



**AMBIENTHESIS**

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**ANNUAL FINANCIAL REPORT  
AS AT 31 DECEMBER 2013**

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**AMBIENTHESIS GROUP**



**AMBIENTHESIS S.p.A.**

Via Cassanese, 45  
20090 Segrate (MI)

Share capital € 48,204,000, fully paid-up

Tax identification number 10190370154

VAT number 02248000248

Companies Registry number 10190370154

Milan Chamber of Trade, Commerce, Industry and Agriculture, Economic and Administrative  
Section no. 1415152

[www.ambientthesis.it](http://www.ambientthesis.it)



# ANNUAL FINANCIAL REPORT AS AT 31 DECEMBER 2013

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## GENERAL INFORMATION

## GOVERNING BODIES

### BOARD OF DIRECTORS

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*Honorary Chairman*

**Andrea Monorchio**

*Chairman*

**\* Alberto Azario (5)**

*Vice-Chairman*

**\* Paola Grossi**

*Managing Director*

**\* Pier Giorgio Cominetta**

*Directors*

**Franco Castagnola (1) (2) (3)**

**\* Vincenzo Cimini (4)**

**\* Andrea Grossi**

**Paolo La Pietra (1)**

Giovanni Mangialardi

Paola Margutti (1) (2) (3)

Enrico Menzolini (1) (2)

**Susanna Pedretti (1) (3)**

\* Executive directors

(1) Independent directors

(2) Members of Directors' Remuneration Committee

(3) Members of Risk and Control Committee

(4) Appointed by the Board to coordinate the internal control and risk management system

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

### BOARD OF STATUTORY AUDITORS

*Permanent Statutory Auditors*

**Michaela Marcarini – Chair**

**Daniele Bernardi**

**Enrico Felli**

*Substitute Statutory Auditors*

**Enrico Calabretta**

**Paola Pizzelli**

### INDEPENDENT EXTERNAL AUDITORS

**PricewaterhouseCoopers S.p.A.**

## 2013 DIRECTORS' REPORT

### Introduction

As from 7 June 2013, the company Sadi Servizi Industriali S.p.A has changed its name to Ambientthesis S.p.A. (hereinafter called "ATH").

Ambientthesis S.p.A. is a Società per Azioni (company limited by shares), incorporated in Italy and registered in the Milan Companies Registry. Its registered office is situate at Via Cassanese 45, Segrate. The consolidated financial statements of the Ambientthesis Group (hereinafter called "the Group" or "the ATH Group") comprise the financial statements of Ambientthesis S.p.A. (hereinafter called "the Company" or "the parent company" or "ATH") and the Italian and foreign companies over which ATH is entitled to exercise direct or indirect control, influencing their financial and management decisions, and to obtain the corresponding benefits.

In the ambit of the plan designed to rationalise and simplify the corporate structure of the Ambientthesis Group, during the year Ambientthesis S.p.A. took over its directly or indirectly wholly-owned subsidiaries Blu Ambiente S.r.l., Co.gi.ri. S.r.l., Ecoitalia S.r.l., Smarin S.r.l. and Tekna S.r.l..

The takeover took effect for non-fiscal purposes on 31 December 2013, while its accounting and tax effects took effect on 1 January 2013.

The consolidated financial statements have been drawn up in accordance with the International Financial Reporting Standards (hereinafter called "the 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 Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, and pursuant to s. 9 of Italian Legislative Decree no. 38/2005. "IFRS" means all the international principles and all the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC).

All the values set out below are expressed in thousands of euros.

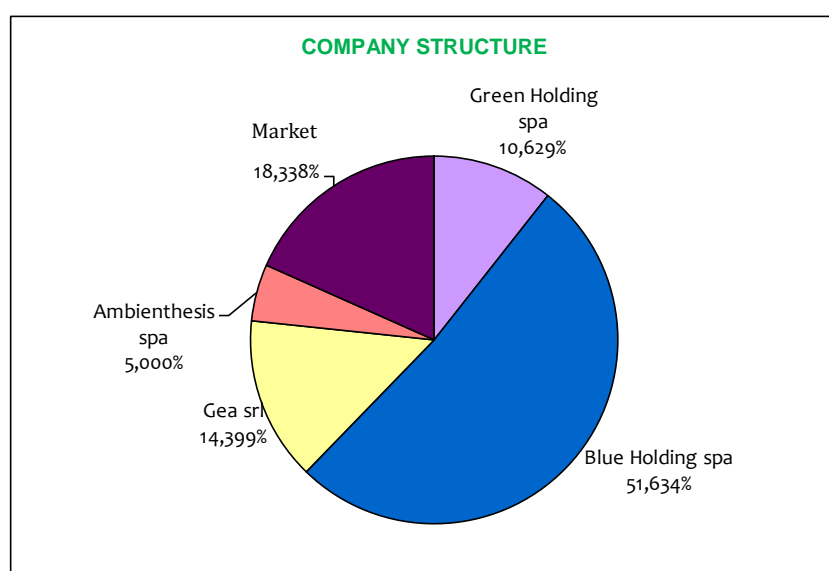
The 2013 financial statements have been audited by external auditors PricewaterhouseCoopers S.p.A..



## Share news

On 31 December 2013, the share capital of the company Ambientthesis S.p.A., represented by **92,700,000 circulating shares**, was owned directly or indirectly, with voting rights exceeding 2% of the share capital, according to the entries in the members' register supplemented by communications received pursuant to s. 120 of the Consolidated Finance Broking Act referred to in Legislative Decree 58/1998, and by other information available from the Company, by shareholders holding the following shares:

ATH shareholders	no. of shares	%	
Green Holding spa	9,852,497	10.629%	<b>81.662%</b>
Blue Holding spa	47,864,634	51.634%	
Gea srl	13,348,043	14.399%	
Ambientthesis spa	4,635,173	5.000%	
Market	16,999,653	18.338%	
<b>TOTAL</b>	<b>92,700,000</b>	<b>100.000%</b>	



The companies Green Holding Spa, Blue Holding Spa and Gea Srl are indirectly controlled by RAPS Sas di Marina Rina Cremonesi & C.

As at 31 December 2013 the reference price of the ATH shares was listed at € 0.49 (+96.0% on the price for the same period of 2012, amounting to € 0.25).

On 9 April 2014 the ATH shares were listed at € 0.657, indicating the following performance values:

1-month performance:	+12,50%
6-month performance:	+87,98%
1-year performance:	+138,91%



On the present date, in accordance with the General Meeting resolutions passed on 24 April 2008 and 29 April 2009, Ambientthesis S.p.A. owns a total of 4,635,173 of its own shares, namely 5.000% of the share capital, with an average book value of € 0.55.

No own shares were purchased during the 2013 financial year.

The parent company does not hold, and did not hold during the financial year, any shares in the controlling companies.

### The Ambientthesis Group

The Ambientthesis Group is one of the largest integrated companies operating in the field of industrial waste management and environmental decontamination in Italy. It operates in the following areas:

- environmental decontamination
- industrial waste treatment and disposal
- production of electricity from renewable sources and environmental engineering

Since the takeover, the consolidation area consists of the following companies in addition to Ambientthesis S.p.A.:

- Bioagritalia S.r.l.	70%	ITALY
- Green Piemonte S.r.l.	100%	ITALY
- La Torrazza S.r.l.	100%	ITALY
- S.I. Green Uk Ltd	100%	UK
- Valdastico Immobiliare S.r.l.	100%	ITALY

The Group also holds the following shareholdings consolidated by the net equity method:

- Siad S.r.l.	25%	ITALY
- Barricalla S.p.A.	35%	ITALY
- Daisy S.r.l.	50%	ITALY

## Reference market

The 2013 edition of the Annual Waste Report by the Higher Institute for Environmental Protection and Research (ISPRA) was not available at the time of writing.

The available data are therefore those of the 2012 edition, published in January 2013, relating to national waste production in 2010, obtained from the EDF (Environmental Declaration Form) declarations submitted in 2011; these data have already been mentioned in the annual financial report for the preceding year, and will merely be summarised in this report.

