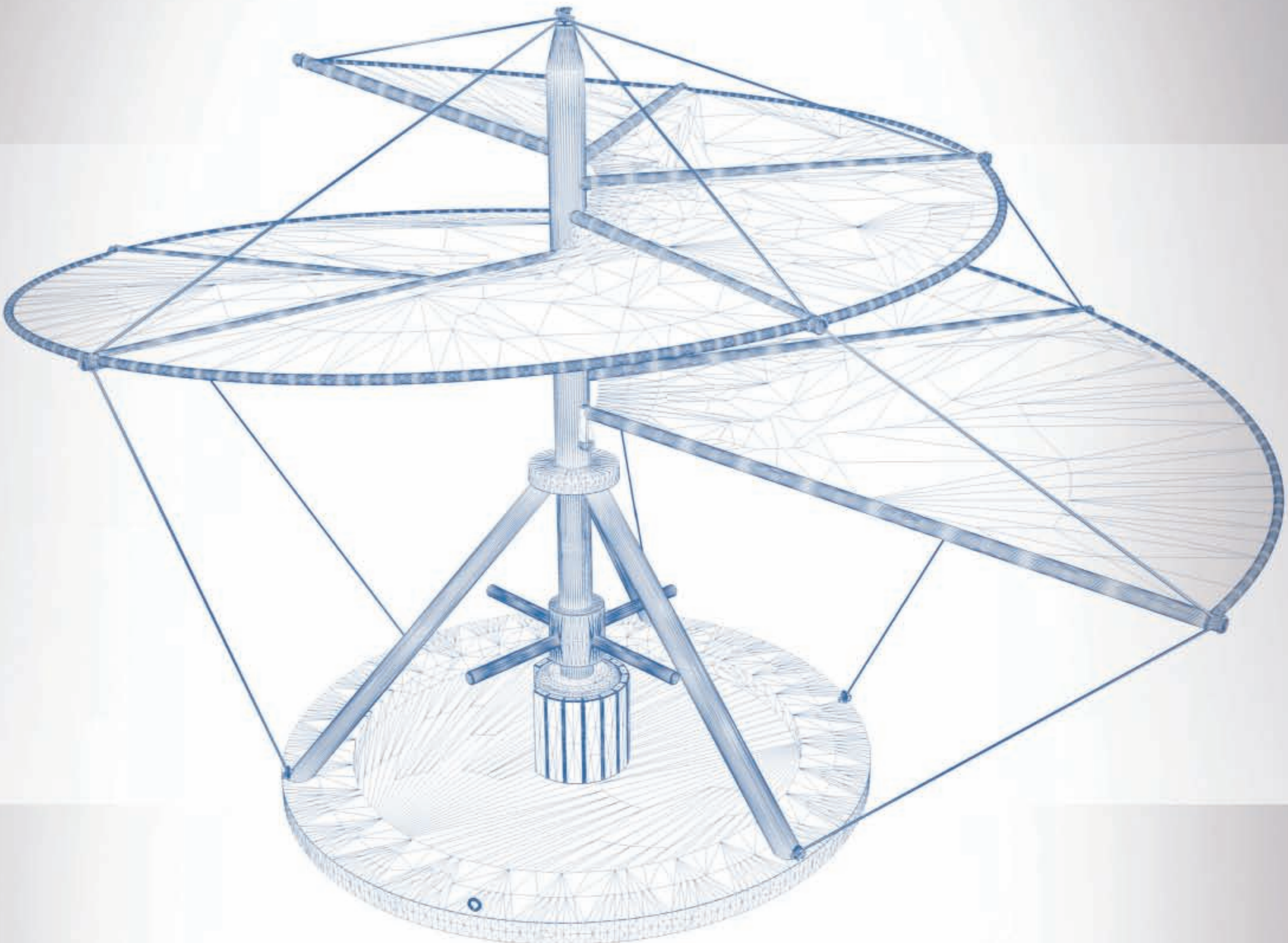

ANNUAL REPORT
2013

SIMEST
INGEGNO ITALIANO NEL MONDO
cdp CASSA DEPOSITI E PRESTITI
GRUPPO

Società Italiana per le Imprese all'Estero - SIMEST S.p.A.
REGISTERED OFFICE: Corso Vittorio Emanuele II, 323 - 00186 Rome
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Paid-up share capital €164,646,231.88
Rome Company Register No. 04102891001
R.E.A. No. 730445

company subject to the management and coordination of Cassa Depositi e Prestiti S.p.A

SIMEST is the development finance institution charged with supporting and promoting Italian companies' activities in Italy and abroad

- SIMEST is controlled by Cassa Depositi e Prestiti, and has been subject to its management and coordination since 25 September 2013. Its private-sector shareholders include banks and trade associations. SIMEST was set up in 1991 to promote foreign investment by Italian companies and to provide technical and financial support for investment projects.
- Since 1999 it has administered various forms of public support for the international expansion of Italian firms
- For firms it is a one-stop shop for assistance on every aspect of the development of business abroad and, since 2011, in Italy as well.

INVESTMENT IN EQUITY CAPITAL OF COMPANIES OUTSIDE THE EU

- SIMEST, working alongside Italian companies, can acquire up to 49% of the equity capital of foreign firms, both directly and through a Venture Capital Fund, to support foreign investment in countries outside the European Union. Its participation also gives the Italian company making the investment access to interest rate support for loans granted to finance its equity interest in the non-EU company.

INVESTMENT IN EQUITY CAPITAL OF COMPANIES IN ITALY AND WITHIN THE EU

- SIMEST can acquire stakes of up to 49% in Italian companies and/or their EU subsidiaries that develop investments in production and in innovation and research at market terms without support (bailouts are excluded).

AS REGARDS OTHER ACTIVITIES ABROAD, SIMEST

- supports export credits for investment goods produced in Italy;
- finances feasibility studies and technical assistance programmes connected with investment projects;
- finances programmes for entering foreign markets.

SIMEST also provides Italian companies seeking to internationalise their businesses with technical assistance and advisory services. Its broad range of activities in this field include:

- seeking out foreign partners and investment opportunities, as well as foreign commercial contracts;
- prefeasibility and feasibility studies;
- advice on financial, legal and corporate questions concerning investment projects abroad.

SIMEST is also the only Italian financial institution authorized by the EU to serve as a lead financial institution in its partnership programmes (Neighbourhood Investment Facility (NIF), Latin America Investment Facility (LAIF), EU-Africa Infrastructure Trust Fund Africa, Investment Facility for Central Asia (IFCA), etc.).
As a member of EDFI (European Development Finance Institutions), SIMEST can help Italian firms by activating a worldwide network of contacts and sources of information.

More information and interactive aid is available on SIMEST's website: www.simest.it

HIGHLIGHTS

	1991-2013 € millions	2013 € millions	2012 € millions
Profit for the year	181.1	13.3	13.0
Dividends and bonus shares	98.1	6.3	6.3

INVESTMENTS

SIMEST'S EQUITY INVESTMENTS	1991-2013		2013		2012	
	No.	€ millions	No.	€ millions	No.	€ millions
Projects approved						
New projects - EU and non-EU companies	1,279	1,421.7	52	120.0	62	93.3
Project supplements and revisions EU and non-EU companies	252	170.6	16	19.0	15	10.4
Equity investments acquired						
New equity investments - EU and non-EU companies	703	696.0	36	77.4	31	77.3
Capital increases and revisions EU and non-EU companies	271	146.3	12	11.2	13	11.0
Equity investments sold	448	388.4	28	25.7	40	35.9

Fully operational projects	1991-2013	2013	2012
Non-current assets	28,494	2,344	1,615
Share capital	12,883	919	1,051

VENTURE CAPITAL FUND INVESTMENTS

	2004-2013		2013		2012	
	No.	€ millions	No.	€ millions	No.	€ millions
Equity investments acquired						
New equity investments in foreign companies	261	201.5	21	12.4	18	9.7
Capital increases and revisions	75	29.6	6	0.2	9	2.7

FINANCIAL SUPPORT TO FIRMS

	Operations approved 1999-2013		Operations approved 2013		Operations approved 2012	
	No.	€ millions	No.	€ millions	No.	€ millions
Support for exports (Legislative Decree 143/98, amending Law 227/77)	1,963	53,155.0	156	4,682.3	124	4,348.0
Support for direct investment abroad (Laws 100/90 and 19/91)	1,019	3,006.9	39	241	45	114.7
Programmes to break into foreign markets (Law 133/08, Art. 6(2) (a))	1,926	1,999.9	171	142.9	129	107.7
Capitalisation of exporter SMEs (Law 133/08, Art. 6(2)(c))	617	288.0	–	–	184	85.3
Subsidies for feasibility studies and technical assistance programmes (Law 133/08, Art. 6(2)(b))	587	130.0	22	2.8	19	2.5

BOARD OF DIRECTORS

Ferdinando Nelli Feroci (from 6 February 2014)	*Chairman*
Vincenzo Petrone (until 6 February 2014)	*Chairman*
Riccardo Monti	*Vice Chairman*
Massimo D'Aiuto	*Chief Executive Officer*
Sandro Ambrosanio	*Director*
Giuseppe Scognamiglio	*Director*
Michele Tronconi	*Director*
Ludovica Rizzotti	*Director*

BOARD OF AUDITORS

Ines Russo	*Chairman*
Maria Cristina Bianchi	*Auditor*
Giampietro Brunello	*Auditor*

DIRECTOR DESIGNATED BY THE STATE AUDIT COURT (LAW 259/1958)

Carlo Alberto Manfredi Selvaggi

GENERAL MANAGER

Massimo D'Aiuto

SUPERVISORY BODY

Roberto Tasca	*Chairman*
Ugo Lecis	*Member*
Vincenzo Malitesta (from 6 February 2014)	*Member*
Maurizio Di Marcotullio (until 6 February 2014)	*Member*

EXTERNAL AUDITOR

PricewaterhouseCoopers S.p.A.

We would like to thank the following companies for graciously allowing us to use images of their operations established with the assistance of SIMEST:

Astaldi Concessioni S.r.l. Chile	page 11
Caprari S.p.A. China	page 30
C.M.S. S.p.A. China	page 10
Dentis S.r.l. Spain	page 12
Exprivia S.p.A. China	page 9
Mossi e Ghisolfi S.p.A. Brazil	pages 33, 50
Officine Maccaferri S.p.A. South Africa	page 16
Sol S.p.A. Albania	page 20, 34
Tesmec S.p.A. U.S.A.	page 23

REPORT ON OPERATIONS

THE ECONOMIC BACKGROUND

THE INTERNATIONAL ENVIRONMENT

The recovery under way in the United States continued in 2013. The emerging economies also continued to expand, although their growth was volatile and irregular.

The performance of the euro area continued to be weak overall, although this varied by country, mainly due to weakness in domestic consumption linked to policies instituted to contain government expenditure, higher taxes and credit rationing, factors that were particularly stringent in the "peripheral" countries, which remained in recession.

In this difficult environment, enterprises that focused more on international competition were better prepared to handle weak domestic consumption. This is further evidence of the important role played by institutions and agencies that support international expansion.

Developments in GDP and world trade in 2013

According to the International Monetary Fund (IMF), the expansion of world GDP accelerated compared with the previous year, reaching 3.0% in 2013. World trade grew by 3.0%, up slightly compared with 2.8% growth in 2012.

The dynamic economic performance of certain emerging economies has spurred much of this global expansion. China's GDP grew by 7.7%, the same as in 2012, confirming the country's role as a driver of the world economy despite growing at a slower rate than in previous years. India also saw GDP expand by 4.4% (down slightly from 4.7% growth in 2012). Russia and Brazil saw more modest expansions in their GDP, which rose by 1.3% (3.4% in 2012) and 2.3% (1.0% in 2012), respectively.

The economic recovery continued in the United States, with GDP expanding by 1.9%, with an acceleration in the second half of the year (2.8% in 2012). Japan also continued to show signs of recovery, with GDP growing by 1.5% (1.4% in 2012).

The United Kingdom also experienced a significant recovery, with GDP up 1.8% in 2013, compared with an increase of 0.3% in 2012.

By contrast, euro-area GDP contracted by 0.5% (-0.7% in 2012). While the German economy grew very modestly (+0.5%, compared with +0.9% in 2012), the French economy was stagnant (+0.3% in 2013 compared with nil in 2012). Italy and Spain, which are seeking to limit the expansion of their public debt through major macroeconomic measures, saw their

EXPRIVIA S.p.A. China

GDPs contract by 1.9% and 1.2%, respectively (compared with -2.4% and -1.6% in 2012).

Consumer price **inflation** in the developed countries declined from 2.0% in 2012 to 1.4% in 2013, while in the emerging and developing countries it subsided from 6.0% in 2012 to 5.8% in 2013.

