also implemented and enforced.

In particular:

- The Group manages the risk of inadequate information systems to support the activities linked to the monitoring, identification and selection of tenders, mainly through maintaining a strong relationship with the "historical" provider of the service. In this regard, it should be noted that The Tender Office staff also have the professional and technical skills necessary to independently search for tenders in the most important internet sites, so as to mitigate the risk of possible incomplete or inaccurate identification of all potentially appealing tenders.
- The Group manages the risk of inadequate information systems to support the management of purchases dedicating specific resources to the continuous improvement and efficiency over time of an integrated information system. This activity is carried out in close collaboration by the Purchasing Office, with the internal engineers of the information systems themselves and with the information systems providers currently in use.

#### RISK OF PLANT MAINTENANCE

Risk Class	Brief Description	Detailed description
Operational	Plants Risk	Risks related to the maintenance of plants that may affect the operation of the business.

The Group considers the constant maintenance of its facilities as critical elements to ensure the quality of the work performed.

In order to limit the risk of a possible interruption of production due to the failure of the plants, ordinary and extraordinary maintenance is carried out, utilizing periodic service contracts based on specific inspection proto-



cols established by the manufacturer, and characterized by high levels of service that must be guaranteed by the supplier called to perform the maintenance operations.

In particular, the Group uses formalised procedures in place to deal with emergencies, such as an unforeseen block in the operation of the same plants.

In addition, the Group schedules and periodically monitors internal and external maintenance by means of dedicated software support, particularly in relation to the waste disposal business (business in which investments aimed at supporting plants ensure technological renewal).

#### LITIGATION RISK

Risk Class	Brief Description	Detailed description
Operational	Litigation Risk	Risks related to current or future litigations

The risk involved is mitigated through different measures depending on the type of litigation.

Instead, as regards to disputes with customers and suppliers, the risk is mitigated mainly by the use of the contractual instrument as a lever to minimize the possibility of disputes.

Each supplier is also contractually bound to observe and understand the Model ex D.Lgs. 231/2001 of the Company and the Group Code of Ethics.

#### RISK OF PARTNERSHIP RELATIONS

Risk Class	Brief Description	Detailed description
Operational	Risk of operations in TBA/JVs	The risk of partner selection (including related parties) in Temporary Business Associations (ATIs) / Joint Ventures (JVs) that can affect the company's business and reputation on the market.

The Group mitigates the risk associated with relationships with TBAs/JVs partners, through a particularly targeted selection of the same, which is conducted on the basis of a careful evaluation of their reliability, ethical principles, organisational- operational capacity, and financial soundness of the ATI / JVs. According to established practice, ATIs / JVs are structured to ensure complementary skills.

#### JOB ORDERS EVALUATION RISK

Risk Class	Brief Description	Detailed description
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Operational	Job orders evaluation Risk	Risk due to an inadequate prediction of contract costs that may create impacts on margins and on the evaluation process of the same orders
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The Group operates mainly with jobs within the business relating to environmental remediation. In order to closely monitor the performance of contract costs, the Group has structured a specific process of analysis covering the expected costs and possible deviations of the costs compared with what had been estimated in the definition of the budget.

On this account it has been implemented a procedure to authorise job orders budget, the related margins, extra-budget amounts and any revised budget

The advancement of the work is checked through the regular preparation of the PotWs ("Progress of the Works") and of specific detail reports, through which the costs and revenues referring to each job order are analytically managed.

#### RISK OF LACK OF THE NECESSARY PERMITS

Risk Class	Brief Description	Detailed description
Operational	Permit Risk	Risk linked to the lack of permits and/or certifications that impact on operations

The Group mitigates the risk of possible failure to maintain over time the necessary authorizations and certifications, both in Italy and abroad, for its activities, especially in terms of renewals and deadlines, by means of adequate information monitoring and control systems:

- Regarding the reclamation business, the Group holds the SOA attestation (a document certifying that it has all the requirements of Article 8 of the Law of 11 February 1994, Article 108): this attestation is necessary to execute the public works contracts (direct or sub-contracted), with unrestricted practice of environmental remediation. This certificate is valid for five years and its validity is checked on the third year from the first issue by an evaluation based on a technical analysis of the last 5 business years prior to the qualification request. The Group periodically checks such economic (turnover volumes), financial, technical and organizational requirements. The Group also monitors certification deadlines through a timetable managed by the Site Manager;

- With respect to the waste disposal business, Group companies hold the Integrated Environmental Authorization (IEA) and monitor its renewal before the expiry date.