Domestic production of special waste amounted to about 137.9 million tonnes in 2010, an increase of 2.4% on 2009, corresponding to 3.2 million tonnes.

The production of non-hazardous special waste based on EDF declarations amounted to 61 million tonnes in 2010. 9.6 million tonnes relating to additional estimates made for the manufacturing and healthcare sectors must be added, together with about 57.4 million tonnes of inert waste, entirely estimated, relating to the construction and demolition industries, making a total production of non-hazardous special waste amounting to 128.2 million tonnes.

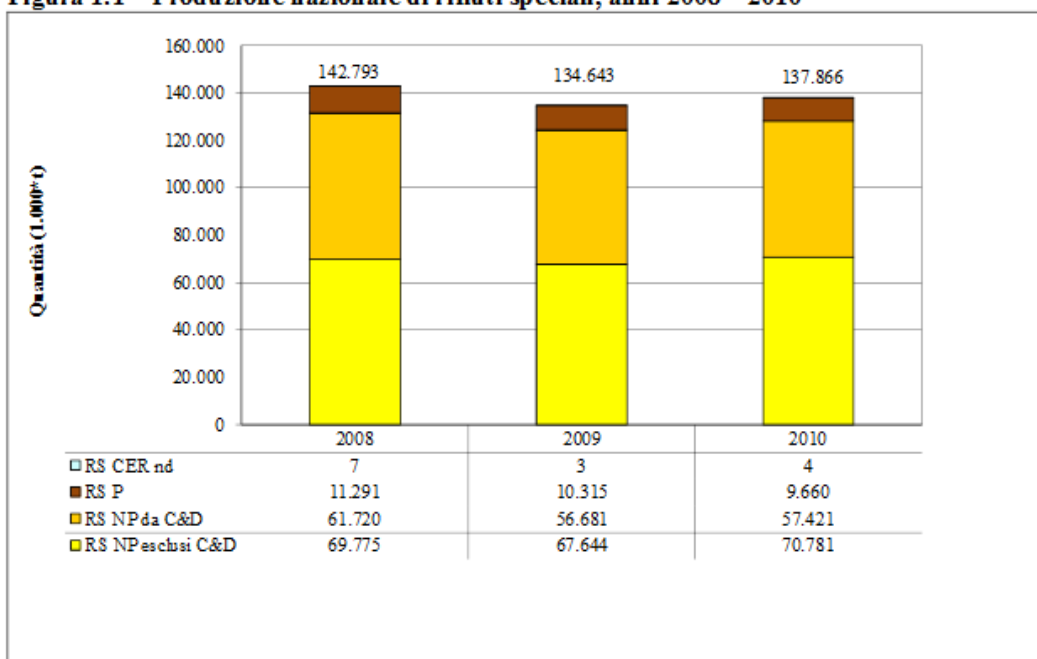
The amount of hazardous special waste produced in 2010 was about 9.6 million tonnes (of which about 1.7 million tonnes, namely 17.3 % of the total, related to the estimated quantities of disused vehicles).

In the three-year period 2008-2010, there was a total reduction in special waste production amounting to 4.9 million tonnes, corresponding to a decline of 3.5%; the production of non-hazardous and hazardous special waste fell by 3.3 million tonnes (-2.5%) and 1.6 million tonnes (-14.4%) respectively (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 stime)	9.175.547	8.688.731	9.635.421
Rifiuti speciali non pericolosi da C&D (stime)	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 (stime)	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>

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

**Table 1.1 – Domestic production of special waste, years 2008-2010**

Type	Annual quantity (t)		
	2008	2009	2010
Non-hazardous special waste excluding estimated waste (EDF)	60,533,424*	58,774,270*	61,053,058*
Non-hazardous special waste excluding estimated construction and demolition (C&D) waste (addition to estimates)	9,175,547	8,688,731	9,635,421
Non-hazardous special C&D waste (estimates)	61,720,058	56,680,750	57,421,288
Non-hazardous special waste with undetermined ISTAT activity (EDF)	65,559	180,749	92,610
<b>Total non-hazardous waste</b>	<b>131,494,588</b>	<b>124,324,500</b>	<b>128,202,377</b>
Hazardous special waste (EDF)	10,050,409	8,689,192	7,972,671
Disused vehicles (estimates)	1,229,921	1,610,137	1,671,153
Hazardous special waste with undetermined ISTAT activity (EDF)	10,925	15,313	16,211
<b>Total hazardous waste</b>	<b>11,291,255</b>	<b>10,314,642</b>	<b>9,660,035</b>
Special waste with undetermined EWC (EDF)	6,992	3,461	3,641
<b>Total special waste</b>	<b>142,792,835</b>	<b>134,642,603</b>	<b>127,866,053</b>

\*Including the quantities of non-hazardous special waste originating from processing of urban waste (EWC 190501, 190503, 191210, 191212) amounting to 4,211,026 tonnes in 2008, 6,137,041 tonnes in 2009 and 6,689,356 tonnes in 2010 respectively.

Source: ISPRA

**Figure 1.1 – National production of special waste, years 2008-2010**

Quantity (1,000\*t)

SW EWC nd

H SW

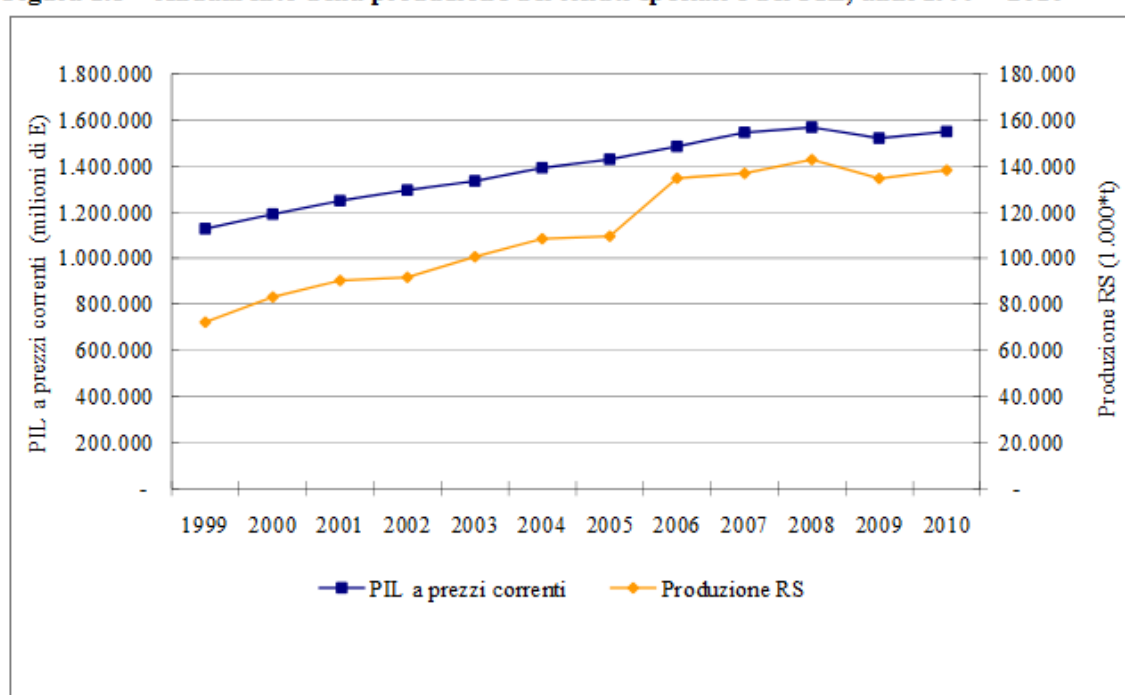
NH C&D SW

NH SW excluding C&D

Source: ISPRA

If the waste production trend is related to the Gross Domestic Product (values at current prices), a good correlation will be observed with reference to the period 1999-2010, with a value of R amounting to 0.9924, indicating a linear regression (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

**Figure 1.3 – Trend of special waste production and GDP, years 1999-2010**

GDP at current prices (€ million)

SW production (1,000\*t)