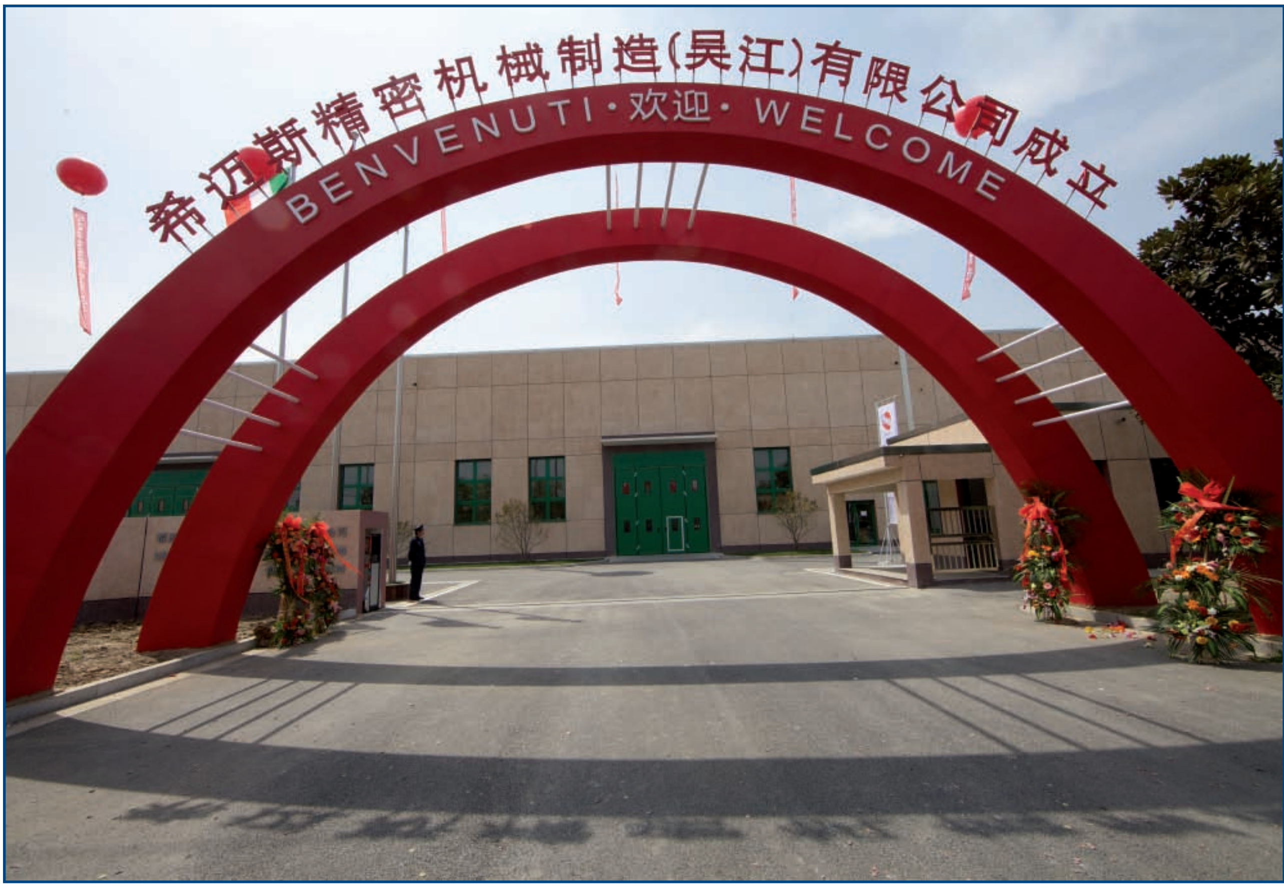
Direct investment

The latest figures released by UNCTAD show that global **flows of foreign direct investment (FDI)** in 2013 expanded by 11% compared with 2012, to $1,461 billion ($1,317 billion in 2012). As a result of this increase, the total amount of FDI reached levels comparable to the pre-crisis average for the 2005-2007 period.

For the second year in a row FDI flows to mature economies represent the smallest portion (39% of the total) despite rising by 12% from $516 billion in 2012 to $576 billion in 2013. FDI flows towards emerging and transition economies were higher, going from $802 billion in 2012 to $885 billion in 2013 (+10%).

The United States remains the leading country receiving FDI flows, which UNCTAD estimates reached $159 billion in 2013. China ranked second, with FDI inflows amounting to $127 billion in 2013. Russia moved up from ninth place in 2012 to third in 2013, with FDI flows of $94 billion, mainly due to acquisitions in the energy sector.

There was also a 38% increase in FDI flows to the European Union (from $207 billion in 2012 to $286 billion), an expansion of 18% in flows to Latin America and the Caribbean (with a 93% increase in FDI flows to Central America),



C.M.S. S.p.A. China

ASTALDI CONCESSIONI S.r.l. Chile

as well as a 7% rise in FDI flows to Africa. By contrast, FDI flows to Asia remained stable overall.

Finally, **FDI flows to Italy rose from €72 million** in 2012 **to €12.4 billion in 2013** (source: Bank of Italy).

The outlook for 2014

Forecasts for 2014 indicate that the global expansion should continue, although economic and political uncertainties concerning various countries and major areas remain.

The International Monetary Fund's most recent forecasts point to a 3.6% expansion in world GDP in 2014. The United States' GDP is expected to grow by 2.8%, while that of Japan should expand by 1.4%. By contrast, the GDP of the euro area is projected to show more modest growth (+1.2%). The GDPs of Germany and France are expected to rise by 1.7% and 1.0%, respectively, while those of Italy and Spain, which should come out of recession, are projected to grow by 0.6% and 0.9%, respectively.

The United Kingdom's GDP should increase by 2.9%.

As regards the most important emerging economies, China's GDP should increase by 7.5%, while India's GDP is expected to rise by 5.4%, that of Brazil by 1.8% and that of Russia by 1.3%.

World trade is forecast to expand by 4.3% in 2014.

Consumer prices are projected to rise by 1.5% in the mature economies and 5.5% in the emerging and developing countries in 2014.

UNCTAD projects that global **FDI** flows will grow (to around $1,600 billion) in 2014 as a result of the recovery in the advanced economies, despite uncertainty concerning when the United States will end its monetary stimulus measures.

DENTIS S.r.l. Spain

THE ITALIAN ECONOMY

The need to continue to pursue policies for containing government deficits agreed at the European level has had a significant impact on Italy's main macroeconomic aggregates in recent years.

The much-needed correction in the public accounts, pursued largely by increasing taxes rather than by cutting spending, sparked a significant decline in consumption, consequently creating difficulties for enterprises that are geared towards the domestic market.

This revealed structural weaknesses that have worsened in recent years – such as the tax burden on corporate and personal income, the cost of energy and services that, together with the rigidity of the labour market, have increased the number of businesses in crisis, leading to a significant increase in unemployment.

The modest signs of a recovery seen in the fourth quarter of 2013 and in the early part of 2014 must be consolidated and sustained through significant cuts in unproductive government spending, which could free up resources to gradually lessen the tax burden on businesses and workers. This could also be facilitated by a reduction in the cost of servicing the debt, as a result of the current decline in interest rates on Italian government bonds (BTPs) and the narrowing of the spread with the German Bund. This reduction should be accentuated as much of the country risk diminishes as a result of the overhaul of government spending mentioned above and the reform of the labour market, which could combine greater flexibility with active policies for promoting employment.

In this generally precarious economic environment, companies with a greater focus on international expansion and competition have coped better with the crisis than those that have focused primarily on the domestic market.

The need for the banking system to recapitalise continued to restrict credit to borrowers perceived as riskier with weak balance sheets.

In order to overcome the current challenges and therefore successfully compete in international markets, Italian enterprises must increase their stock of equity, thereby countering undercapitalisation. In fact, only adequately structured and capitalised companies are capable of facing international competition over at least the medium term, thanks in part to a satisfactory level of self-financing of their capital requirements. In this environment, it is important to encourage business combinations, including through the creation of networks, to achieve stable and coordinated penetration of foreign markets and to facilitate direct access to the capital markets for SMEs (including through specialised intermediaries).

In 2013, Italy's **GDP** contracted by a significant 1.9%, continuing the recessionary trend seen in 2012 (when GDP fell by 2.4%) continued. This performance, which was much weaker than that of the euro area as a whole (-0.5%), stands in contrast to the growth reported in the other main European countries such as Germany (0.5%), France (0.3%) and the United Kingdom (1.8%).

The decline in GDP was attenuated by the performance of exports, which held remarkably steady (+0.1%) compared with 2012.

Inflation averaged 1.2% in 2013, down considerably from the 3.0% reported in 2012.

ISTAT figures show that in 2013 **employment** fell by 2.1% year-on-year (a decrease of 478,000 units), for an overall employment rate of 55.6% (-1.1% from 2012). There was a significant increase in the unemployment rate, which rose on average from 10.7% in 2012 to 12.2% in 2013.

Gross fixed investment fell by 4.7% in volume terms, following the drop of 8.0% in 2012. Sectors contributing to the contraction included construction (-6.7%) and machinery and equipment (-6.3%), while investment in transport equipment rose by 12.9%.

Final domestic consumption fell by 2.2% compared with the previous year.

Exports of goods and services rose by 0.1%, while **imports** declined by 2.8% in 2013.

The **trade balance** showed a surplus of €30.4 billion in 2013. If energy products are excluded, the trade surplus was €84.8 million.

Industrial output fell by 3.0% on average in 2013 compared with 2012. A year-on-year comparison of the averages shows decreases of 4.8% in capital goods, 1.4% in intermediate goods, 2.0% in consumer goods (-1.4% for non-durables and -5.9% for durables), and a decline of 4.8% in energy.

Forecasts for 2014 depend on the timing of the implementation of measures to stimulate an economic recovery in Italy. These measures must also be implemented in such a way as to not jeopardise achievement of the public budget correction targets. The International Monetary Fund's forecasts point to a rise in **Italian GDP** of 0.6%, compared with an increase of 1.2% for the euro area as a whole, 1.7% in Germany, 1.0% in France and 2.9% in the United Kingdom.

According to recent Bank of Italy figures, in 2013 inward FDI flows amounted to around €12.4 billion (considerably up from the €72 million registered in 2012), while outward **FDI** flows came to €23.9 billion, an increase from the €6.2 billion posted the previous year.

The general picture for the Italian economy at present and the uncertain outlook for recovery once again confirm the urgency of the need for manufacturers to expand their presence in international markets, particularly in those countries where demand is rising.

Italian companies, typically small and medium-sized enterprises and, as a result, having greater flexibility and decision-making speed, must be supported in entering new foreign markets with funding and capitalisation policies aimed at promoting the development of networks of enterprises and building infrastructure and logistics platforms for stable penetration of markets that are often far away and that have economic and legislative systems that require expert help to navigate, help that is often not available at sustainable costs to individual SMEs.

The direct presence of Italian companies abroad, with the establishment of manufacturing and commercial facilities, must be promoted with assistance and financial support for enterprises capable of competing. Focus must be placed on these companies, in particular, to ensure more **adequate capitalisation in Italy**, making it possible for them to expand their manufacturing base and innovate.

To achieve these goals, it will be necessary to support the development of SMEs in particular, and to guarantee the necessary public resources for the international expansion instruments managed by SIMEST and to consider **strengthening SIMEST**, in order to better support the competitive development of Italian firms abroad, as well as those within Italy that are seeking to expand exports.

PROMOTIONAL AND DEVELOPMENT ACTIVITIES

In 2013, promotional and development activities focused on domestic programmes to disseminate information about SIMEST's products and services to Italian companies and on participation in foreign missions during which the Company provided ample technical support to participating Italian companies.

Activities involving the business community and institutional missions abroad

SIMEST offered its assistance to the Italian firms attending the business forums, seminars and international fairs held during the various foreign missions, during numerous BtoB meetings. The Company aided them in gaining further information on topics of interests and problems concerning investment opportunities in the various countries, with the goal of promoting meetings with local firms in order to establish partnerships.

In Italy SIMEST also played an active operational role in country presentations and meetings focusing on specific sectors held to offer information on investment opportunities and instruments that promote international expansion by providing assistance to the companies involved and by handling organisational matters and institutional relationships.

What follows is a description of the major foreign missions in which SIMEST participated through its support to Italian companies.

- Algeria (Algiers) – SIMEST took part in two missions. Around 100 companies participated in the first, organised by ANCE (National Builders' Association) and led by the Deputy Minister of Economic Development, which focused on the multi-year infrastructure development programme promoted by Algeria's Ministry of Finance. The second, organised by the Ministry of Economic Development in cooperation with the leading industry associations, was headed by the Deputy Minister of Economic Development and aimed to encourage the establishment of effective industrial partnerships between Italian and Algerian enterprises. SIMEST participated in the mission by providing assistance to the leaders of the delegation during meetings with their Algerian counterparts.
- Slovenia (Ljubljana) – The mission organised by the Italian Embassy in Ljubljana during the Italian- Slovenian Forum sought to strengthen industrial cooperation, particularly with regard to SMEs.
- Indonesia (Jakarta) – The Steering Committee for Italian International Expansion sponsored a "system mission" to Jakarta, organised by ICE (Italian Trade Promotion Agency) and Confindustria. Around 100 companies took part in the initiative, which focused on the following sectors: automotive products and parts, infrastructure, energy and the environment, telecommunications and engineering. SIMEST participated in institutional events and BtoB meetings by providing assistance to the participating companies.
- Brazil (São Paulo) – SIMEST took part in two trade missions. The first was arranged by ICE and Confindustria to promote trade between the two countries in the oil & gas sector. A select group of leading Italian companies in the sector, attracted by interesting opportunities that are opening

up the country as a result of oil and gas discoveries, participated in the mission. The second, also organised by ICE and Confindustria, focused on the automotive industry. SIMEST provided technical support to the companies during BtoB meetings and participated in the seminar on financial tools available to help companies do business in Brazil.

- United Arab Emirates (Abu Dhabi) – The institutional and trade mission, led by the Deputy Minister of Economic Development and organised by Confindustria, ICE and ABI (Italian Banking Association), presented an opportunity to emphasise the excellent progress made in relations between Italy and the United Arab Emirates and the efforts being made to strengthen the economic ties between the two countries.
- Canada (Toronto, Montreal, Vancouver and Calgary) – Confindustria, in partnership with the leading industry confederations, GSE, the Italian Embassy in Ottawa and ICE, organised a trade mission to Canada dedicated to the infrastructure and transportation, oil & gas and clean technology sectors, providing companies with a chance to learn about Canadian development programmes and federal and state projects in those areas. SIMEST contributed to the mission by assisting the

Officine Maccaferri S.p.A. South Africa

attending companies in developing investment projects and strengthened its own network of institutional contacts with local counterparts.

- United States (Washington, D.C., San Francisco, Boston and Los Angeles) – The trade mission, organised by Confindustria, the Italian Embassy in Washington, D.C. and ICE, focused on the aerospace, biotechnology and IT industries. Around 50 companies took part in the mission, whose goal was to raise the visibility of Italian hi-tech products in the U.S. market. SIMEST provided technical support to the undertakings during meetings with local companies and took advantage of the opportunity to further develop its own network of contacts with U.S. counterparts.
- Malaysia and Singapore (Kuala Lumpur and Singapore) – The trade mission, organised by Confindustria, ICE and Unioncamere, in cooperation with SIMEST, the leading industry confederations and GSE was timed to coincide with the institutional visit of the Deputy Minister of Economic Development to Asia. Its goal was to further explore potential commercial and industrial cooperation in the two markets and identify numerous opportunities springing from the membership of both countries in ASEAN (Association of Southeast Asian Nations). During the mission, SIMEST provided technical support to the participating companies during bilateral meetings.

Activities with business and institutions in Italy

In 2013 SIMEST undertook a comprehensive promotional programme involving the main entities and institutions active in promoting the international expansion of business.

Collaboration with Confindustria – The fruitful collaboration with Confindustria continued. Specifically, effort was put into developing relationships with local industry associations, with which the Company organised numerous "country workshops" and subsequent BtoB meetings. These included a road show, organised in partnership with Piccola Industria (the arm of Confindustria dedicated to small businesses), that stopped at various Italian cities to present information about SIMEST in order to give these types of businesses a better understanding of the tools available.

Collaboration with Chambers of Commerce – Likewise, SIMEST continued its collaboration with various Italian Chambers of Commerce: Unioncamere, Provincial Chambers of Commerce, special agencies and Assocamerestero.