It is also noted that the Group, through the Quality Office, periodically verifies the presence of the necessary requirements for the periodic renewal of the ISO 9001 certification: failure to renew such certification may in fact lead to the failure to renew SOA certification.

Finally, the Group manages with the appropriate information systems and a suitable system of delegations the monitoring of the maturities and renewals of all the relevant certifications / permits held by it.

#### RISK OF LACK OF COUNTERPARTY REQUIREMENTS

Risk Class	Brief Description	Detailed description

Operational	Counterparty requirements risk	Risk related to the possibility of dealing with subjects (suppliers) who are not in possession of adequate requirements (capital / financial / ethical)
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The Group, in relation to the business in which it operates, mitigates the risk of establishing relationships with counterparties that do not meet the appropriate (financial, ethical and asset) requirements through a selection and evaluation of its suppliers, defined within the Group Purchasing Procedure.

In the most important cases, the Group carries out special audits at final disposal facilities managed by third parties in order to verify their adequacy in terms of requirements and permits possessed

During 2012, there was no substantial need to expand the supplier portfolio.

#### RISK LINKED TO ACCIDENTS AT WORK

Risk Class	Brief Description	Detailed description
Operational	Injuries Risk	Risks of accidents on the workplace

In order to mitigate the risk of accidents at work, the Group has provided adequate procedures for conducting internal audits aimed at assessing injury safety in work environments and above all in production sites.

In particular, the Parent Company holds the OHSAS 18001 certification, which attests that the security management system is efficient and effective.

Lastly, the Group is constantly investing in workplace safety training, delivering specific courses for each professional figure.

#### ORGANIZATIONAL STRUCTURE RISK

Risk Class	Brief Description	Detailed description
Operational	Organizational Structure Risk	Risk linked to an organisational structure not aligned with the pursuit of the strategic goals

The Group mitigates possible risks deriving from a type of organisational structure not aligned with the strategic objectives pursued by the Group itself by defining and periodically revising the structure itself, in order to ensure that the latter is always sufficiently articulated both in terms of staff numbers and in terms of skills required.

In particular, this is mainly possible through constant monitoring and evaluation of the overall structure of the Group's objectives as well as those of each single business line.

#### ➤ COMPLIANCE RISKS

## RISK OF NON-COMPLIANCE WITH ENVIRONMENTAL REGULATIONS

Risk Class	Brief Description	Detailed description
Compliance	Risk of non-compliance with environmental regulations	Rischio di mancato rispetto di quanto richiesto dalla normativa ambientale vigente.

The Group constantly monitors any evolution of environmental legislation in order to ensure, in particular, the full respect of both the provisions of the Single Environmental Act (Legislative Decree 152/2006) and the fulfillment of the requirements of the European Regulation on cross-border transportation.

The main measures taken to ensure the Group's consistent alignment with the relevant legislation are represented by:

- 1) Expertise of the Technical Officers of each business line (disposal and remediation) for the continuous monitoring of legislative and regulatory changes;
- 2) Internal audits carried out by the aforementioned Technical Officers, as well as the Group's Internal Auditor;
- 3) checks on all cross-border transporters, both on arrival at the local units, and during the waste transport;
- 4) special authorizations and certifications also considered as a constant incentive for the alignment with the legislation;

Among the various environmental permits, a special importance is attributed to the Integrated Environmental Authorization, which has replaced dozens of different authorizations previously required, and whose renewal allows individual structures to consistently comply with applicable regulatory standards.

It is also underlined that the Parent Company has adapted its Model of Organization, Management and Control under Legislative Decree 231/2001 to so-called environmental offenses ("environmental offenses") in order to be able to contemplate, in the same model, the control bodies it puts in place for the prevention of such risks / offenses.

## RISK CONNECTED WITH THE DIRECTIVE OF D.LGS. 231/01

Risk Class	Brief Description	Detailed description
Compliance	Risk of non-compliance to the regulation "231/01"	Risk associated with non or partial compliance with the regulation former Legislative Decree no. 231/2001

The Group is sensitive to identifying the conditions required to ensure that the structure complies with the regulatory requirements set forth by Legislative Decree 231/2001 on corporate liability.

The Group has defined the organization, management and control model under Legislative Decree 231 of 2001 for the Parent Company and for the main subsidiaries belonging to the scope of consolidation

#### RISK CONNECTED WITH THE DIRECTIVE OF LAW 262/05

Risk Class	Brief Description	Detailed description
Compliance	Risk of non-compliance to the regulation "262/05"	Risk associated with non or partial compliance with the regulation former Law no. 262/2005 and subsequent amendments and additions

The Group has put in place the requirements set out in regulation 262, with particular reference to the Financial Statements and the Management Report. Art. 154-bis of the TUF, and the appointment of the Manager in charge.