GDP at current prices

SW production

Sources: ISPRA, ISPRA processing of ISTAT data

## SUMMARY OF THE AMBIENTHESIS GROUP'S CAPITAL AND INCOME RESULTS AS AT 31.12.2013

<i>euros/100</i>			
ECONOMIC DATA	ATH Group as at 31.12.2013	ATH Group as at 31.12.2012	Variation %
Sales	59,783	68,020	-12.1%
Gross operating margin	1,029	3,559	-71.1%
Net operating margin	-3,207	-464	591.2%
Pre-tax result	-3,013	-815	269.7%
Net result from terminated operational activities	0	-2,386	NC
<b>Final net result – Profit/(Loss)</b>	<b>-2,356</b>	<b>-2,978</b>	<b>-20.9%</b>

<i>euros/100</i>			
CAPITAL DATA	ATH Group as at 31.12.2013	ATH Group as at 31.12.2012	Variation %
Net working capital	20,021	19,320	3.6%
Total assets	136,827	139,179	-1.7%
<b>Net equity</b>	<b>71,927</b>	<b>74,350</b>	<b>-3.3%</b>

<i>euros/100</i>			
NFP	ATH Group as at 31.12.2013	ATH Group as at 31.12.2012	Variation %
Net financial position	<b>-14,959</b>	<b>-13,792</b>	<b>8.5%</b>

### Business trend

During the year the **consolidated net income** amounted to € 59,783,000, a reduction of € 68,020,000 on the 2012 figure (- 12.1%).

The **consolidated gross operating profit** amounted to € 1,029,000, as against € 3,559,000 in 2012 (-71.1%).

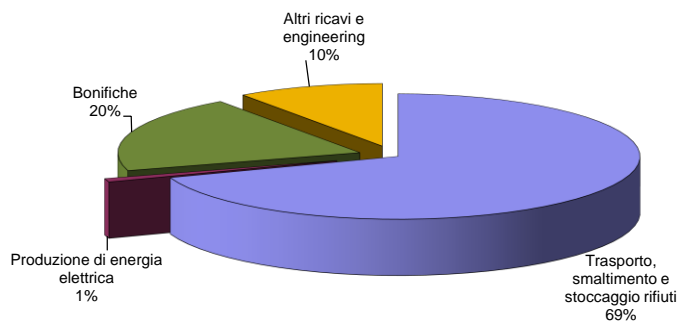
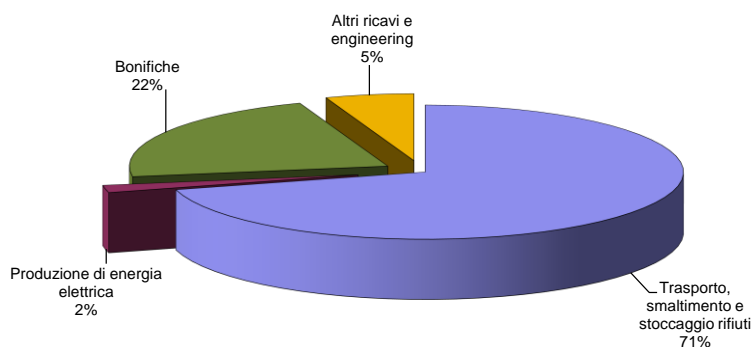
The **pre-tax consolidated result** was negative, amounting to -€ 3,013,000 compared with the loss of € 815,000 in the preceding year.

The Group therefore ended the 2013 financial year with a **net consolidated loss** of € 2,356,000, after deducting depreciation, amortisation and devaluation amounting to € 4,236,000, a smaller loss than the one recorded in the 2012 financial year, which amounted to € 2,978,000.

A number of factors affect the negative margin.

The progressive decline in sales reflects, in general, an economic trend which, throughout the 2013 financial year, remained highly unfavourable throughout the country, and more specifically, a decline in those business areas which have traditionally always had a favourable effect on the Group's Profit and Loss Account: environmental decontamination work (-20% compared with the preceding year) and work involving waste disposal, storage and recovery (-13% compared with the 2012 financial year). Finally, the price trend, which has fallen consistently in the last few financial years, also had a significant effect.

The breakdown of the consolidated income in 2013 compared with 2012, set out in the figure below, unfavourably reflects the changes in the business areas of waste disposal and environmental decontamination, and favourably reflects the effect on the plant construction and engineering areas.

**COMPOSIZIONE RICAVI DIVISIONE AMBIENTE 2013**

**COMPOSIZIONE RICAVI DIVISIONE AMBIENTE 2012**

**ENVIRONMENT DIVISION REVENUE BREAKDOWN, 2013**

Decontamination	20%
Other revenues and engineering	10%
Waste transport, disposal and storage	69%
Electricity production	1%

**ENVIRONMENT DIVISION REVENUE BREAKDOWN, 2012**

Decontamination	22%
Other revenues and engineering	5%
Waste transport, disposal and storage	71%
Electricity production	2%

Promising indications are arriving from the trend of orders acquired for new “project” contracts during the financial year. The acquisition of new “project” contracts amounted to a total of € 19,279,000 in 2013 (an increase of 26.7% on an annual basis), as illustrated below.

<i>euros/100</i>			
INCOMING ORDERS	ATH Group as at 31.12.2013	ATH Group as at 31.12.2012	Variation %
<b>TOTAL</b>	<b>19,279</b>	<b>15,219</b>	<b>26.7%</b>

The consolidated order book as at 31 December 2013, amounted to about **€ 45.4 million** for “project” contracts alone.

New contracts were also awarded on 4 April 2014 for the decontamination of the “former Falck” areas in Sesto San Giovanni (MI), amounting to an estimated total of about € 22 million.

The total net financial position as at 31 December 2013 amounted to - € 14,959,000 (- € 13,792,000 as at 31 December 2012).

The measurement of this value, also compared with more recent data, and the degree of leverage (ie. the ratio between net financial position and net equity, amounting to **0.21**), indicates a good degree of sound overall management.

#### NET FINANCIAL POSITION AS AT 31 DECEMBER 2013

	31/12/2013	31/12/2012
<i>Values in thousands of euros</i>		
A. Cash	14	18
B. Other liquid assets	457	436
C. Securities held for trading	0	0
<b>D. Liquidity (A) + (B) + (C)</b>	<b>471</b>	<b>454</b>
<b>E. Current financial debts receivable</b>	<b>1.803</b>	<b>1.799</b>
- of which receivable from related parties	1.803	1.799
F. Current bank debts payable	(12.608)	(9.102)
G. Current part of non-current indebtedness	(2.655)	(4.357)
H. Other current financial debts payable	(718)	(356)
- of which payable to related parties	6	0
<b>I. Current financial indebtedness (F) + (G) + (H)</b>	<b>(15.981)</b>	<b>(13.815)</b>
<b>J. Current net financial indebtedness (I) - (E) - (D)</b>	<b>(13.707)</b>	<b>(11.562)</b>
K. Non-current bank debts payable	(1.179)	(2.103)
L. Bonds issued	0	0
M. Other non-current financial debts payable	(73)	(127)
<b>N. Non-current financial indebtedness (K) + (L) + (M)</b>	<b>(1.252)</b>	<b>(2.230)</b>
<b>O. Net financial indebtedness (J) + (N) - Continuous assets</b>	<b>(14.959)</b>	<b>(13.792)</b>

#### Significant events that occurred during the financial year

### ➤ Acquisition of new orders

Total incoming orders as at 31 December 2013 amounted to € 19,279,000.