During the year, the "Business scouting and SME assistance" project was pursued by SIMEST-Assocamerestero in order to develop an assistance network and to identify investment opportunities for Italian companies seeking to operate in foreign markets. The Italian Chambers of Commerce Abroad operating in Brazil, Singapore, South Africa, Canada, Turkey, Colombia and India were also involved in the pilot phase of the project.

The initiatives were held in various regions of Italy and were of an operational nature, focusing on the opportunities that these countries offer Italian undertakings and on SIMEST tools that can be used to enter these markets.

Collaboration with the Italian Banking Association (ABI) and the banking system - The collaboration with ABI continued, existing collaboration with the major banking groups was strengthened during the year and work proceeded on expanding the network of relationships with other Italian banks. These include:

- **Veneto Banca Group** – The long-standing collaboration with this group was strengthened with the signing of an agreement to promote awareness and understanding of the support tools available from SIMEST through workshops, promotional events and other programmes aimed at its staff and customers.
- **Mediocredito Trentino Alto Adige** – The partnership established some time ago with the bank was further strengthened through a partnership agreement calling for the development, promotion and circulation of opportunities available from SIMEST and Mediocredito targeted at firms to help them expand internationally.

For several years SIMEST has participated in the "ABI Country Risk Forum – Observatory for tracking developments in the country risk of emerging economies", basing its contribution on its operations in these countries.

Collaboration with ICE – Italian Trade Promotion Agency – SIMEST also continued to be active, in collaboration with ICE, in promoting Italian companies by participating in "country workshops", economic forums and meetings with foreign delegations.

Regional international expansion offices

In 2013 SIMEST continued to provide operational support for the regional international expansion offices (SPRINT) promoted by the Ministry of Economic Development. SIMEST has been a member of SPRINT since the project got under way. Its goal is to help Italian companies in their international expansion initiatives through an integrated system of information and financial services. SIMEST representatives are found in all the SPRINTs, which promote services aimed at enterprises.

Expanding the network of economic institutional relationships

Based on an operational decision made at the very start of its operations, that of promoting collaboration with a variety of partners involved in international expansion to combine their various expertise to help Italian enterprises succeed in international markets, SIMEST signed important collaboration agreements in 2013 with Italian and foreign entities, of which the following are the main ones:

- **ABI, CDP, SACE** – Among other things, in an effort to strengthen the financial support for Italian exporters in order to make them more competitive internationally, the agreement raises the funds available to the "Export Bank" under which CDP provides financial support and SACE provides guarantees, supplementing the financing tools available to Italian companies through banks for international expansion and exports. The agreement covers the shipbuilding, building/construction, infrastructure and gas & oil sectors.
- **FINEST, UNICREDIT and ZAO UNICREDIT BANK RUSSIA** – This agreement was signed

to promote the commercial expansion and enhance the competitiveness of Italian companies in Russia. It is intended to address the new and growing need of Italian entrepreneurs to invest and operate more effectively in Russian Federation countries.

Communications initiatives

Communications efforts were strengthened further in 2013 with the goal of promoting SIMEST's activities to Italian companies, its primary target audience. Numerous campaigns were therefore undertaken with the major news agencies, newspapers and business newspapers and magazine, which provided ample coverage of the use made of SIMEST tools and specialised services and assistance by Italian companies when investing in Italy and abroad.

More specifically, in 2013 the Company adopted a new logo which represents, through its various elements, the support that SIMEST provides to products "Made in Italy". In addition, the new Internet site was launched, shifting the focus of communication from SIMEST to the entrepreneur, portraying the image of a modern, streamlined company that uses interactive tools with users. The launch was accompanied by a special advertising campaign in the business press, through selected local newspapers and through the websites of the major newspapers.

Communication campaigns were conducted during all the foreign missions carried out during the year. The campaigns emphasised the work that SIMEST has performed alongside Italian companies. An intense communication effort was conducted to mark investment agreements in Italy and abroad with major Italian companies and the signing of collaboration agreements with banks and institutions.

Two "SIMEST Incontra" events were held during the year, the first in Rome in June and the second in Milan in November. The purpose of these events was to showcase renowned experts on internal expansion, as well as Italian partner undertakings, who recounted their direct experience with, and thereby emphasised the value of, the support tools available from SIMEST. These events, which saw a high turnout from the general public, as well as a substantial number of requests for meetings for further information from the companies that took part, were also closely followed by the press.

In September, SIMEST, along with Confindustria Emilia Romagna organised a meeting, timed to coincide with the meeting of the Company's Board of Directors meeting in Bologna, with local undertakings on how to better use the available financial tools to help them grow through international expansion. The event was followed by a press conference and received ample coverage in local newspapers.

In the latter part of the year, the institutional advertising campaign was conducted through a national newspaper and radio station. An insert on international expansion was also published in the same newspaper.

SERVICES

SIMEST supplies specialist advisory services and assistance to Italian firms, especially SMEs, in all the phases involved in the planning, implementation and financial support of investment projects abroad.

The Company's advisory activity, which is generally subsidiary and ancillary to its mission of promoting investment abroad, is therefore performed during major trade missions and in the implementation phase of specific investment projects.

Services supplied in 2013 therefore covered the following areas:

- identifying investment opportunities and potential local partners;
- seeking out Italian or foreign partners for possible integration of productive, operational and commercial processes;
- identifying appropriate sites for new facilities;
- assessing investment projects and assisting in the preparation of feasibility studies;
- carrying out economic and financial analyses of proposed investments and evaluating their profitability;
- advising on corporate and contractual issues;
- identifying suitable sources of local and/or international finance;
- legal, corporate and contractual assistance.

SOL S.p.A. Albania

SIMEST's activity as financial advisor

Based on the specific requests made by interested enterprises, SIMEST provided advice on economic and financial matters and the related "financial monitoring" of enterprises abroad, as well as help in dealing with local partners and foreign and international institutions.

Business scouting

In 2013 SIMEST continued to assist Italian companies in their search for foreign orders, investments and partners, offering the services of its professional staff, who have a comprehensive understanding of international markets. The search for partners and investment opportunities focused mainly on the international expansion of companies, particularly those in renewable energy, infrastructure, building/construction and chemicals sectors, and on developing collaboration agreements with Assocamerestero (the Association of Italian Chambers of Commerce Abroad). In 2013, SIMEST conducted a business scouting and assistance programme for SMEs in partnership with Assocamerestero, focusing on identifying investment opportunities for Italian enterprises seeking to operate in international markets. The programme produced 49 sectoral studies on seven strategic countries.

In addition, again in an effort to assist enterprises, SIMEST was appointed by the Ministry of Economic Development to conduct follow-ups of the agriculture/food products, tourism, university education and post-university training and clean technologies sectors in the Gulf states in order to promote economic cooperation between Italy and the UAE.

Activities eligible for EU funding

As part of its activities in multilateral finance and as an International Financial Institution (IFI) at the European Commission, throughout 2013 SIMEST, along with CDP, participated in the Group of Experts (GOE) platform for reviewing financial blending mechanisms in preparation for the new 2014-2020 programming cycle.

The Group, consisting of the Commission and European bilateral and multilateral financial institutions, provided technical support to the Policy Group (comprising the European Commission and the Member States), which presented the first document on the new blending mechanisms and improvements to be made to existing ones to the Commission in early 2014.

During technical group meetings, participants addressed existing problems with blending mechanisms and worked to improve the governance structure of instruments (NIF, IFCA, AIF, LAIF, etc.), making a closer examination of the private sector.

More specifically, the Commission assigned SIMEST the role of leader in analysing sector indicators. It presented its results, which were developed in part through consultation with the other financial institutions.

INVESTMENT PROJECTS APPROVED

In 2013 the Board of Directors approved **68 projects**:

- 52 new investment projects;
- 8 capital increases by companies in which SIMEST already had an equity interest;
- 8 revisions of previously approved projects.

The companies in which SIMEST approved investment in 2013 involve:

- a **total investment** by SIMEST of **€139.0 million;**
- total share capital of €918.7 million;
- total investment of €2,343.6 million.

Of the geographical areas targeted by the investments approved in 2013, Asia and Central and South America were prime destination areas in terms of the number of projects approved, followed by the European Union (in keeping with the new policy introduced in 2011). However, this situation is reversed when it comes to SIMEST's financial commitment, where initiatives in the EU (€47.5 million in total commitments) are particularly significant.

More specifically, with respect to investment in non-EU countries, investments approved were mainly directed towards countries with high development potential and of primary interest to Italian companies, such as China, Brazil, Mexico and the USA.

China continues to be a major draw for investments given the opportunities presented by the overall size of the market and location benefits in terms of the costs of the factors of production. During the year, 12 projects were approved for a total investment of €183.7 million, with a SIMEST commitment of about €18.7 million.

In Central and South America, there was considerable focus on countries such as Brazil and Mexico. Brazil attracted interest because of the large size of its market, which offers significant opportunities related in part to important upcoming sporting events (2014 World Cup and the 2016 Olympics) and to certain strategic sectors (including the automotive sector, which is of special interest to Italian companies). Mexico was seen as attractive due to its productive base for serving the local market and the nearby US market. In 2013, there were 13 projects approved for the two countries (8 in Brazil and 5 in Mexico), with a total SIMEST commitment of €25.7 million (€18.2 for Brazil and €7.5 million for Mexico).

SIMEST's commitment in the US market was significant, although the number of projects approved (3) was small, reflecting the high value of the investments made (€726 million, with a SIMEST commitment of €13.9 million). This is mainly attributable to the considerable investment being made in the PET sector by a major group. By contrast, investments in the Mediterranean area and the Middle East were more modest (3 projects for a total of €3.7 million, with a SIMEST commitment of €1.2 million) as a result of the instability affecting the region tied to the social and political upheaval following the "Arab Spring".

With regard to SIMEST's activities in the EU, where it began operating in 2011, Italian companies continued to show interest in expanding in the area, with 11 new investment projects in EU countries approved (for an overall SIMEST commitment of about €47.5 million), 7 of which in Italy (SIMEST commitment of €33.5 million) and 1 each in Croatia, Poland, Romania and Spain.

The new projects approved were mainly in the following sectors:

TESMEC S.p.A. USA

- engineering (with a total SIMEST commitment of €47.7 million, for 20 new projects and 6 capital increases in companies in which SIMEST already had an equity interest);
- agriculture/food products (with a SIMEST commitment of €20.5 million, for 5 new projects and 1 capital increase in a company in which SIMEST already had an equity interest);
- chemicals/pharmaceuticals (3 new projects for a SIMEST commitment of about €14 million);
- services (6 new projects for a SIMEST commitment of €9.7 million);
- energy (4 new projects for a SIMEST commitment of €9.7 million);
- textiles/clothing (3 new projects for a SIMEST commitment of €9.3 million);
- building/construction (4 new projects for a SIMEST commitment of €6.6 million);
- other sectors (SIMEST commitment of €21.4 million for 7 new projects and 1 capital increase).

Overall, from the start of the Company's operations up to 31 December 2013, the Board of Directors has approved a total of:

- 1,279 investments in new projects (32 of which for EU projects);
- 88 project revisions (6 of which for EU projects);
- 164 supplements at companies in which SIMEST already had an equity interest (3 of which for EU projects);

  with a total SIMEST commitment of €1,592.3 million (€131.6 million of which for EU projects).

INVESTMENTS IN COMPANIES APPROVED IN 2013 - BY COUNTRY

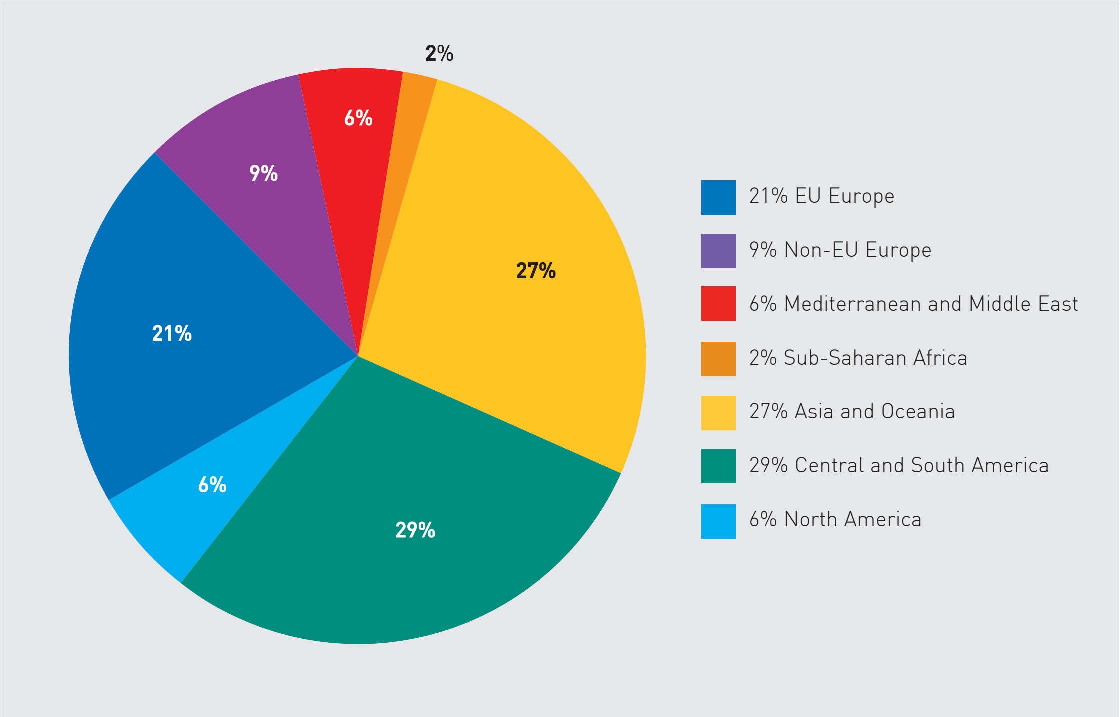
NEW PROJECTS	Number of projects	Planned capital spending (€ millions)	Planned share capital (€ millions)	SIMEST commitment (€ millions)
EU - EUROPE				
Italy	7	964.0	196.9	33.5
Croatia (1)	1	3.4	1.9	0.8
Poland	1	9.6	6.2	5.5
Romania	1	15.7	5.0	2.4
Spain	1	16.1	12.1	5.3
	11	1,008.8	222.1	47.5
NON-EU EUROPE				
Croatia (1)	1	1.4	1.4	0.4
Russia	1	4.7	4.7	0.4
Serbia	1	5.8	3.5	0.9
Switzerland	1	15.0	7.8	2.2
Ukraine	1	3.0	2.0	1.1
	5	29.9	19.4	5.0
MEDITERRANEAN AND MIDDLE EAST				
Morocco	1	0.5	0.5	0.2
Tunisia	2	3.2	3.2	1.0
	3	3.7	3.7	1.2
SUB-SAHARAN AFRICA				
Kenya	1	1.1	1.2	0.3
	1	1.1	1.2	0.3
ASIA AND OCEANIA				
China	12	183.7	168.1	18.7
India	1	3.3	4.0	1.6
Kazakistan	1	4.5	4.5	1.5
	14	191.5	176.6	21.8
CENTRAL AND SOUTH AMERICA				
Brazil	8	141.6	75.1	18.2
Mexico	5	189.4	43.1	7.5
Chile	1	0.5	2.5	1.3
Venezuela	1	9.0	9.0	3.3
	15	340.5	129.7	30.3
NORTH AMERICA				
USA	3	726.4	331.8	13.9
	3	726.4	331.8	13.9
TOTAL NEW PROJECTS	52	2,301.9	884.5	120.0
Previously approved projects				
Capital increase/increase in amount appropriated	8	41,7	34,2	19,0
Plan revisions	8			
TOTAL	68	2.343,6	918,7	139,0

(1) In 2013 Croatia successfully completed the process for admission to the European Union, becoming a member starting from 1 July 2013. Given this, the projects approved by SIMEST prior and subsequent to this event are reported separately (under different business lines: "EU Europe" and "non-EU Europe"), based upon the date of approval by the SIMEST Board.