The Group pursues the objective of strengthening the internal control and risk management system with the aim of making Model 262 consistently aligned with regulatory requirements.

#### RISK OF NON-COMPLIANCE TO THE LEGISLATION ON SAFETY AT WORK

Risk Class	Brief Description	Detailed description
Compliance	Risk on regulation 81/08	Risk associated with non or partial compliance with the former Legislative Decree. no. 81/2008 and subsequent amendments and additions

The Group mitigates the risk of non-compliance or partial compliance with the regulations on health and safety at work, as well as on all the requirements set forth by Legislative Decree no. 81/2008, through the constant maintenance and updating of the "Security Management System"

The main measures taken to handle this risk are represented by:

- Continuing training, an element considered of strategic importance by the Group and on which the latter invests continually;
- Audits (internal audits and periodic audits in accordance with Legislative Decree 231/01), which allow for constant alignment with the relevant regulatory requirements.

In particular, in relation to external suppliers, the procedures followed by the Group regarding security are even more protective than the minimum requirements required by law, particularly as regards information exchange and related monitoring.

#### RISK OF NON-COMPLIANCE WITH THE CODE OF CONDUCT

Risk Class	Brief Description	Detailed description
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Compliance	Risk of non-compliance with the Code of Conduct	Risk associated with non or partial compliance with the recommendations of the Code of Conduct
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In order to mitigate the risk involved, the Company, in the process of gradual alignment with the new requirements of the Code of Conduct, is implementing new actions.

In particular, the following main actions were taken:

- in the area of Corporate Governance, the Articles of Association have been updated in relation to the provisions regulating the balance between genders in the corporate bodies;
- with specific reference to what indicated in art. 7 of the Code of Conduct, the Internal Control Committee has been renamed as the Control and Risk Committee, so that it is at the same time wider and more targeted at all the riskiest corporate events;
- With regard to the Internal Audit function, an integrated audit plan is being drafted.

#### WASTE CLASSIFICATION RISK

Risk Class	Brief Description	Detailed description
Compliance	Waste classification Risk	Risk associated with an incorrect classification of waste and consequent inadequate management of the same

The Group operates continuously to minimize the risk of incorrect classification of waste and the consequent inadequate management of the same. Since it has adopted a punctual and structured procedure that starts from the analysis of the industrial waste sample, in order to determine the dedicated treatment line.

At the time of receipt of the goods, a sample compliance test is also carried out, with the compiling of a form, and in case of non-conformity the waste is not accepted.

The Group is also obliged to report periodically the waste disposed of and transported to the designated bodies.

In addition, the Group mitigates such risk by providing technical training activities related to updates that might intervene in the legislation on the classification of waste., activity managed and prepared by the platforms lab managers

#### Financial Statements of Sadi Servizi Industriali S.p.A. as at 31.12.2012

The financial statements of Sadi Servizi Industriali S.p.A. closed with a loss of 2,587 thousand Euro, after having deducted amortization and write-downs of 1,542 thousand Euro and negative effects associated with the write-down of equity investments, following the impairment test, of 3,337 thousand Euros.

ECONOMIC DATA In thousands of Euros	SSI as at 31.12.2012	SSI as at 31.12.2011	Variation %
Revenues	45,703	45,870	-0.4%
Gross operating margin (Ebitda)	275	3,644	-92.5%
Net operating margin (Ebit)	-1,268	2,088	-160.7%
Pre-tax income	-3,137	3,176	-198.8%
<b>Final net result – profit/loss</b>	<b>-2,587</b>	<b>2,305</b>	<b>-212.2%</b>

FINANCIAL DATA In thousands of Euros	SSI as at 31.12.2012	SSI as at 31.12.2011	Variation %
Net financial position	-3,708	351	-1156.4%
Total assets	115,151	123,784	-7.0%
Equity	76,784	80,134	-4%

### Events occurred after the reporting period

Among the orders acquired after the period, please note:

- Realization of elevation works - carried out by the grouping of companies constituted by Ecoitalia S.r.l. and others - of a part of the banks forming the banks of the Barricalla (TO) cells 3 and 4 in order to allow the storage of additional quantities of waste. The total amount of the work is 3,528 thousand Euros, of which the share of Ecoitalia is 1,388 thousand Euros;
- Award - by the grouping of companies constituted by Sadi Servizi Industriali and others - of the CEM Ambiente contract for waste removal services in the area of Cascina Pietrasanta located in the municipality of Cassano D'Adda (MI) for a total amount of 524 thousand Euros;
- Realization of the interventions related to the completion of the third part of the land reclamation work at Santa Marta, located in the municipality of Cairo Montenotte (SV) for a total of 258 thousand Euros;
- works of removal of artifacts containing friable asbestos, attributable to discontinued rotary placed inside the plant of LIRI Industriale S.p.A. located in the municipality of Nichelino (TO), for an amount of 240 thousand Euros;
- Award by the grouping of companies constituted by Sadi Servizi Industriali S.p.A. and Settentrionale Trasporti S.p.A., of the contract for the removal, transport and treatment of ashes from the construction of the waste-to-energy plant of TRM S.p.A. located in Turin, Gerbido, Lot 1, for a total amount of 1,208 thousand Euros. The share of Sadi Servizi Industriali is 93%.

There were no other significant events after the balance sheet date.

### Expectable management evolution

The year just ended reflects the difficulties of a year marked by controversial economic factors - decline in GDP, rising unemployment, decline in imports and reduced export growth - which impose a more effective and efficient competitive approach for all the stakeholders in the near future.

Since 2008/2009, with effects on the real economy, the crisis in the international financial system, which has been heightened by a certain political and institutional instability in Italy, is compounded by the effects of a high rigidity of the Public Payments Policy.

It is in this difficult context that the SII Group must continue to pursue its goals of consolidation, rationalization and development.

In this regard, uncertainty factors linked to the overall trend in national production and the scarcity of public funds for the restoration of compromised environmental sites are expected to remain.

Nevertheless, potential total works, related to the environmental reclamation sector, let us see future growth assumptions as compared to 2012.

For the year 2013 it is expected to return to be positive with the objective of achieving, at a consolidated level, a level of profitability in line with that of the past financial year 2011.

## Proposal for the change of the company name

The Board of Directors has approved, on the basis of a reprogramming of its corporate identity, a proposal for the change of the name of Sadi Servizi Industriali S.p.A. to be submitted to the next Ordinary and Extraordinary Shareholders' Meeting.

The name change is part, even more so after the sale of the Poliarchitettura branch, of a project to provide clearer definition of the role and mission of the Company.

The Board felt that the industrial route should also be reflected in terms of outward image.

Never as today, therefore, the time seems appropriate and strategic to mark a turning point, even at a visual level.

Based on these considerations, the denomination identified by the Council is AMBIENTHESIS.

The meaning of the name arises from the challenge of creating a symbiosis between the environment and the human activities, especially the production and industrial ones.

Mankind can and must think of the environment as being a part of it, not its antithesis. The name Ambientthesis contains the concepts of Environment (Ambiente, in Italian), Symbiosis, Thesis and it highlights a number of features that are well matched with the company's mission, in fact:

This name is able to:

- Summarize briefly and intuitively the areas of activity in which the Company is located
- Express a friendly and integrated approach to a better environment
- be sufficiently innovative to impose itself and to point to a new impetus in the development of the Group
- Have an international cut, but easy to pronounce for everyone, both Italians and foreigners
- Being possibly original
- Ensure compatibility and continuity in the event that the parent company decides in the future for a full integration of all environmental activities
- Represent the idea of change

Ambientthesis immediately claims the company's will and ability to act in favor of environmental issues "from within"; man and nature can interact because one is part of the other, because there is a history of expertise that allows you to imagine a light, healthy, symbiotic relationship between the environment and the society. It represents the synthesis of the symbiosis man / planet in which the city-nature finds its lymph in the proper use of resources, in the balance between production, disposal and recovery.

## Calling of the shareholder's meeting

The 2012 draft budget approved by the Board of Directors will be submitted to the Shareholders' Meeting scheduled for May 28, 2013 (3 pm) on first call and May 30, 2013 on second call.

It is anticipated, given the Company's shareholding structure, that the Shareholders' Meeting may validly be held on 28 May 2013.

The Board of Directors also proposes to provide for the full coverage of the operating loss by partial utilization of the reserve constituted with retained earnings in previous years.

The next Shareholders' Meeting will be called to deliberate on:

### extraordinary part

- Modification of the following Articles of the Articles of Association: "1" (name), "2" (social object) and "11" (convocation of the Shareholders' Meeting)

### Ordinary part



- the proposal for approval of the 2012 annual budget;
- the remuneration policy;
- The appointment of the Board of Directors
- Updating of the appointment of the External Auditing Company

*Milano, 10 April 2013*

To the Board of Directors  
The Chairman  
Alberto Azario