The orders acquired during the period included:

- embankment raising work (performed by the joint venture consisting of the former Ecoitalia S.r.l. and others) on part of the embankments constituting the sides of cells 3 and 4 of the Barricalla (TO) landfill site, to allow tipping of further amounts of waste. The total cost of the job amounts to € 3,528,000, and the former Ecoitalia's share amounts to € 1,513,000;
- Award of the CEM Environment contract for waste removal services in the Cascina Pietrasanta area in the Municipality of Cassano D'Adda (MI), amounting to a total of € 684,000, to the joint venture consisting of Ambienthesis S.p.A. and others;
- Award to the group of which Ambienthesis S.p.A. is lead company of the contract for removal, transport and treatment of ash from the construction of the TRM S.p.A. waste-to-energy plant at lot 1, località Gerbido, Turin, amounting to a total of € 1,208,000. Ambienthesis' share is 93%;
- Supply, installation and commissioning of a waste sifting and remediation plant to be constructed at the Daisy landfill site in Contrada San Procopio, Barletta, for the amount of € 473,000;
- Award to Ambienthesis S.p.A., in the capacity of lead company of a joint venture, of decontamination of the "former canal and former La Casella thermoelectric plant site" located at Castel S. Giovanni (PC), amounting to a total of € 1,306,000;
- Award of work relating to analytical characterisation, removal, transport and incineration of hazardous waste from the "Former Nuova Esa", phosphorus pentasulphide, EWC 16.05.07 area, located in the municipality of Marcon (VE), amounting to a total of € 431,000 (Veneto Acque), to a joint venture consisting of Ambienthesis S.p.A. and others;
- Safety measures and decontamination of the Former Flucosit area located at Castelnuovo di Asola (MN), 1st functional lot, for a total contractual amount of € 3,471,000;
- Award of decontamination contract at the site called "Pila 17 – Lambro Viaduct" located in the Municipality of Cerro al Lambro (MI), for the amount of € 1,295,000;
- Variation of project relating to decontamination, safety measures and environmental reinstatement of the "Former Alumix" area located in the Municipality of Portoscuso (CI), for an estimated amount of over € 9,550,000.

### ➤ "Jolly Rosso" debt receivable

As regards the debt claimed by Ecoitalia S.r.l. (now Ambienthesis S.p.A.) from the Prime Minister's Office, the attachment order against at the State Treasury was successfully executed, and the enforcement Judge of the Rome High Court has set down the case for hearing on 21 May.

The Attorney General's opposition to the enforcement has already been rejected.

As regards the prospects of receiving the sum concerned, amounting to € 4,206,000 plus interest matured since November 2013, it is plausible that the Enforcement Judge will merely update the amount of the debt at the hearing in May, ordering the allocation of the sums already set aside in the Bank of Italy.

### ➤ Tax audits

With reference to the general audits conducted by the Inland Revenue on Ambienthesis S.p.A., the former Ecoitalia S.r.l. and Blu Ambiente S.r.l., the reader is referred to the "Tax Audits" paragraph of the explanatory

notes to the consolidated financial statements and the separate financial statements; in any event, no significant events took place other than those already illustrated in the half-yearly financial report for the current year.

➤ **Decontamination project in the “Former Sisas” area**

TR Estate Due S.r.l. (a related party) commissioned Ambientthesis S.p.A. (then Sadi Industrial services S.p.A.), as agent and lead company of a joint venture, to perform work which TR Estate Due S.r.l., in turn, had undertaken to perform in the “Former Sisas” area, on precise conditions, for the Environment Ministry, the Lombardy Regional Council, the Milan Provincial Council, the Pioltello Town Council and the Rodano Town Council pursuant to the Environmental Planning Agreement signed on 21.12.2007 and the subsequent Supplementary Agreement dated 30.09.2009 – 15.10.2009.

In 2011, when the conditions specified in the Environmental Planning Agreement and the subsequent Supplementary Agreement were no longer fulfilled, especially the one relating to the economic and financial balance of the decontamination costs, TR Estate Due S.r.l. interrupted (as did the JV, consequently) the performance of the safety measures, decontamination and redevelopment work in the said area, a significant part of which work had already been performed, and has now been finally completed. TR Estate Due S.r.l. therefore filed proceedings in the Lombardy Regional Administrative Tribunal in Milan, against the organisations which had signed the Environmental Planning Agreement and the Supplementary Agreement and against the Prime Minister’s Office and the Commissioner appointed in the meantime; as far as we are aware, these proceedings were designed to obtain damages for all the losses suffered by TR Estate Due S.r.l. due to the said breaches of contract, and in any event repayment of all the costs incurred by TR Estate Due S.r.l. for the safety measures, decontamination and redevelopment of the former Sisas area already performed. Guido Albertalli, in two different Expert’s Reports, the first drawn up after the joint application by the Lombardy Regional Council and TR Estate Due S.r.l. filed as case no. 2354/10 in the Milan High Court, and the second commissioned by TR Estate Due S.r.l., certified and evaluated as appropriate the costs incurred by TR Estate Due S.r.l. for the activities forming the subject of the 6 progress reports issued to up to that time in the ambit of the TR Estate Due S.r.l. – Ambientthesis Joint Venture contract; in this respect it should be borne in mind that Ambientthesis S.p.A. had previously appointed an independent expert to certify that the costs incurred in the ambit of that contract, forming the basis for the determination of the fees payable pursuant to the contractual agreements, were appropriate.

That being said, following the requests for payment made by Ambientthesis S.p.A. to TR Estate Due S.r.l., the Parties signed an addendum to the original contract pursuant to which the client TR Estate Due S.r.l. expressly acknowledged its (residual) debt payable to Ambientthesis S.p.A., and undertook to repay the said debt by 31 December 2012, agreeing to pay the first instalment thereof by 31 January 2012.

On 31 January 2012 TR Estate Due S.r.l. had not paid the first of the instalments specified above, and sent a letter dated 30 January 2012, requesting Ambientthesis S.p.A. not to demand the sums payable on 31 January 2012, but proposed to make the payments already promised within a short period, as from June 2012.

TR Estate Due S.r.l. did not make the promised payment in June 2012, and Ambientthesis S.p.A. was informed of the correspondence between the Lombardy Regional Council and TR Estate Due S.r.l., which indicated the existence of settlement negotiations relating to the decontamination of the “former Sisas” area, in which the public authorities involved indicated their willingness to reach an out-of-court settlement in the short term.

In view of the information illustrated above, the Directors have instructed their lawyers to commence the necessary contractual and non-contractual debt recovery proceedings against TR Estate Due S.r.l. and against the public authorities.



The civil suit was filed and entered in the general civil business register of the Milan High Court, and at the first hearing, held in September 2013, the Examining Judge ruled that TR Estate Due S.r.l. was *in absentia* and reserved judgment on the request by Ambientthesis S.p.A. for the court to issue a summary judgment against the said defendant and grant time for written pleadings to be filed (three pleadings pursuant to s. 183 of the Civil Procedure Code to illustrate the claims and produce evidence).

Finally, on 31 October 2013 the Judgment of the 2nd Section of the Lombardy Regional Administrative Tribunal (RG 2260/2011), no. 02402/2013, was made public; although it is not directly enforceable against Ambientthesis, it certainly relates to the dealings between the Regional Council, the State and TR Estate Due S.r.l.. The said judgment of the Regional Administrative Tribunal rules that the Regional Council and the Ministry are obliged to pay, and orders the parties (pursuant to s. 34.4 of Legislative Decree 104/2010, the “Administrative Proceedings Code”) to pursue an agreement within 60 days of the date of service of the judgment. The judgment states as follows: *“The Lombardy Regional Council and the Environment and Land and Sea Protection Ministry shall therefore, within 60 (sixty) days of the date of service of the full text of this judgment, offer to pay TR Estate Due Srl a sum based on the criteria set out below”*.

As regards the evaluations that can be performed regarding satisfaction of Ambientthesis’ claim, it is necessary to analyse whether TR Estate Due S.r.l. is likely to be paid, and whether Ambientthesis is likely to win the civil suit as regards the competing claims filed directly by it against the Regional Council and the Environment Ministry; in this respect, the various passages of the said judgment in which the Regional Administrative Tribunal recognises both the nature of the obligations undertaken by the Regional Council and the Ministry (guaranteeing the economic balance of the decontamination activity) and their breach of contract are highly satisfactory; moreover the number and weight of the variables (even the arithmetical variables only) remains significant, and they are indicated in the said judgment as arguments to be taken into consideration and used as a basis for negotiation.