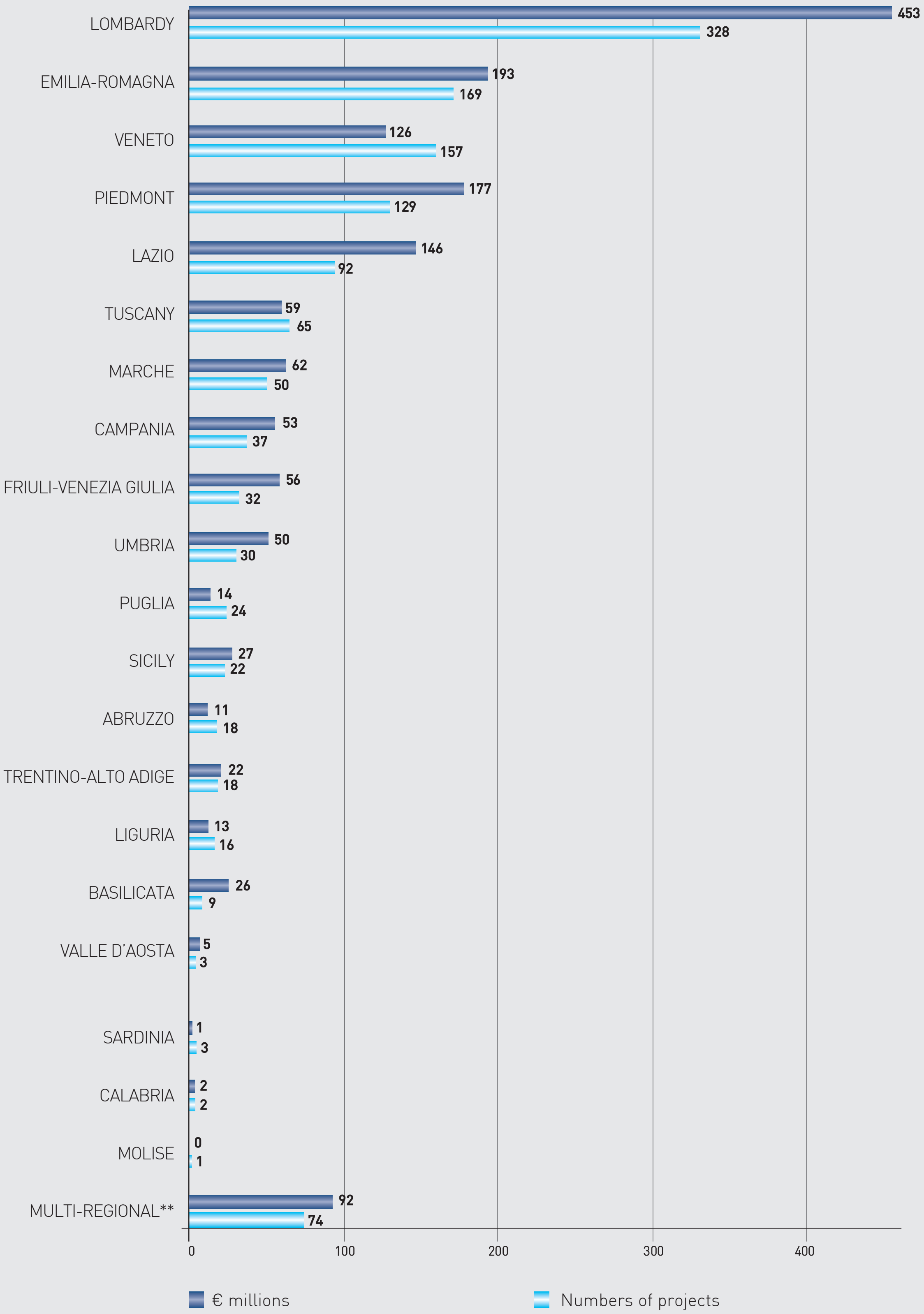
INVESTMENTS IN COMPANIES APPROVED IN 2013 - BY SECTOR

SECTORS	Number of projects	Planned capital spending (€ millions)	Planned share capital (€ millions)	SIMEST commitment (€ millions)
NEW PROJECTS				
Engineering	20	936.0	232.2	36.0
Services	6	68.2	53.5	9.7
Agriculture/Food Products	5	128.5	43.1	16.5
Building/Construction	4	26.7	24.6	6.6
Energy	4	219.7	41.3	9.7
Chemicals/Pharmaceuticals	3	708.7	279.8	14.1
Textiles/Clothing	3	16.6	17.4	9.3
Electronics/IT	2	33.2	47.1	9.7
Other	1	2.9	7.3	2.2
Paper/Paper Products	1	15.0	7.8	2.2
Rubber/Plastics	1	3.3	4.0	1.6
Wood/Furniture	1	1.4	1.4	0.4
Basic metals/Steel	1	141.7	125.0	2.0
TOTAL NEW PROJECTS	52	2,301.9	884.5	120.0
Previously approved projects				
Capital increase/increase in amount appropriated	8	41.7	34.2	19.0
Plan revisions	8			
TOTAL	68	2,343.6	918.7	139.0

INVESTMENTS IN COMPANIES APPROVED IN 2013
Number of projects by geographical area

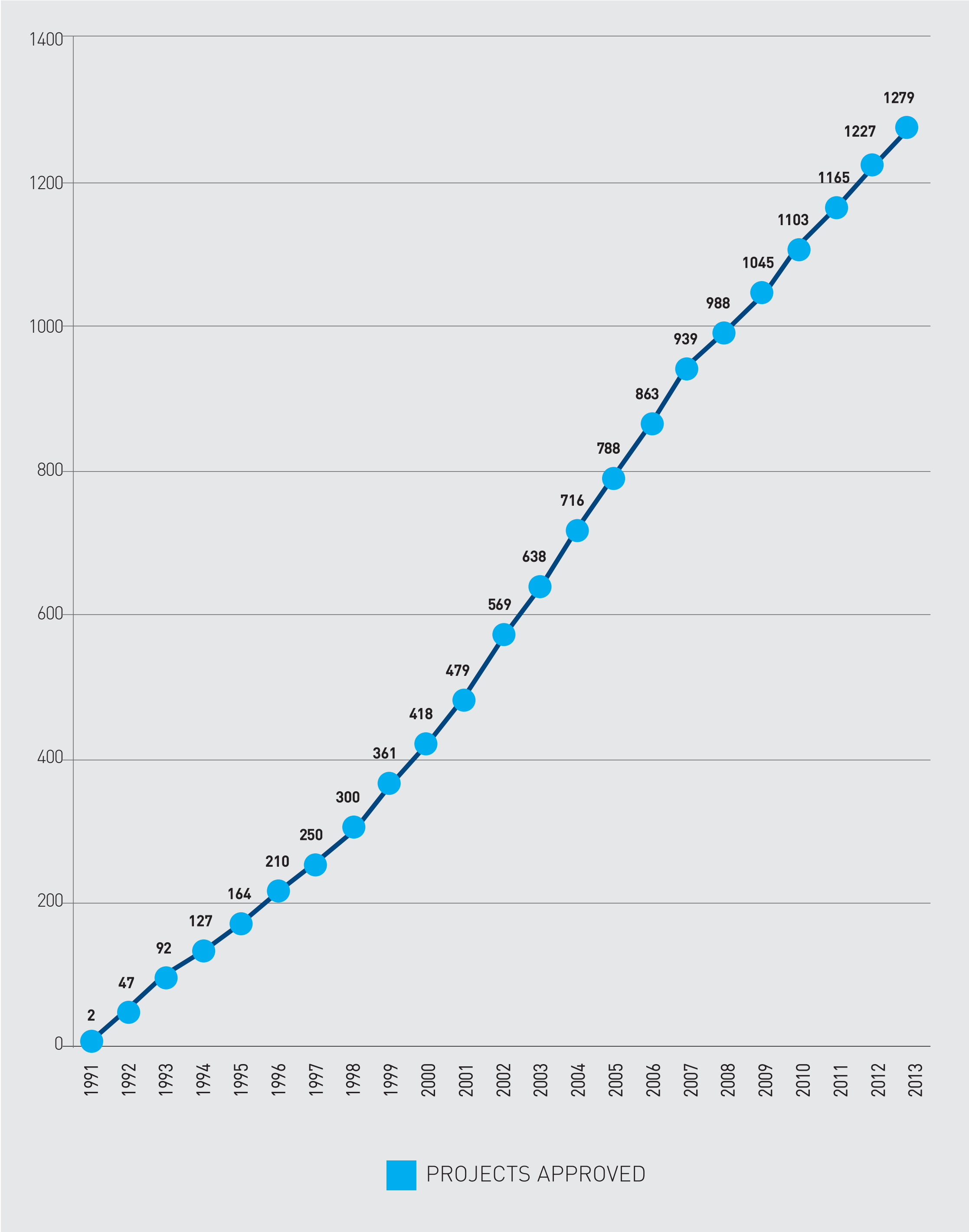


INVESTMENT IN COMPANIES APPROVED FROM START OF OPERATIONS THROUGH 31 DECEMBER 2013 BY REGION*



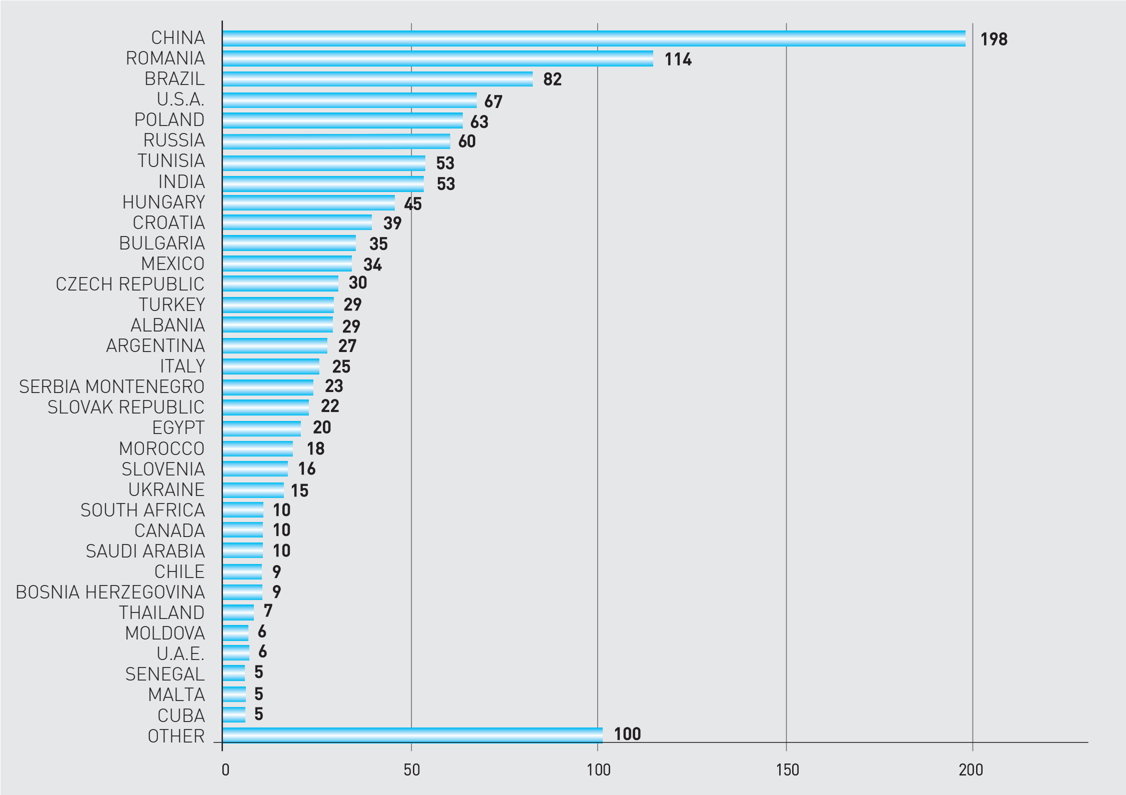
* Region in which the Italian company making the investment is located.
** Projects carried out by Italian companies from more than one region

INVESTMENTS IN COMPANIES
Projects approved at 31 December



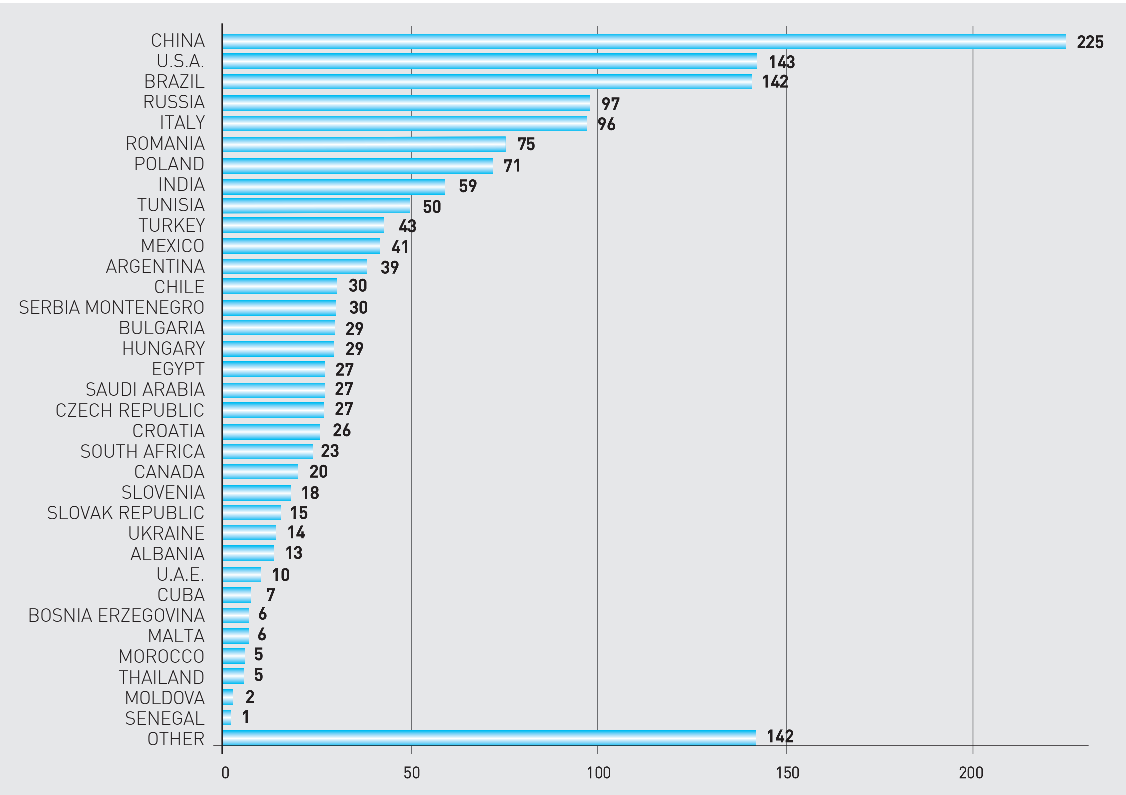
INVESTMENTS IN COMPANIES APPROVED FROM START OF OPERATIONS THROUGH 31 DECEMBER 2013

Number of projects by country



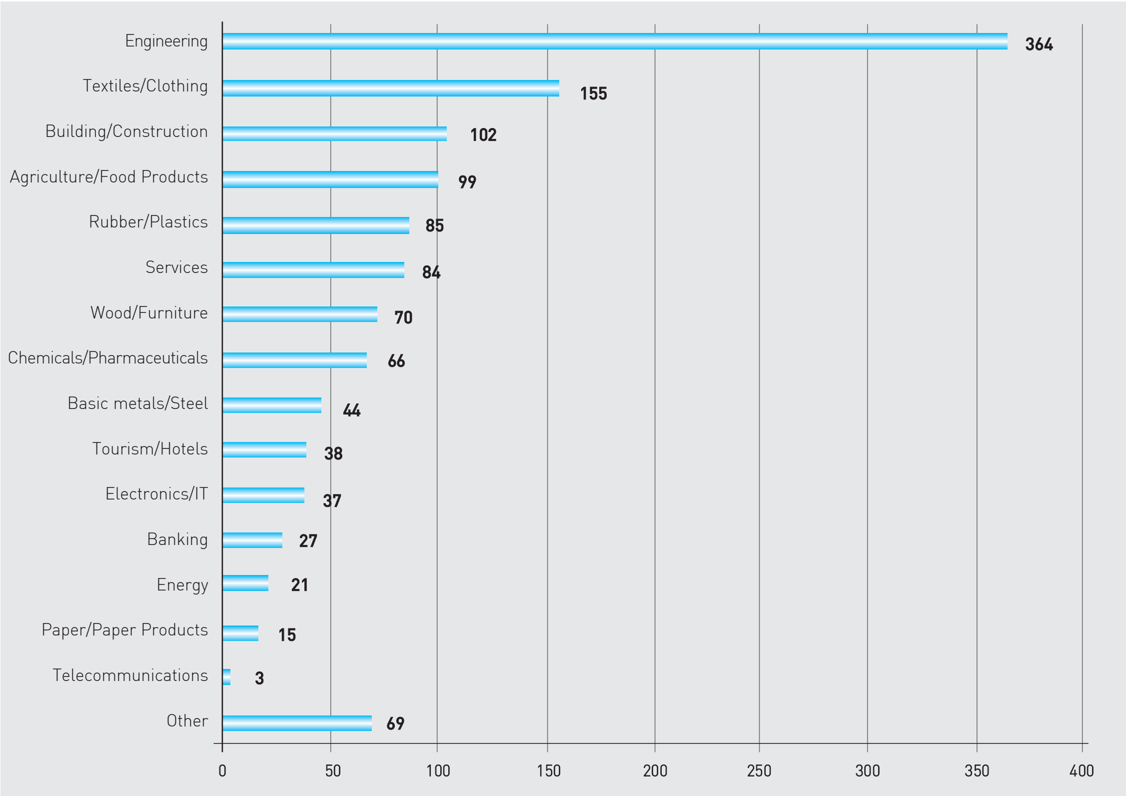
INVESTMENTS IN COMPANIES APPROVED FROM START OF OPERATIONS THROUGH 31 DECEMBER 2013

By country (€ millions)



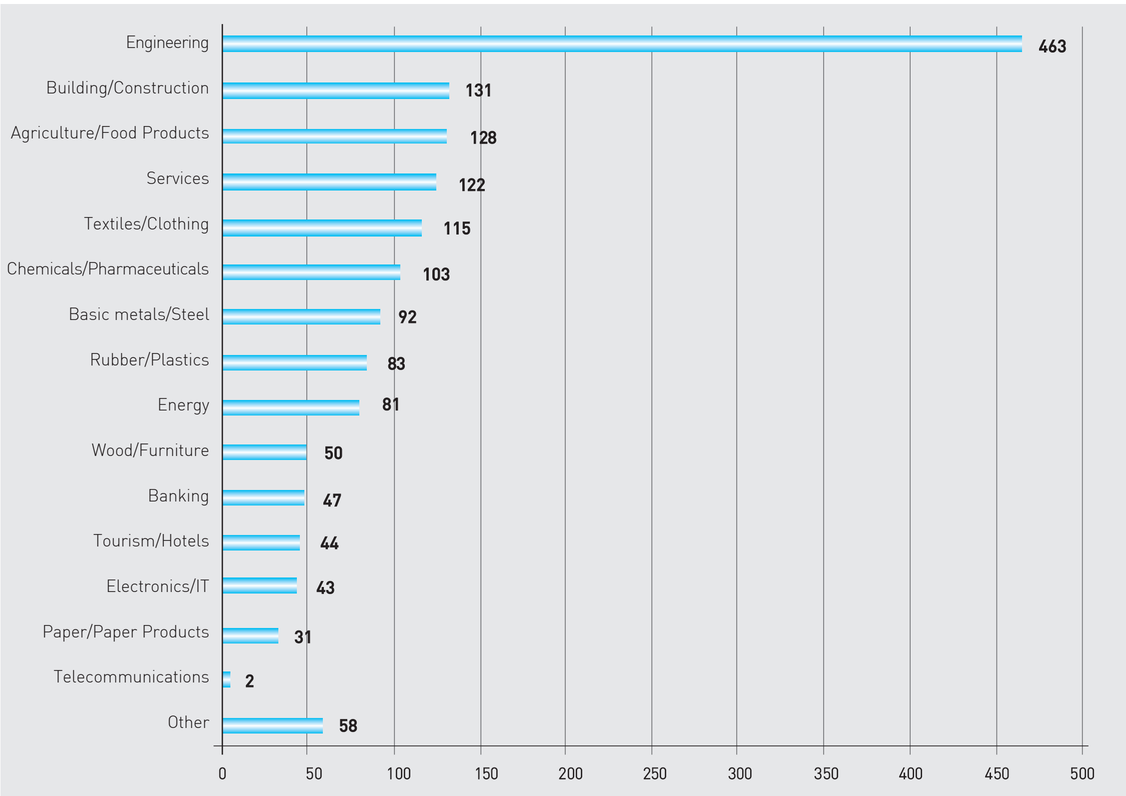
INVESTMENTS IN COMPANIES APPROVED FROM START OF OPERATIONS THROUGH 31 DECEMBER 2013

Number of projects by sector



INVESTMENTS IN COMPANIES APPROVED FROM START OF OPERATIONS THROUGH 31 DECEMBER 2013

By sector (€ millions)



EQUITY INVESTMENTS ACQUIRED

Equity investments

In 2013 SIMEST acquired 41 equity investments for a total of €88.6 million. More specifically,

- it acquired 29 new equity investments in non-EU companies under Law 100/1990 for about €48.2 million;
- it subscribed 4 capital increases and 7 revisions by non-EU companies in which it already held a stake at 31 December 2012 for €7.2 million;
- it acquired 7 new equity investments in Italian and EU companies for €29.2 million;
- it subscribed a capital increase by a non-EU company in which it already held a stake at 31 December 2012 for €4.0 million.

In 2013, the economic situation was unfavourable, with low liquidity and a further decline in domestic demand. Italian companies that began the international expansion of their commercial and manufacturing businesses were able to compensate for the decline in domestic demand by taking advantage of rapidly growing demand in foreign markets, particularly in the BRIC countries, Mexico, and Turkey.

The Italian companies investing in foreign markets remained largely SMEs, despite new investments proposed by major Italian groups.

Acquisitions were largely concentrated in the engineering sector (38.9%), followed by electronics/IT (11.1%), and the rubber/plastics and textiles/clothing sectors (about 8.3% each).

The new investments mainly regarded countries in the Americas (41.7%), Asia (27.8%), and the EU countries (22.2%).

Non-EU countries

In 2013 Brazil overtook China as the country of greatest interest to Italian companies, inverting the results of the previous years, with 9 new investments (of which 7 new equity investments and 2 capital increases) for a total SIMEST

CAPRARI S.p.A. China

investment of €4.1 million. However, China continues to attract interest, with 6 new investments for total fixed investments of €33.7 million once the projects are completed, with a total SIMEST investment of €8.4 million.

In Mexico and Chile, there were 2 new projects in the renewable energy sector for a total of €247.9 million once the projects are completed and with a total SIMEST commitment of €9.9 million. In the United States, SIMEST committed €9.8 million out of a total planned investment of €698.4 million to a project in the chemicals/pharmaceuticals sector.

In 2013, in accordance with the contractual arrangements with partner companies, 28 investments were sold for a total of €25.7 million, after writedowns.

The disposals generated capital gains of €2.0 million.

Following the changes in the portfolio of investments, SIMEST held equity interests valued at €379.4 million (after writedowns) in 238 non-EU companies at the end of 2013.

EU countries

EU investment activity, begun in 2011 and undertaken in Italy or within the EU, continued to expand significantly in 2013. There were 7 new investments (4 in Italy and 2 in Central and Eastern Europe and 1 in Spain, in addition to a capital increase for a company in which SIMEST already held a stake) for a total outlay by SIMEST of €33.2 million. These new investments were in the services, textile/clothing, rubber/plastics, agriculture/food products, engineering and electronics/IT sectors.

As a result of the acquisitions made in 2013, SIMEST holds stakes in 17 Italian and other EU companies worth €74.5 million.

Total operations from start of operations to 31 December 2013

From the start of operations up to the end of 2013 SIMEST has:

- acquired shareholdings in 703 companies and subscribed 271 capital increases and revisions for a total of €842.3 million;
- sold 448 shareholdings for a total of €388.4 million, after writedowns.

The geographical distribution of the 703 companies in which SIMEST had invested since the start of 2013 did not change significantly on the previous year:

- 44% in non-EU Europe (with reference to the countries in the EU at the time the acquisition was made);
- 25% in Asia and Oceania;
- 21% in the Americas;
- 8% in Africa;
- 2% in EU.

As a result of the significant increase in the portfolio of non-EU and EU equity investments in 2013, totalling around €62.9 million (acquisitions of €88.6 million and disposals of €25.7 million), SIMEST had to draw further upon lines of credit.

At 31 December 2013 the commitments of SIMEST's Italian partners to purchase its investments in foreign companies not secured by bank or insurance guarantees amounted to €324.1 million (compared with €248.8 million at 31 December 2012). Of the total, €204.2 million (€155.0 million at 31 December 2012) regard commitments not secured by third-party guarantees (of which €0.9 million regarding investments in which major Italian banks participated) and €119.9 million (€93.8 million at 31 December 2012) regard commitments backed by corporate guarantees. Commitments to repurchase investments

secured by bank or insurance guarantees amounted to €107.0 million (€118.0 million at 31 December 2012).
Italian partners' commitments to repurchase investments, taking account of the effective net financial exposure, break down as reported in the table below:
In 2013 SIMEST's portfolio of equity investments earned a return of €24.3 million, including dividends received from investee companies.

	31.12.2013		31.12.2012	
	%	€ millions	%	€ millions
Commitments not backed by guarantees	46.9%	204.2	41.8%	155.0
Commitments backed by corporate guarantees	27.5%	119.9	25.3%	93.8
Subtotal	74.4%	324.1	67.1%	248.8
Commitments guaranteed by financial institutions and insurance companies	24.5%	107.0	31.9%	118.0
divided as follows:				
- banks	24.3%	105.9	31.6%	116.6
- insurance companies	0.0%	0.2	0.0%	0.2
- loan guarantee consortia	0.2%	0.9	0.3%	1.2
Commitments secured by collateral	1.1%	4.8	1.0%	3.7
- collateral security	1.1%	4.8	1.0%	3.7

Investments in Italy

Under Law 19/1991 SIMEST holds an interest of €5.4 million (acquired at a cost of €5.2 million) in FINEST S.p.A. of Pordenone (a member of the Fruilia Group) corresponding to 3.9% of the company's paid-up share capital of €137.2 million at 31 December 2013.
In 2012 and 2013, FINEST paid out a total of €7.5 million in support of the business community in the Triveneto region, entirely concentrated on equity transactions with 6 new shareholdings and 4 capital increases for companies in which it had already invested.
The amount of loans disbursed to foreign equity investments fell by €3 million, reflecting FINEST's present commercial policy, emphasising direct support in the form of equity capital.
The portfolio at 30 June 2013 held 75 equity investments for a total of €60.2 million, with total outstanding loans of €28.1 million.

Risk management

Pursuant to **Article 2428 of the Italian Civil Code**, with regard to the main risks and uncertainties to which the Company is exposed in its equity investments, SIMEST has implemented policies for managing financial risk, including exposure to price risk, credit risk, liquidity risk and market risk.
SIMEST's financial risk management policies mainly regard equity investment activities.
In order to manage the associated risks, before investment proposals are brought to the attention of the SIMEST Board for final approval, the Risk Management department of SIMEST conducts a thorough assessment of the proposals, both with regard to the company proposing the investment and the investment itself, in order to reduce the financial/credit risk exposure involved.
Following the risk assessment and approval of

the proposal, the specification and completion of the agreement with the partner may proceed, in accordance with the established guidelines and instructions.