Moreover, as TR Estate Due S.r.l. did not receive any payment proposal from the Lombardy Regional Council or the Environment Ministry within the specified period, it filed a claim for specific performance in the Lombardy Regional Administrative Tribunal, with a view to enforcing the part of Regional Administrative Tribunal judgment 2260/2013 that recognised the Company’s debt and ordered the authorities to pay it (case set down for hearing on 8 May 2014).

As TR Estate Due S.r.l. considered that it was unfairly penalised by incomplete recognition of its own debt receivable, it filed in the Council of State a partial appeal against the judgment of the Regional Administrative Tribunal, only appealing against the part of that judgment in which the Tribunal did not grant the larger amount payable to the company (case set down for hearing of the main suit on 4 November 2014).

As the Directors have not yet recovered their own debts, in order to perform all necessary acts to protect the assets of the Ambientthesis Group, as stated above, they have taken the necessary contractual and non-contractual legal recovery action against both TR Estate Due S.r.l. and the public authorities, and against all other parties that, by their behaviour, have contributed to causing the delay now suffered by the Ambientthesis Group in obtaining payment of the consideration for the work performed. The proceedings filed and registered in the General Civil Business Register of the Milan High Court will probably be concluded this year.

In view of the factors set out above, when preparing the 2013 financial statements the Directors decided not to amend the evaluations regarding the recoverability of the debt in question.

#### ➤ **Settlement agreement with Finbieticola S.p.A.**

In relation to the litigation between Ecoitalia S.r.l. (now Ambientthesis S.p.A.) and Finbieticola S.p.A. regarding payment of the balance purchase price for the area in Casei Gerola (PV), Ambientthesis S.p.A. has reached a settlement with Finbieticola S.p.A. of the civil and administrative disputes, and has undertaken to assign and



transfer back to Finbieticola a portion of the property amounting to a total of 100,000 sq.m., as illustrated in detail in the “real estate investments” paragraph of the explanatory notes to the consolidated financial statements and the separate financial statements.

➤ **Assignment to Sadi Poliarchitettura Srl**

In 2012, Ambientthesis S.p.A. assigned its entire holding in Sadi Poliarchitettura S.r.l. to Special Solution S.r.l.. The assignment included a variable component of the price to be calculated on the basis of the EBITDA as at 30 June 2013, multiplied by 5, less the net financial position on the same date. If the said value [EBITDA ± NFP] was negative or zero, the balance of the price was to be zero, and no claim for a price adjustment could be made by the purchaser.

Ambientthesis has been informed by Special Solution S.r.l. that the quantification of the variable component does not lead to any variation in the sale price.

➤ **Takeover by Ambientthesis S.p.A. of the companies Blu Ambiente S.r.l., Co.gi.ri. S.r.l., Ecoitalia S.r.l., Smarin S.r.l. and Tekna S.r.l..**

On 13 September 2013, in the ambit of a plan designed to rationalise and simplify the Group’s corporate structure, the Board of Directors of Ambientthesis S.p.A. approved a Plan for the takeover by Ambientthesis S.p.A. of five companies wholly owned by it, either directly or indirectly, namely Blu Ambiente S.r.l., Co.gi.ri. S.r.l., Ecoitalia S.r.l., Smarin S.r.l. and Tekna S.r.l..

As the takeover related to companies wholly owned by the Issuer, it took place entirely within the consolidation area of the Group, which therefore did not undergo any modification as a result of the said operation.

The takeover was designed to concentrate on Ambientthesis S.p.A. the activities currently performed by the subsidiaries taken over, so that it can operate by means of a unitary, centralised strategic approach and thus acquire greater commercial strength. The Group’s decision was based firstly on the need to reorganise the various cost centres under the coordination of a single company, and secondly on the desire to eliminate some overlapping functions by merging similar or complementary activities.

The takeover agreement was signed on 18 December 2013; pursuant to the agreement it took effect for non-fiscal purposes on 31 December 2013 and for accounting and tax purposes on 1 January 2013.

## **Facts occurring after the year end**

➤ **Acquisition of new orders**

- On 4 April 2014 the companies Ambientthesis S.p.A. and Germani S.p.A. incorporated, with stakes of 90% and 10% respectively, the company **Grandi Bonifiche Società Consortile s.r.l.**, for the award of the contract for decontamination of the “former Falck” areas in Sesto San Giovanni (MI). Pending registration of the newco in the Companies Registry, said tender agreement was signed between the same participants, operating as a joint venture, and Milanosesto S.p.A. (Ambientthesis S.p.A. 90% and Germani S.p.A. 10%).

Ambientthesis S.p.A. also granted Milanosesto S.p.A. an option, valid until 31 May next, to allow a third party to acquire up to 41% of the capital of the joint venture.

The said decontamination activity will relate immediately to a first lot of the areas in question, amounting to a total of about € 22 million.

- **The waste treatment and disposal plant owned by Daisy S.r.l. (in which the Group holds a 50% interest) has undergone final testing.**
- After the completion of the plant construction stage with annexed landfill site in Barletta, in February last the supervisory bodies conducted the site inspection required to establish whether the work performed corresponds to the integrated environmental authorisation. The inspection was completed on 12 March 2014 with the preparation of a report certifying the authorisation of the supervisory bodies to open the plant, after some minimal adjustments. The plant is therefore scheduled to open in May 2014. This new project will exploit volumetric spaces for the industrial waste business in Puglia: the potential income, in a period of over 5 years, will be around € 35/40 million.

### Intercompany relations and related parties

Related-party transactions were performed in the normal course of business of the companies belonging to the Group, and were governed by market conditions, taking account of the characteristics of the goods purchased and services rendered. The said operations cannot be classed as either atypical or unusual.

### Human resources and employment figures

In 2013 the Consolidated Profit and Loss Account included € 6,091,000 of personnel costs.

The breakdown of the figure at the year end and the variation compared with 2012 is as follows:

Number of employees	31.12.2013	31.12.2012	Variation
-			
Executives	7	8	(1)
- Clerical staff	64	65	(1)
- Manual workers	41	44	(3)
<b>TOTAL</b>	<b>112</b>	<b>117</b>	<b>(5)</b>

### Environmental information

The commitment to social responsibility and local issues has become an integral part of the principles and conduct of the Group, which aims at technological excellence, maintaining high levels of safety, environmental protection and energy efficiency, and training, awareness-raising and involvement of personnel in social responsibility subjects.

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

- optimising the use of natural energy sources and resources;
- minimising adverse environmental impacts and maximising favourable impacts;
- disseminating the culture of a correct approach to environmental subjects;
- progressively improving environmental performance;
- adopting procurement policies that take account of environmental issues.

## Investments

During the year the Group made investments amounting to a total of € 1,365,000, as listed below:

Investments in intangible fixed assets	Acquisitions during the year
Industrial property rights and use of intellectual property	1
Grants, licences and trademarks	17
Fixed assets in progress and payments on account	-
Other intangible fixed assets	1
<b>TOTAL</b>	<b>19</b>

Investments in tangible fixed assets	Acquisitions during the year
Land and buildings	97
Plant and machinery	696
Industrial and commercial equipment	24
Fixed assets in progress and payments on account	-
Other goods	529
<b>TOTAL</b>	<b>1.346</b>

The investments in tangible fixed assets relate almost entirely to ordinary management and expansion of the plant, machinery and equipment required for the conduct of the Group's business.

The modernisation and upgrade of the new plant-engineering system for the biological sector at the multipurpose treatment platform of Ambientthesis S.p.A. in Orbassano has been completed.

## Foreseeable business developments

The final consolidated results as at 31 December 2013 show that as a result of cyclical and incidental factors, as well as internal dynamics, the financial year was characterised by:

- the difficult overall trend of domestic production of goods and services, which was necessarily reflected in the amounts of waste sent for disposal, treatment and recovery;
- the price war between companies seeking market shares;
- slowing of the progress of some decontamination and construction jobs.

Critical factors like those indicated above are expected to persist, at least through the first half of 2014, whereas benefits associated firstly with the acquisition of new contracts for environmental decontamination and construction of new plant (in Italy and abroad), and secondly with efficiency recovery actions (focus on the company's core business and rationalisation of costs), should bear fruit in the second half of the year.