At the acquisition stage, all related information, subordinated instruments and guarantees are verified.

Financial/credit risk of the partners and the investee company is constantly monitored, using periodic financial reporting and management information.

Price risk and foreign exchange risk in respect of equity investments are mitigated using contractual language guaranteeing that SIMEST will recoup its investment at the price paid in euros for the acquisition.

Liquidity risk and interest rate risk are monitored constantly using a cash flow analysis approach, especially for equity investments, taking due account of the possibility of regulating inward flows from equity investments with options and outward flows by regulating payments to the individual investees. This monitoring activity has enabled SIMEST to obtain on good terms and conditions (taking account of the rating assigned by financial institutions to SIMEST) credit lines needed to manage company cash flows.

In order to balance sources and uses of funds, taking account of the need for financial balance associated with the cycle of acquisitions and

MOSSI E GHISOLFI S.p.A. Brazil

SOL S.p.A. Albania

disposals of equity investments, two operational hedging transactions, in the total amount of €40.0 million, were carried out at advantageous terms and conditions compared with long-term loans, through interest rate swaps.

In other matters concerning interest rate risk, the quantification of the return on equity investments is defined flexibly over time, taking account of market developments.

The goal is to specify a return that is sufficient to absorb the impact of changes in borrowing rates over the short, medium and long term.

The continuing difficulties faced by most of the world's economies counsel a prudent approach in measuring general financial risks in considering the possible economic effects on those companies with the greatest exposure to investments in foreign markets.

Accordingly, compared with the methods used to determine provisions described below, specific attention has been focused on assessing possible interaction between the country risk associated with an investment and the emergence of financial risk in respect of the partner company.

The main policies adopted in assessing the financial risk to which SIMEST is exposed during its management of the financial instruments representing its equity investments are as follows:

I. no provisions are recognised where the investments are secured by guarantees issued by banks or insurance companies;
II. generic provisions are recognised for potential losses on investments guaranteed by partners or other guarantors listed on a stock exchange;
III. generic provisions are recognised for potential losses on investments guaranteed by partners or other guarantors that are not listed on a stock exchange;
IV. generic provisions are recognised for country risk;
V. provisions are recognised for potential losses on investments guaranteed by partners or other guarantors that, in the case of changes in the situation of the partner or guarantor, would expose SIMEST to larger financial risks.

Transactions with related parties

With regard to transactions with the controlling shareholder, Cassa Depositi e Prestiti S.p.A. (a company that exercises management and coordination over SIMEST), and the companies of the CDP Group, pursuant to Article 2428 of the Italian Civil Code, SIMEST, CDP and SACE signed the Export Bank Convention regarding the financing of international expansion and exports of Italian businesses, with CDP providing financial support and SACE offering the guarantee. These group synergies made it possible to achieve adequate operational levels for export credit transactions.

In addition, the compensation to be paid to the two executives representing CDP on SIMEST's Board of Directors was determined. As to the other CDP Group companies, SIMEST entered into a project with Fincantieri S.p.A., taking a stake in the share capital of the joint foreign subsidiary Fincantieri USA INC., as well as receiving professional services from SACE S.p.A. under a contract to review the environmental assessment parameters (OECD parameters) for export credit support. These transactions with related parties were entered into on market terms and conditions.

EQUITY INVESTMENTS ACQUIRED IN 2013

	Foreign Company	Italian Partner	Country
1	IRRITEC DO BRASIL INDUSTRIA E COMERCIO DE EQUIPAMENTOS PARA IRRIGACAO LTDA	IRRITEC S.p.A.	BRAZIL
2	SINTERAMA DE MEXICO SA DE C.V.	SINTERAMA S.p.A.	MEXICO
3	COGNE HONG KONG LIMITED	COGNE ACCIAI SPECIALI S.p.A.	CHINA / HONG KONG
4	CMS PRECISION MECHANICAL MANUFACTURING (WUJIANG) COMPANY LIMITED	C.M.S. S.p.A	CHINA
5	SAIRA ASIA INTERIORS	SAIRA EUROPE S.p.A.	INDIA
6	BOLZONI HOLDING HONG KONG CO LTD	BOLZONI S.p.A.	CHINA / HONG KONG
7	K-FLEX INDIA PRIVATE LIMITED	L'ISOLANTE K-FLEX S.r.l.	INDIA
8	EXPRIVIA DO BRASIL SERVICOS DE INFORMATICA LTDA	EXPRIVIA S.p.A.	BRAZIL
9	CORNAGLIA TURKEY S.r.l.	OFFICINE METALLURGICHE CORNAGLIA S.p.A. (ex COR-TUBI S.p.A.)	TURKEY
10	WHI ACQUISITION CORP (GNUTTI CARLO USA)	GNUTTI CARLO S.p.A.	USA
11	VERONA FIERE DO BRASIL	ENTE AUTONOMO per le FIERE di VERONA	BRAZIL
12	EMIL GROUP DO BRASIL LTDA	EMILCERAMICA S.p.A.	BRAZIL
13	SAMP WIRE MACHINERY (SHANGHAI) CO. LTD.	SAMP S.p.A.	CHINA
14	MACCAFERRI (PHILIPPINES) MANUFACTURING INC.	OFFICINE MACCAFERRI S.p.A.	PHILIPPINES
15	M&G USA CORPORATION	MOSSI & GHISOLFI INTERNATIONAL S.A.	USA
16	MAGNAGHI BRASIL LTDA	MAGNAGHI AERONAUTICA S.p.A.	BRAZIL
17	PEUTERREY HONG KONG CO. LTD.	G & P NET S.p.A.	CHINA / HONG KONG
18	SAME DEUTZ TURKEY	SAME DEUTZ - FAHR ITALY S.p.A.	TURKEY
19	ASPEN AVIONICS	CIRA S.p.A.	USA
20	EOLICA ZOPILOAPAN SAPI DE CV - ENEL	ENEL GREEN POWER PARTECIPAZIONI SPECIALI S.r.l.	MEXICO
21	GASPARINI MERCOSUL- INDUSTRIA E COMERCIO DE MAQUINAS LTDA	GASPARINI S.p.A.	BRAZIL
22	OMP MECHTRON MEXICO SA DE C.V.	OMP MECHTRON S.p.A.	MEXICO
23	ROSSINI INDIA PRINTING ROLLERS PVT LTD	ROSSINI S.p.A.	INDIA
24	COMUTENSILI DO BRASIL	COMUTENSILI S.p.A.	BRAZIL
25	FOCHISTA BELISCE DOO	FOCHISTA S.r.l.	CROATIA
26	BROVEDANI REME MEXICO S.A. DE C.V.	BROVEDANI GROUP S.p.A.	MEXICO
27	DEDALUS SOUTHERN AFRICA LTDA	DEDALUS S.p.A.	SOUTH AFRICA
28	DAMIANI HONG KONG LTD	DAMIANI S.r.l.	CHINA / HONG KONG
29	PARQUE EOLICO TALINAY ORIENTE S.A.	ENEL GREEN POWER S.p.A.	CHILE

Sector	Share Capital Currency	Amount	SIMEST's holding %	in local currency	SIMEST's holding (at € cost)	Date acquired
Engineering	BRL	13,364,541	32.44%	4,335,421	1,600,000,00	28-Jan-2013
Textiles/Clothing	MXP	76,050,067	28.47%	21,650,000	1,278,587,57	01-Feb-2013
Basic metals/Steel	USD	20,003,091	14.70%	2,940,000	2,206,378,99	15-Feb-2013
Engineering	EURO	3,000,000	24.50%	735,000	735,000,00	16-Feb-2013
Engineering	EURO	168,000,000	27.38%	46,000,000	638,445,52	22-Feb-2013
Engineering	EURO	10,760,000	7.58%	815,600	810,000,00	22-Mar-2013
Rubber/Plastics	INR	683,254,630	41.75%	285,288,860	5,000,000,00	02-Apr-2013
Electronics/IT	BRL	5,890,664	10.72%	631,250	250,000,00	03-Apr-2013
Engineering	TRL	5,500,000	26.66%	1,466,325	629,594,25	03-Apr-2013
Engineering	USD	34,559,734	5.79%	2,000,000	1,525,204,00	18-Apr-2013
Services	BRL	7,141,372	17.00%	1,214,033	464,161,39	03-May-2013
Building/Construction	BRL	800,000	23.75%	190,000	83,333,00	26-Jun-2013
Engineering	USD	5,486,000	28.56%	1,567,000	1,177,752,72	03-Jul-2013
Building/Construction	PHP	148,254,000	46.30%	68,640,000	1,320,000,00	04-Jul-2013
Chemicals/Pharmaceuticals	USD	106,000,000	12.26%	13,000,000	9,803,921,57	30-Jul-2013
Engineering	BRL	9,135,794	24.28%	2,218,500	750,000,00	23-Sep-2013
Textiles/Clothing	HKD	56,722,060	28.20%	15,994,295	1,550,000,00	27-Sep-2013
Engineering	TRL	21,043,075	10.12%	2,129,901	900,000,00	03-Oct-2013
Electronics/IT	USD	31,176,929	2.45%	765,060	600,000,00	22-Oct-2013
Energy	MXP	1,877,201,536	3.52%	66,073,881	5,000,000,00	11-Nov-2013
Engineering	BRL	2,886,774	45.91%	1,325,206	441,000,00	25-Nov-2013
Engineering	MXP	15,093,000	22.22%	3,354,000	200,000,00	28-Nov-2013
Rubber/Plastics	INR	335,000,000	25.00%	83,750,000	993,240,04	02-Dec-2013
Engineering	BRL	1,452,750	24.67%	358,400	112,000,00	02-Dec-2013
Wood/Furniture	HRK	8,387,200	34.99%	2,935,100	386,000,00	09-Dec-2013
Engineering	MXP	171,449,932	25.80%	44,227,250	2,500,000,00	16-Dec-2013
Electronics/IT	RAND	33,358,560	20.83%	6,949,700	500,000,00	18-Dec-2013
Other	HKD	72,500,000	27.43%	19,884,000	1,871,470,52	27-Dec-2013
Energy	CLP	66,092,165,171	4.52%	2,990,156,624	4,922,902,66	30-Dec-2013
			TOTAL NEW NON-EU EQUITY INVESTMENTS		No. 29	48,248,992,23

CAPITAL INCREASES/EXPANSIONS AT NON-EU COMPANIES ACQUIRED IN 2013

	Foreign Company	Italian Partner	Country
1	VERONA FIERE DO BRASIL	ENTE AUTONOMO per le FIERE di VERONA	BRAZIL
2	TESMEC USA	TESMEC S.p.A.	USA
3	IK-INSULATION LIMITED	L'ISOLANTE K-FLEX S.r.l.	U.A.E.
4	EXPRIVIA DO BRASIL SERVICOS DE INFORMATICA LTDA	EXPRIVIA S.p.A.	BRAZIL

NEW EQUITY INVESTMENTS IN EU COMPANIES ACQUIRED IN 2013

	Foreign Company	Italian Partner	Country
1	PET COMPANIA PARA SU RECICLADO S.A.U.	DENTIS S.r.l.	SPAIN
2	TECNOCAP S.R.O.	TECNOCAP GROUP PARTECIPAZIONI S.r.l.	CZECH REPUBLIC
3	STILNOVO MANAGEMENT S.r.l.	STILNOVO PARTECIPAZIONI S.r.l.	ITALY
4	MAGLITAL S.r.l.	FINAC S.r.l.	ITALY
5	FERRARINI SP.ZO.O.	FERRARINI S.p.A.	POLAND
6	IDS S.p.A.	FINSIS S.p.A.	ITALY
7	BRICOFER ITALY S.p.A.	Sig.ri PULCINELLI e GAVAL INTER S.r.l.	ITALY

CAPITAL INCREASES/EXPANSIONS IN EU COMPANIES IN WHICH INVESTMENT ALREADY HELD IN 2013

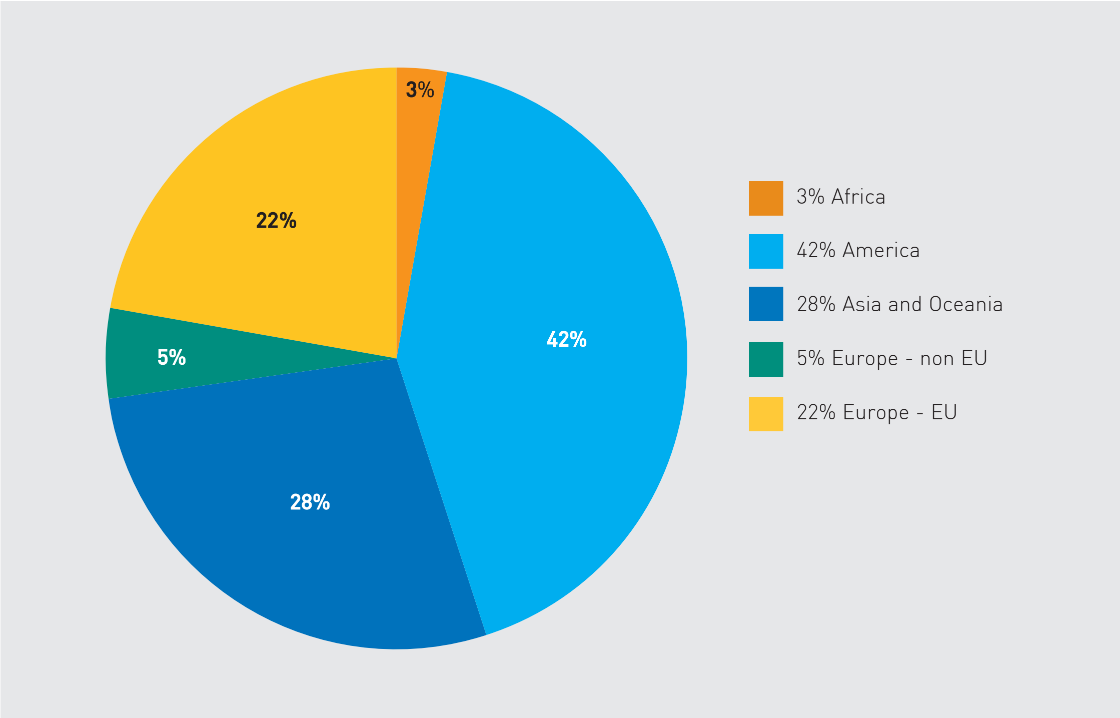
	Foreign Company	Italian Partner	Country
1	PASTA ZARA S.p.A.	FFAUF S.p.A.	ITALY

Sector	Share Capital Currency	Amount	SIMEST's holding %	in local currency	SIMEST's holding (at € cost)	Date acquired
Services	BRL	7,141,372	8.00%	571,310	189,425,09	03-May-2013
Engineering	USD	31,200,000	16.03%	5,000,000	3,711,401.43	25-Nov-2013
Rubber/Plastics	AED	75,250,000	20.13%	15,150,000	3,000,000.00	16-Dec-2013
Electronics/IT	BRL	5,890,664	13.62%	802,295	250,000.00	27-Dec-2013
TOTAL CAPITAL INCREASES/EXPANSIONS - NON-EU					No. 4	7,150,826.52

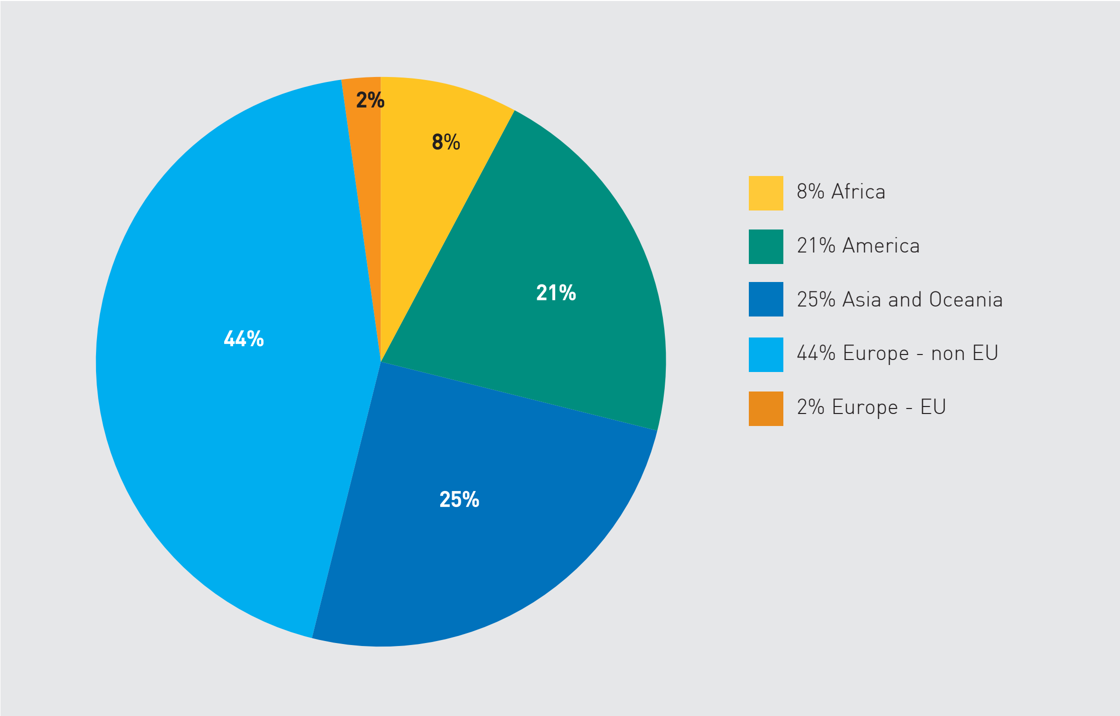
Sector	Share Capital Currency	Amount	SIMEST's holding %	in local currency	SIMEST's holding (at € cost)	Date acquired
Rubber/Plastics	EURO	3,182,235	33.90%	1,078,735	2,000,000.00	08-Jan-2013
Engineering	CSK	122,000,000	18.03%	22,000,000	2,914,602.98	05-Mar-2013
Other (Services alle imprese)	EURO	154,750	20.19%	31,250	250,000.00	07-Mar-2013
Textiles/Clothing	EURO	6,428,571	30.00%	1,928,571	5,000,000.00	10-Jul-2013
Agriculture/Food Products	PLZ	7,197,000	30.53%	2,197,000	5,000,000.00	21-Nov-2013
Electronics/IT	EURO	13,171,240	24.08%	3,171,140	8,999,979.12	03-Dec-2013
Other	EURO	34,332,000	12.62%	4,332,000	5,000,000.00	06-Dec-2013
TOTAL NEW EQUITY INVESTMENTS IN EU					No. 7	29,164,582,10

Sector	Share Capital Currency	Amount	SIMEST's holding %	in local currency	SIMEST's holding (at € cost)	Date acquired
Agriculture/Food Products	EURO	68,000,000	5.88%	4,000,000	4,000,000.00	10-Dec-2013
TOTAL CAPITAL INCREASES/EXPANSIONS - EU					No. 1	4,000,000.00
TOTAL NEW EQUITY INVESTMENTS 2013 - EU					No. 8	33,164,582.10
REVISIONS					No. 7	
TOTAL NEW EQUITY INVESTMENTS/ REVISIONS					No. 48	88,564,400.85

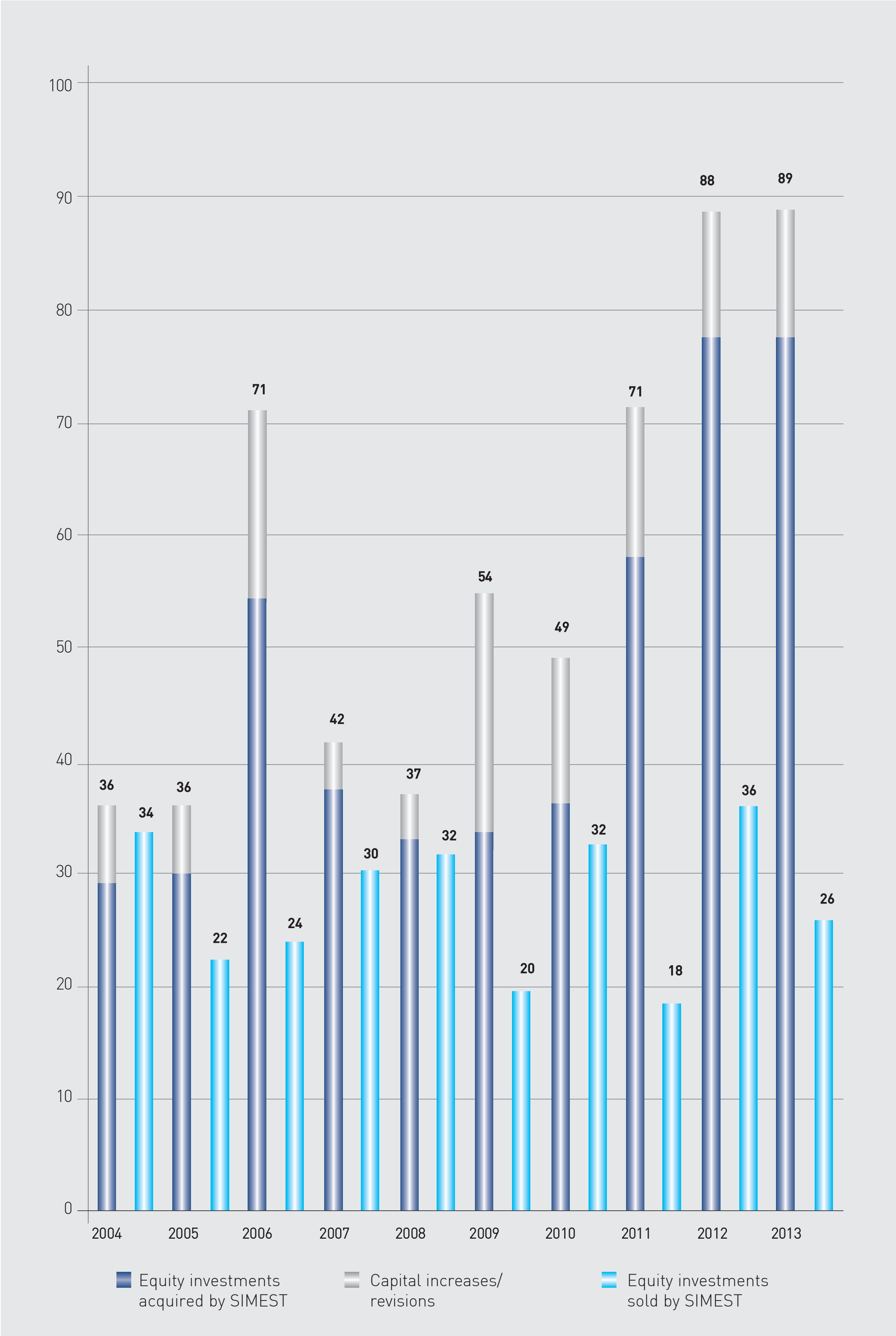
INVESTMENTS ACQUIRED IN COMPANIES IN 2013
Number of projects by geographical area



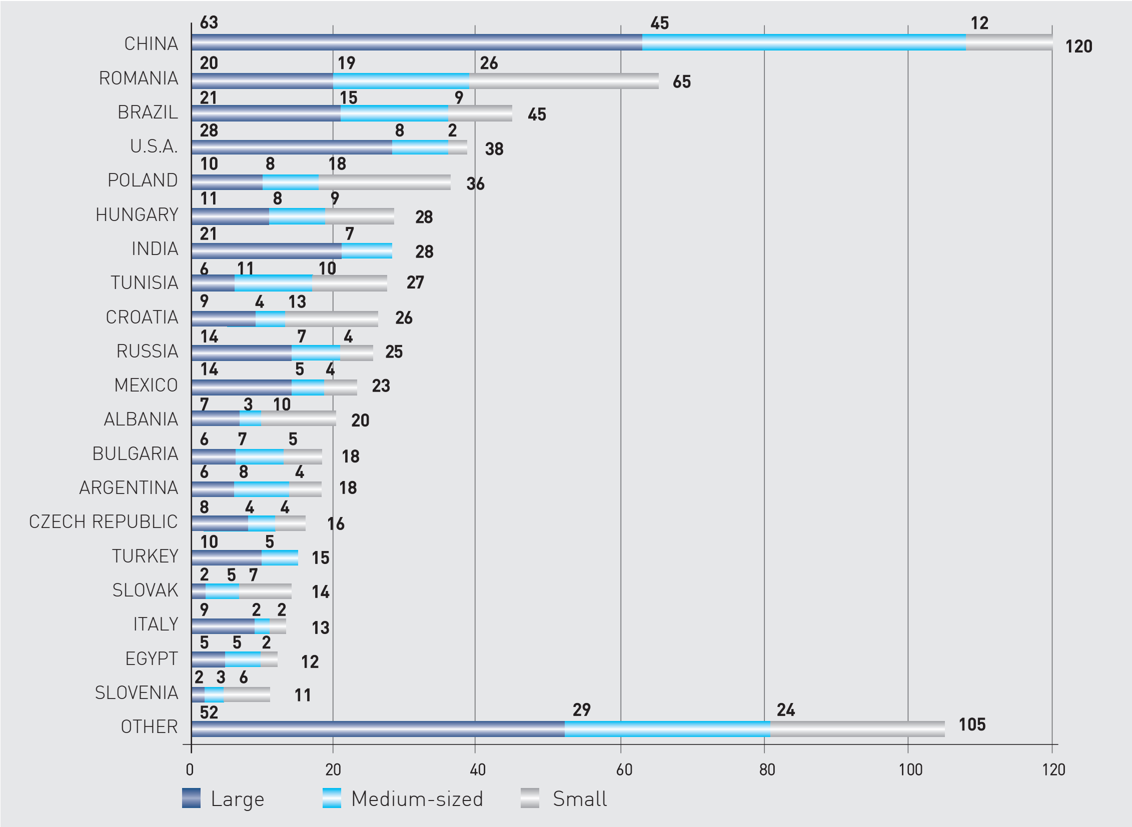
INVESTMENTS ACQUIRED IN COMPANIES FROM START OF OPERATIONS THROUGH 31 DECEMBER 2013
Number of projects by geographical area



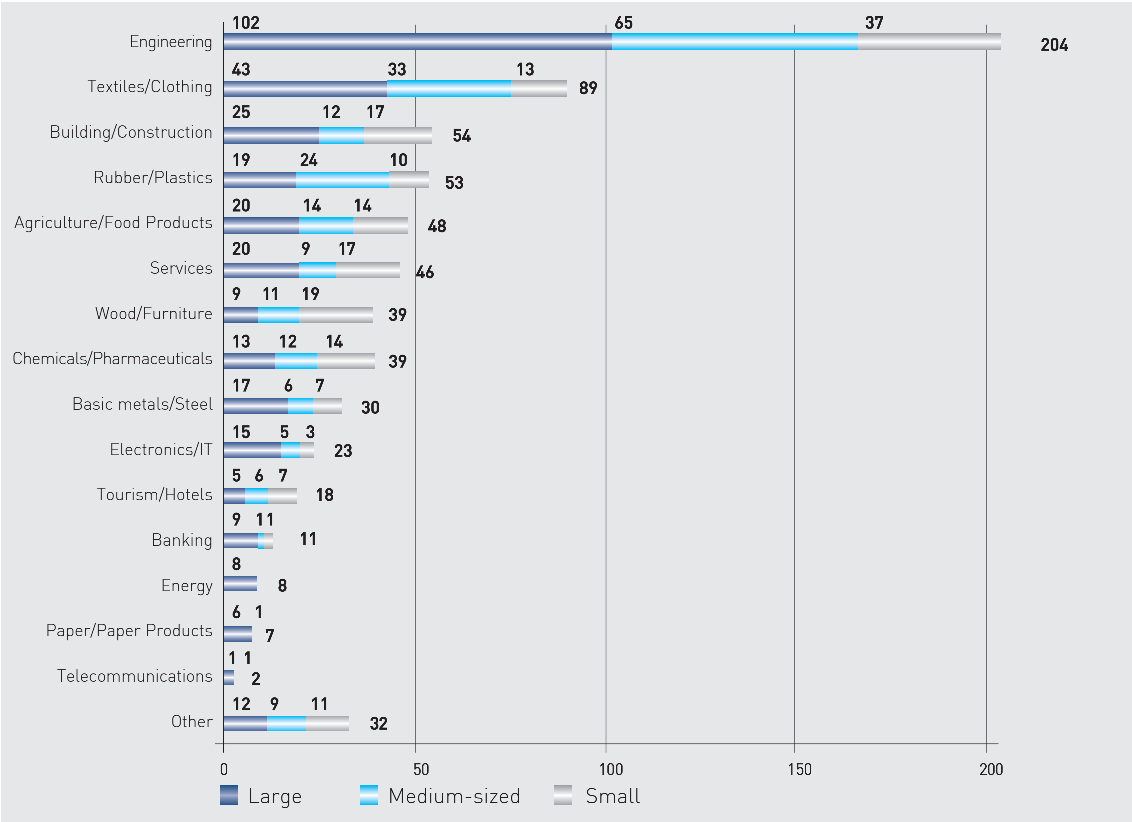
EQUITY INVESTMENTS ACQUIRED
by year (€ millions)



EQUITY INVESTMENTS ACQUIRED FROM START OF OPERATIONS THROUGH 31.12.2013
Number of projects by countries/size



EQUITY INVESTMENTS ACQUIRED FROM START OF OPERATIONS THROUGH 31.12.2013
Number of projects by sector/size



THE UNIFIED VENTURE CAPITAL FUND MANAGED BY SIMEST ON BEHALF OF THE MINISTRY OF ECONOMIC DEVELOPMENT

In 2013, the operations of the Unified Venture Capital Fund continued to follow the well-established operational framework and procedures in place since it began in 2001. This made it possible to provide adequate institutional and financial support for international expansion by Italian companies (especially SMEs) in addition to and synergic with direct investment by SIMEST.