## Risks and uncertainties

The main risk factors to which the Group is exposed, described below with details of the strategies and management policies followed, are classified under the following categories:

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

### FINANCIAL RISKS

#### FR - debts receivable

Risk class	Brief description	Analytical Description
Financial	Credit risk	The risk associated with the possibility of failure by business counterparties to meet their obligations.

For the Group, the credit risk represents exposure to potential losses deriving from failure by business counterparties to meet their obligations. Customer solvency forms the subject of specific evaluations at both the *ex ante* and *ex post* stages. The Group therefore mitigates the credit risk by means of:

- 1) careful preliminary evaluation of each potential customer, mainly based on specific investigations and obtaining historical, economic (ie. solvency and reliability) and quality information
- 2) possible request for suitable guarantees (payment in advance or performance bonds)
- 3) systematic management activities and monitoring of all debts receivable
- 4) pre-determined debt recovery activities and management of litigation if applicable.

In 2013, the Group further implemented some synergies between the Receivables Office and the Procurement Office, designed to manage relations with parties potentially classifiable as both suppliers and customers.

#### FR - liquidity

Risk class	Brief description	Analytical Description
Financial	Liquidity risk	The risk associated with the difficulty of meeting payment commitments due to difficulty of raising adequate financial resources.

The liquidity risk to which the Group may be subject is due to inability to raise the financial resources required for its operations, and for the development of its industrial and commercial activities.

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

- 1) particular attention to the financial structure indicators and reputational aspects which the banking system evaluates in order to assign a suitable rating to the Group
- 2) monitoring of the prospective liquidity conditions designed to guarantee an adequate level of operational elasticity with the possibility of recourse to non-bank resources, including self-financing and following the favourable conclusion of some disputes (ie. the litigation relating to the decontamination of the "former Sisas" area), which could lead to a favourable net financial position in 2014.

#### FR - price

Risk class	Brief description	Analytical Description
Financial	Price risk	The risk associated with the possibility that fluctuations in the purchase price of some production factors may impact on the profitability of the business.

The Group mitigates the risk of price volatility by entering into contracts, typically annual, at a fixed price or by means of some established supply agreements that allow reductions, or at any event stable prices, to be obtained for services.

The Group also monitors the risk with the aid of investments designed to increase the efficiency of its plants in order to guarantee possible energy savings.

In 2013 the new Centralised Disposal and Transport Procurement Office was activated, resulting in centralised management of the suppliers of these services, thus increasing the efficiency of the entire procurement system.

#### FR - exchange rate

Risk class	Brief description	Analytical Description
Financial	Exchange rate risk	Risk associated with unfavourable variations in exchange rates which, due to the effect of conversion of assets and liabilities expressed in foreign currencies, may generate an economic loss.

During the year the Group operated mainly on the domestic market; it therefore did not perform any significant operations in foreign currency in 2013 and did not acquire any forex exposure. The UK subsidiary included in the consolidation area did not generate any significant effects in this respect, because it is not yet operational.

#### FR - interest rate

Risk class	Brief description	Analytical Description
Financial	Interest rate risk	The risk associated with the possibility of an increase in financial charges due to an unfavourable variation in interest rates.

The Group monitors and oversees the risk in question by means of two main levers:

- 1) constant analysis of the interest rate trend in relation to the trend of the financial markets
- 2) a fund-raising policy in which fixed rates prevail over variable rates, especially for medium- and long-term loans.

The Group is currently mainly exposed to short-term bank loans.

#### OPERATIONAL RISK

##### OR – authorisation

Risk class	Brief description	Analytical Description
Operational	Authorisation/ Certification Risk	The risk associated with absence of the necessary authorisations/certifications, which impacts on the Group's business operations.

The Group mitigates the risks associated with maintaining authorisations and certifications, especially as regards renewals and expiries, by means of suitable information monitoring systems.

The Group also uses a specific tool for the management and monitoring of expiries of authorisations, which is directly supervised by the Technical Directors.

Following the takeover completed in 2013, the procedure identified with the Certification Agency led to the issue, on 28 February 2014, of a unified multi-site certificate, structured as follows:

- 1) unified *UNI EN ISO 9001:2008 – Quality* certificate, issued in the unified version and comprising the Orbassano, San Giuliano Milanese and Segrate sites and the “environmental decontamination design and implementation” activity
- 2) unified *UNI EN ISO 14001:2004 – Environment* certificate, reissued on 27 February 2014 in the unified version and comprising the Orbassano, San Giuliano Milanese, Liscate and Segrate sites and the “environmental decontamination design and implementation” activity

- 3) *BS-OHSAS 18001:2007 - Safety* certificate, which remains unchanged and active for the Orbassano and Segrate sites (relating to environmental decontamination activity)
- 4) new validation of the Environmental Declaration for the Liscate site.

#### OR – litigation

Risk class	Brief description	Analytical Description
Operational	Litigation risk	Risks associated with current and future litigation.

The risk in question is mitigated by means of different levers, depending on the type of litigation.

When entering into agreements with customers/counterparties, the Group requests the inclusion of a specific clause regarding compliance with the principles and rules set out in Legislative Decree 231/2001, and confirmation that the said parties have read the Ethical Code and an extract from the Ambientthesis S.p.A. Model.

As regards litigation with customers and suppliers, the risk is mainly mitigated by the use of contracts as a lever to minimise the risk of litigation.

#### OR - plant

Risk class	Brief description	Analytical Description
Operational	Plant risk	Risks associated with plant maintenance.

The Group considers plant maintenance to be a critical factor to ensure the quality of the work performed. In order to mitigate the risk of stoppages due to malfunctions, routine maintenance and repairs are conducted on the basis of periodic servicing agreements, with verification protocols established by the manufacturer and high service levels which must be guaranteed by the supplier that performs the maintenance.

The Group also uses formal procedures to cover emergencies, such as unexpected plant stoppages.

In particular, the Group plans and periodically monitors internal and external maintenance with the support of dedicated software.

#### OR - Industrial accidents

Risk class	Brief description	Analytical Description

Operational	Industrial accident risk	Risks associated with accidents in the workplace.
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The Group has adopted high standards in order to guarantee full compliance with the legislation governing health and safety of workers.

In particular, the system of delegated powers relating to safety, which was promptly updated after the takeover, ensures that the employees functionally able to deal with safety obligations (ie. those close to the issues involved) and already in possession of the necessary know-how have also been granted the management and spending powers needed to deal with those requirements, on an urgent basis if necessary.

The Group has obtained BS-OHSAS 18001 certification (active for the Orbassano and Segrate sites for environmental decontamination activities) which certifies compliance with high standards relating to the system of management of safety in the workplace.

In order to mitigate the risk of industrial accidents, the Group has introduced suitable procedures to conduct internal audits designed to evaluate safety in the workplace, especially on production sites.

The Group regularly invests in training relating to occupational safety matters, periodically holding specific courses for professional figures, with the issue of an attendance certificate.

#### OR - members of JVs

Risk class	Brief description	Analytical Description
Operational	Risk associated with membership of JVs	The risk associated with identification of members for setting up JVs.

The Group mitigates the risk involved in dealings with partner companies in JVs by means of targeted selection thereof, on the basis of an evaluation of their reliability and operational capacity, and in the case of tenders, to comply with the requirements specified in the call for tenders.

The Group promotes the use of protocols of legality, designed to activate coordinated monitoring and supervision procedures in accordance with the Guidelines for antimafia checks relating to the entire chain of companies involved in projects.

#### OR - counterparty requirements

Risk class	Brief description	Analytical Description
Operational	Counterparty Requirements Risk	The risk of having counterparties (suppliers/customers) which do not meet the specified requirements (capital/financial/ethical).



The Group, in relation to the business in which it operates, mitigates the risk of establishing relations with counterparties that do not meet the specified (financial, ethical and capital) requirements by means of detailed selection and evaluation of its suppliers, set out in the Group Procurement Procedure.

In the most significant cases the Group plans audits at the suppliers' disposal plants to check on their adequacy in terms of requirements and authorisations.

When entering into agreements with customers/counterparties, Ambientthesis S.p.A. requests the inclusion of a specific clause regarding compliance with the principles and rules set out in Legislative Decree 231/2001, and confirmation that the said parties have read the Ethical Code and an extract from the Ambientthesis S.p.A. Model.

The Group promotes the use of protocols of legality, designed to activate coordinated monitoring and supervision procedures in accordance with the Guidelines for antimafia checks relating to the entire chain of companies involved in projects.

The Group is evaluating the implementation of a procedure that allows constant monitoring of customers according to ethical parameters defined with the support of an IT tool integrated with the ECOS software.

#### OR - information systems in support of the Procurement Office

Risk class	Brief description	Analytical Description
Operational	Information systems in support of Procurement Office Risk	Risks associated with management of information systems in support of the business.

The Group manages the risk of inadequacy of the information systems in support of purchase management by devoting specific resources to continuous improvement and efficiency of an integrated information system.

This activity is performed in close cooperation by the heads of the Procurement Office with the EDP Department and the information system suppliers.

#### OR - information systems in support of the Tender Office

Risk class	Brief description	Analytical Description
Operational	Information systems in support of Tender Office Risk	Risks associated with management of information systems in support of the business.

The Group manages the risk of inadequacy of the information systems in support of tender activities by means of close relations with the historical supplier of the call for tenders identification, monitoring and despatch service. The employees of the Tender Office are also responsible for independently searching for calls for tenders on the major websites, to mitigate the risk of incomplete or inaccurate identification of potentially attractive calls for tenders.

## OR - organisational structure

Risk class	Brief description	Analytical Description
Operational	Organisational structure risk	Risks associated with an organisational structure not aligned with the pursuance of the strategic objectives.

The Group mitigates the possible associated with an a organisational structure not aligned with the Group's strategic objectives by establishing and periodically reviewing the said structure, to ensure that it is sufficiently structured in terms of manpower and adequate skills. This is made possible mainly by constant monitoring and evaluation to ensure that the structure meets the objectives of the Group and those of each business line.

## OR - project valuation

Risk class	Brief description	Analytical Description
Operational	Project valuation risk	Risk associated with inadequate estimation of project costs.

The Group mainly operates on projects within the "decontamination" business. To monitor project costs adequately, the Group has structured a formal process for the analysis of: (i) estimated costs and departures of final costs from the budget estimate, (ii) the corresponding profit margin, (iii) the extra-budget amounts and (iv) the revised budget, if any.

The progress of the project is monitored by periodic drafting of progress reports and project reporting, by means of which the detailed management of the income and expenditure of each project can be analysed.

The Management Control Office monitors the costs incurred and income matured on a monthly basis, issuing a single report that summarises the costs and income of all the Group's active projects.

## STRATEGIC RISKS

### SR - macroeconomic trend

Risk class	Brief description	Analytical Description
Strategic	Macroeconomic trend	The risk that the Group's capital, profit and financial situation may be affected by exogenous macroeconomic factors.

The Group systematically monitors the macroeconomic reference scenario in order to detect unfavourable trends rapidly and identify the necessary corrective measures.

Despite the reduction in consolidated net income for the 2013 financial year, the Group has mitigated the worst impacts deriving from the macroeconomic slowdown, which again affected the business in 2013.

**SR – competition**

Risk class	Brief description	Analytical Description
Strategic	Competition risk	Risks deriving from the entry of new competitors into the industry.

The risk of competition and entry of new competitors onto the market is mitigated by factors associated with the businesses in which the Group operates, such as market fragmentation, entry barriers and the need for specific certifications/authorisations, including the SOA certificate (periodic check on technical/organisational/financial/economic criteria).

The Tender Office regularly monitors, by consulting a specific archive, the number of tenders awarded, those not awarded to the Group and those awarded to its competitors.

The Group also aims to mitigate the competition risk on the domestic market by progressively increasing its activities on the export market.

**SR - business growth**

Risk class	Brief description	Analytical Description
Strategic	Risk of non-growth of business	The risk associated with lack of monitoring of the business opportunities that arise on the market and their management.

The Group mitigates the risk associated with lack of monitoring of the business opportunities that arise on the market, and their management, by using a formal procedure for identification and selection of business opportunities and their allocation to the appropriate areas .

The risk of non-growth of the waste disposal business in the current industry crisis situation is dealt with proactively by seeking growth opportunities on the export market and acquiring new customers in Italy.

As regards the decontamination business, the Group regularly monitors the opportunities by public- and private-sector customers; the Tender Office, which can call on the support of a specialist agency, monitors on a daily basis the tender procedures in which the Group can participate.

**SR - customer dependence**

Risk class	Brief description	Analytical Description
Strategic	Customer dependence risk	Risk associated with contractual dependence on one customer or a few customers.

The Group mitigates the risk in question by regularly monitoring its customers, with the aim of reporting any risk of contractual dependence where the amount invoiced to an individual counterparty significantly exceeds certain proportions of the total turnover in each line of business.

#### SR - dependence on suppliers

Risk class	Brief description	Analytical Description
Strategic	Supplier dependence risk	Risk associated with contractual dependence on suppliers which may lead to stoppages of customer service.

The Group mitigates the risk associated with contractual dependence on its suppliers by:

- 1) regularly updating and checking on the adequate application of the internal procedure "PT12 – Procurement", which governs (i) the flow of procurement activities, (ii) roles and responsibilities, (iii) process risks, (iv) process controls and the document management and filing procedure, and (v) the distinction between critical and non-critical suppliers
- 2) centralisation of purchases
- 3) the implementation, in 2013, of a filing system for the purpose of qualification of data relating to quotes from potential suppliers.

#### SR - dependence on key human resources

Risk class	Brief description	Analytical Description
Strategic	Dependence on key human resources risk	Risk associated with dependence on key human resources.

The Group regularly monitors the risk in question, especially as regards the commercial and technical figures operating in each line of business.

With a view to mitigating the risk in question, the Group acts by means of: (i) continuous training, (ii) incentives and benefits, (iii) the operational delegation structure.

#### SR – reputational

Risk class	Brief description	Analytical Description
Strategic	Reputational risk	Risks associated with protection of the image and reputation on the market, which may involve the business trend.

The Group pays particular attention to reputational risk management by means of initiatives involving an active role in projects with the main players in the industry. The Group's consolidated experience in the industry is also demonstrated by its participation in initiatives conducted with trade associations on the most significant subjects for the industry, and research projects with some universities.

The Group also mitigates the reputational risk by means of (i) the visibility provided by its participation in the major trade fairs, which it attends to ensure continuous improvement of its image and the reputation of the Group as a whole, and (ii) its investment in joining trade associations such as ANIDA.

In 2013 the parent company decided to change its name to Ambientthesis, which more effectively conveys its desire to make the link between the environment and human activities, between life and nature, both compatible and sustainable.

Ambientthesis S.p.A. has therefore applied and been accepted for inclusion in the list kept by the Prefecture pursuant to ss. 1.52 to 1.57 of Statute 190/2012, with the aim of making its antimafia checks (known as the "whitelist") more effective.

#### SR - full use of production capacity

Risk class	Brief description	Analytical Description
Strategic	Risk of failure to make full use of all its production capacity	The risk that the plant and production capacity in general will not be fully used/exploited, with a consequent impact on the profit margins of the business.

In 2013, as in the preceding year, the Group demonstrated its continued ability to use its plant; failure to make full use of production capacity is associated above all with the current crisis situation in the industry, rather than lack of production capacity of the Group's plant.

#### COMPLIANCE RISKS

##### CR - waste classification

Risk class	Brief description	Analytical Description
Compliance	Waste classification risk	Risk associated with incorrect waste classification, leading to inadequate waste management.

The Group works to mitigate the risk associated with incorrect waste classification leading to inadequate waste management; for this purpose each operational unit of the Group has adopted a detailed, structured procedure that governs the entire waste disposal procedure, from the acceptance stage to the final destination, guaranteeing complete traceability throughout the chain.

The Group arranges technical training activities relating to updates to the waste classification legislation; this activity is managed and prepared by the platform laboratory managers.

#### CR - Self-regulatory Code

Risk class	Brief description	Analytical Description
Compliance	Risk of non-compliance with Self-regulatory Code	Risk of non-compliance or partial compliance with the Self-regulatory Code.

In 2013, Ambientthesis S.p.A. commenced a process designed to check on the alignment of its corporate governance structure with the indications contained in the Self-regulatory Code. Ambientthesis S.p.A. has therefore conducted a detailed qualitative analysis of its corporate governance and internal control system in terms of efficacy and alignment with the applicable regulations and the best practices developed on the subject. In particular, from the methodological standpoint, the process of self-assessment is based not only on analysis of the company documentation but also on information collected from employees who, due to the role they hold and their know-how in relevant areas, have been suitably involved in specific analysis meetings.

The analysis conducted did not reveal any significant critical factors relating to the structural aspects of the governing bodies and the self-assessment processes performed at the intervals specified in the Code and the applicable legislation.

#### CR - Legislative Decree 231/01

Risk class	Brief description	Analytical Description
Compliance	Risk of non-compliance with Legislative Decree 231	Risk of non-compliance or partial compliance with Legislative Decree 231/01.

The Group aims to identify the conditions that serve to ensure that the structure complies with the statutory requirements laid down by Legislative Decree 231/2001: Administrative liability of companies and organisations.

The Group has established the organisation, management and control model pursuant to Legislative Decree 231 of 2001 for the company Ambientthesis S.p.A. and its subsidiaries belonging to the consolidation area (Bioagritalia S.r.l. and La Torrazza S.r.l.), and regularly monitors any update requirements.

The organisational model is currently undergoing further updates to take account of the latest organisational and regulatory changes.

#### CR - Statute 262/05

Risk class	Brief description	Analytical Description
Compliance	Risk of non-compliance with Statute 262	Risk of non-compliance or partial compliance with Statute 262/05, as amended.

The Group has complied with the obligations laid down by Statute 262, with special reference to the templates for Certification of Accounts and the Directors' Report pursuant to s. 154-bis of the CFBA, and the appointment of the Manager in charge of preparation of the company's financial reports.

The Group pursues the aim of reinforcing the internal control and risk management system with aim of ensuring that the 262 Model remains constantly aligned with the applicable legislative requirements.

#### CR - environmental legislation

Risk class	Brief description	Analytical Description
Compliance	Risk of non-compliance with environmental legislation.	Environmental risk, relating to compliance with the environmental legislation.

The Group mitigates the risks associated with compliance with the environmental legislation, especially in terms of compliance with the current provisions of the Consolidated Environment Act (Legislative Decree 152/2006) and the terms of the European Regulation on Crossborder Transport.

The main levers used to guarantee constant alignment with the legislation in question are:

- 1) responsibility for monitoring legislative and regulatory changes held by the Technical Managers in each business line (decontamination and plant)
- 2) internal audits conducted as a result of supervision by technical managers and Internal Audit
- 3) checks on all crossborder carriers on arrival at the local unit and en route.

- 4) authorisations and certificates that represent a constant incentive towards alignment with the legislation.

Moreover, as a further environmental risk management lever, in response to the increasing attention given to environmental topics, Ambientthesis S.p.A has introduced a 231 Model based on a detailed risk assessment relating to the environmental offences set out in s. 25-*undecies* of Legislative Decree 231/2001 following the entry into force of Legislative Decree no. 121 of 7 July 2011.

Among the environmental authorisations, particular importance is attributed to the Integrated Environmental Authorisation, which has replaced dozens of different authorisations previously required, and whose renewal enables individual structures to interface regularly with legislative compliance.

#### CR - occupational safety legislation

Risk class	Brief description	Analytical Description
Compliance	Risk of non-compliance with Occupational Safety regulations	Risk of non-compliance or partial compliance with Legislative Decree 81/2008, as amended.

The Group mitigates the risk of non-compliance with the Occupational safety legislation and all the obligations laid down in Legislative Decree 81/2008, primarily through the adoption and regular updating of the “Safety Management System”, and holds BS OHSAS 18001:2007 certification for the registered office in Segrate and for the activity of “design and implementation of environmental decontamination”.

The main levers used to manage the risk in question are:

- 1) training, an ambit considered to be of strategic importance by the Group, in which regular investments have been made
- 2) controls (external audits, internal audits and 231 checks).

#### CR - the Consob “Related-Parties” Regulation

Risk class	Brief description	Analytical Description
Compliance	Risk of non-compliance with the Consob “Related-Parties” Regulation.	Risk of non-compliance or partial compliance with Consob Regulation no. 17221 of 12.03.2010 entitled “Related-Party Transactions Regulation”, as last amended in June 2010.

In November 2010 the Group introduced its own internal regulations governing related-party transactions, in accordance with the Consob Related-Party Transactions Regulation.



If the exclusions expressly contemplated do not apply, the Ambientthesis S.p.A. Regulations provide for the adoption of a specific internal examination and approval procedure designed to identify the following specific elements:

- 1) the basic characteristics of the operation (price, conditions of performance, timing of payment).
- 2) the underlying economic reasons
- 3) description and analysis of the related economic, capital and financial effects
- 4) evaluations regarding the appropriateness of the consideration in relation to the market values of similar operations.

The Group has drawn up, and keeps updated, a list of the related parties identified.

At the time of publication of the annual, half-yearly and quarterly financial reports, the Group draws up specific summaries of all the operations performed during the reference period.

The agenda of meetings of the Board of Directors of Ambientthesis S.p.A. always includes a discussion of any related-party transactions.

## Financial statements of Ambientthesis S.p.A. as at 31 December 2013

The annual financial statements of AMBIENTHESIS S.p.A. closed with a loss of € 987,000, after deduction of depreciation, amortisation and devaluation amounting to € 2,182,000.

To obtain a homogenous term of comparison with the values of the first post-takeover financial statements, the 2012 figures have been reprocessed, including those of the companies taken over, and set out as “pro forma” data.

### PRO FORMA

<i>euros/100</i>			
<b>ECONOMIC DATA</b>	<b>ATH Group as at 31.12.2013</b>	<b>ATH Group as at 31.12.2012</b>	<b>Variation %</b>
Sales	60,405	68,129	-11.3%
Gross operating profit	-839	2,157	Nc
Net operating margin	-3,021-38	-38	7850.0%
Pre-tax result	-1,726	-3,516	-50.9%
<b>Final net result – Profit/(Loss)</b>	<b>-987</b>	<b>-3,293</b>	<b>-70.0%</b>

<i>euros/100</i>			
<b>FINANCIAL AND CAPITAL DATA</b>	<b>ATH Group as at 31.12.2013</b>	<b>ATH Group as at 31.12.2012</b>	<b>Variation %</b>
Net financial position	-9,755	-9,006	8.3%
Total assets	145,656	142,489	2.2%
<b>Net equity</b>	<b>84,988</b>	<b>86,067</b>	<b>-1.3%</b>

## CALL OF GENERAL MEETING

The Board of Directors is required to prepare consolidated financial statements as the statutory pre-requisites are fulfilled. It has therefore decided to call the General Meeting to approve the draft 2013 financial statements approved by Board of Directors within the extended period of 180 days from the year end. The said financial statements will therefore be submitted for approval by the General Meeting to be held on 27 May 2013 (at 3 p.m.) on first call, and 29 May 2013 (at 3 p.m.) on second call.

In view of the Company’s share ownership structure, it is already known that the General Meeting can be validly held on 27 May 2013.

The Board of Directors will also propose that the loss for the year is covered in full by partial use of the reserve set up with the profits carried forward from preceding financial years.

The said General Meeting will be asked to resolve on:

- the proposal to approve the financial statements for the 2013 financial year
- the remuneration policy
- the appointment of the Board of Statutory Auditors
- update to the appointment of the external auditors



Segrate, 10 April 2014

for the Board of Directors  
Chairman  
Alberto Azario