The significant use of this important instrument by companies since its introduction and the lack of additional available resources in the absence of refinancing had an effect on the volumes of activity and on the total investments approved, which were lower than in previous years. The reduction in volumes seen over the year was also partly affected by the twin issues of the renewal of the Management Agreement with the Ministry of Economic Development and the composition of the decision-making body (the Guidance and Oversight Committee, formed within the Ministry), factors that led to a reduction in operations in the first 9 months of the year, with ground partly regained starting from October (following the appointment of the new members of the Committee).

It should nonetheless be noted that the process of reacquiring equity investments at the end of the Fund's maximum holding period (8 years) involved much greater volumes than in the past, with the consequent flow of the associated amounts into funds available for further investment.

Projects approved

In 2013, 30 investments were approved by resolution of the Guidance and Oversight Committee, of which 29 involving new investments and 1 regarding a capital increase (for expansion and/or development of foreign companies in which the Fund has already invested). This figure does not include 18 plan updates and revisions.

More specifically, the resolutions envisage:

- a total commitment under the Unified Venture Capital Fund of €17.0 million;
- a total cumulative investment by the foreign companies of €155.2 million, funded by share capital of €124.7 million.

As indicated above, the total value of investments (€17.0 million) and the number of projects (30) approved in 2013 is lower than in 2012 (45 projects for a total Fund commitment of €22.7 million) due to the issues noted previously. However, the average amount of the Fund's commitment per project has decreased significantly in recent years as a result of the operational policies adopted by the Guidance and Oversight Committee in response to the gradual contraction in the resources available.

The geographical breakdown of the projects approved in 2013 were essentially concentrated on investments in those areas and countries that continue to figure into and are central to the international expansion strategies of the companies. More specifically, Asia – with 11 new projects approved (of which 8 in China and 3 in India) for a Fund commitment of €7.5 million – and Central and South America – 13 projects approved (Fund commitment of €6.7 million) divided mainly between Brazil (7 projects for €3.1 million) and Mexico (5 projects for €3.1 million) – account for more than 80% of the investments approved in 2013.

There was no change in the sectoral breakdown of the investments and commitments approved, with engineering (accounting for 60% of the projects approved and 45% of the Fund's total commitment) continuing to perform strongly given the importance of this sector in the Italian economy. The remaining investments approved were equally divided among the rubber/plastics, building/construction, services, textiles/clothing and agriculture/food products sectors (2 projects per sector, for a total commitment of €7.1 million).

Equity investments acquired

In 2013 acquisitions of equity investments through the Unified Venture Capital Fund totalled €12.6 million and involved:

- 21 new equity investments in companies abroad – in addition to the stakes acquired directly by SIMEST and/or FINEST – for €12.4 million;
- 1 capital increase and 5 plan revisions in companies in which the Unified Fund had already invested at 31 December 2012 in the amount of €0.2 million.

The geographical distribution of new investments by the Fund showed Brazil (6 equity investments and 1 capital increase) overtaking China as the preferred country, for a total of €2.4 million. However, China continued to attract a great deal of interest, with 5 new equity investments for a total of €3.9 million.
Acquisitions were made in various countries, including Croatia, India, Mexico, Russia, South Africa and Turkey.

In 2013, under agreements with partner companies, SIMEST divested 19 equity investments for a total of €11.8 million.
Following these changes, at the end of 2013 SIMEST held equity investments through the Venture Capital Fund in 193 companies abroad (191 in 2012) totalling €174.8 million (€174.0 million in 2012).

The equity investments at the end of 2013 show a geographical distribution similar to that for 2012 and are especially concentrated in the following countries:

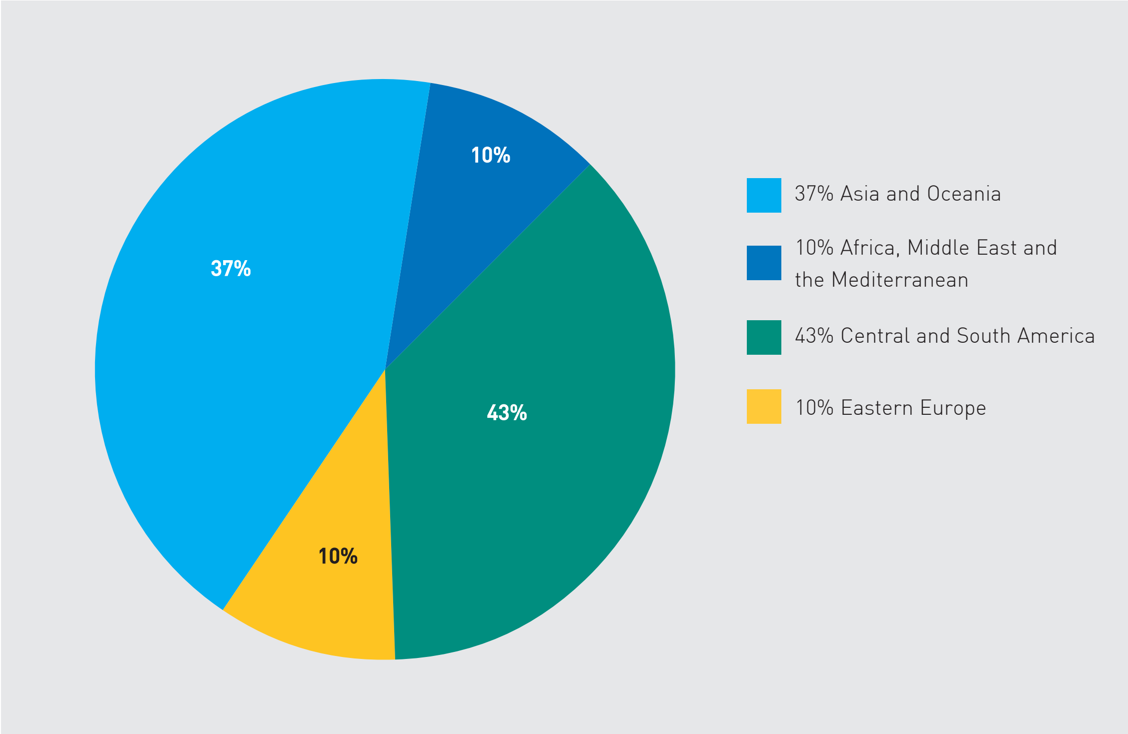
- China (66 companies with a total commitment for the Fund of €63.6 million);
- Russian Federation (11 companies with a total commitment for the Fund of €17.6 million)
- Romania (17 companies with a total commitment for the Fund of €12.8 million).

VENTURE CAPITAL FUND

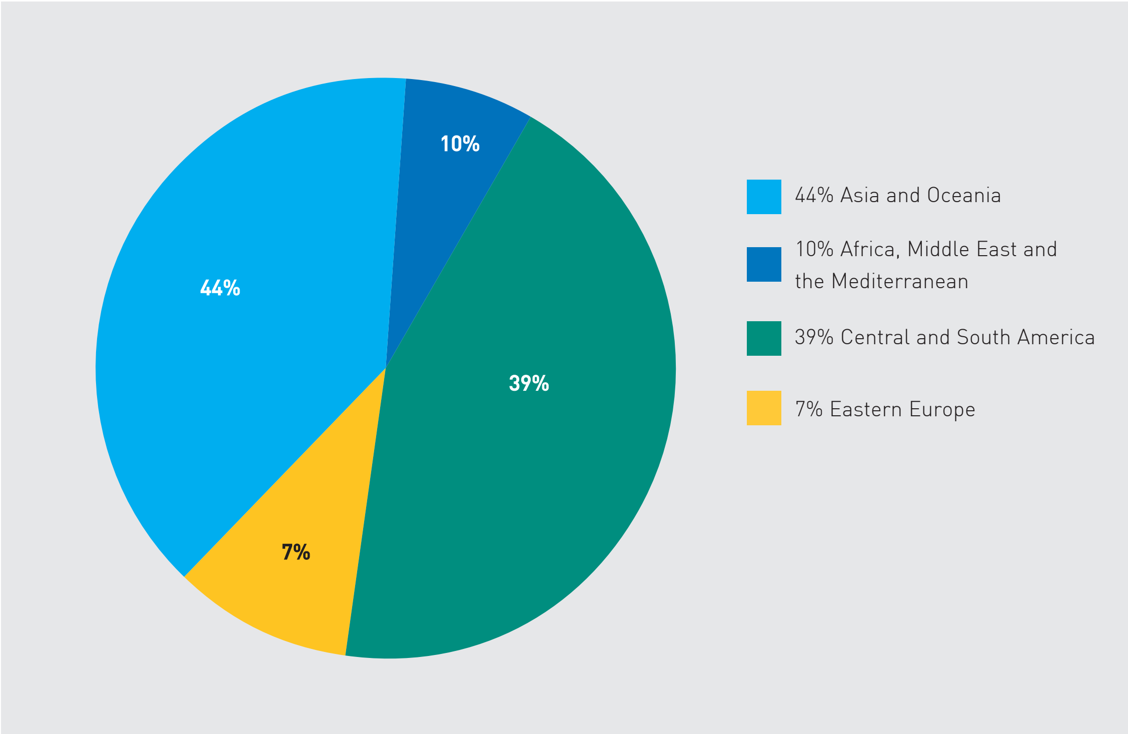
Equity investments approved in 2013 by area/country

	Number of Projects	Planned Investments (€ millions)	Share Capital (€ millions)	Fund Investment (€ millions)
ASIA AND OCEANIA	11	52.4	53.0	7.5
China	8	37.8	36.8	5.3
India	3	14.6	16.2	2.2
AFRICA, MIDDLE EAST AND THE MEDITERRANEAN	3	11.5	12.1	1.6
Morocco	1	0.5	0.5	0.1
Tunisia	1	2.6	2.6	0.4
Turkey	1	8.4	9.0	1.1
CENTRAL AND SOUTH AMERICA	13	80.5	53.0	6.7
Brazil	7	34.3	29.9	3.1
Chile	1	0.5	2.5	0.5
Mexico	5	45.7	20.6	3.1
EASTERN EUROPE	3	10.8	6.6	1.2
Russia	1	1.9	1.1	0.2
Serbia	1	5.9	3.5	0.5
Ukraine	1	3.0	2.0	0.5
TOTAL	30	155.2	124.7	17.0
of which:				
Capital increase/ increase in appropriation	1	10.6	4.2	0.4
broken down as follows:				
ASIA AND OCEANIA	1	10.6	4.2	0.4
China	1	10.6	4.2	0.4

VENTURE CAPITAL FUND
Equity investments approved in 2013 - Distribution by area (number)



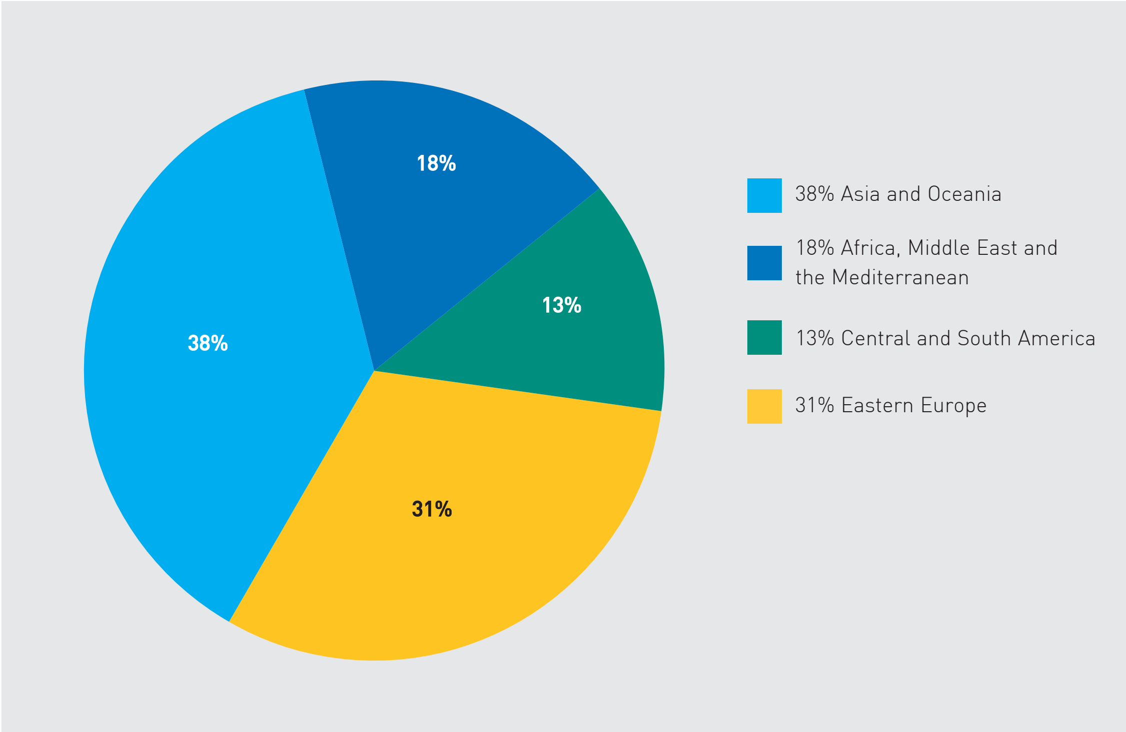
VENTURE CAPITAL FUND
Equity investments approved in 2013 - Distribution by area (amount)



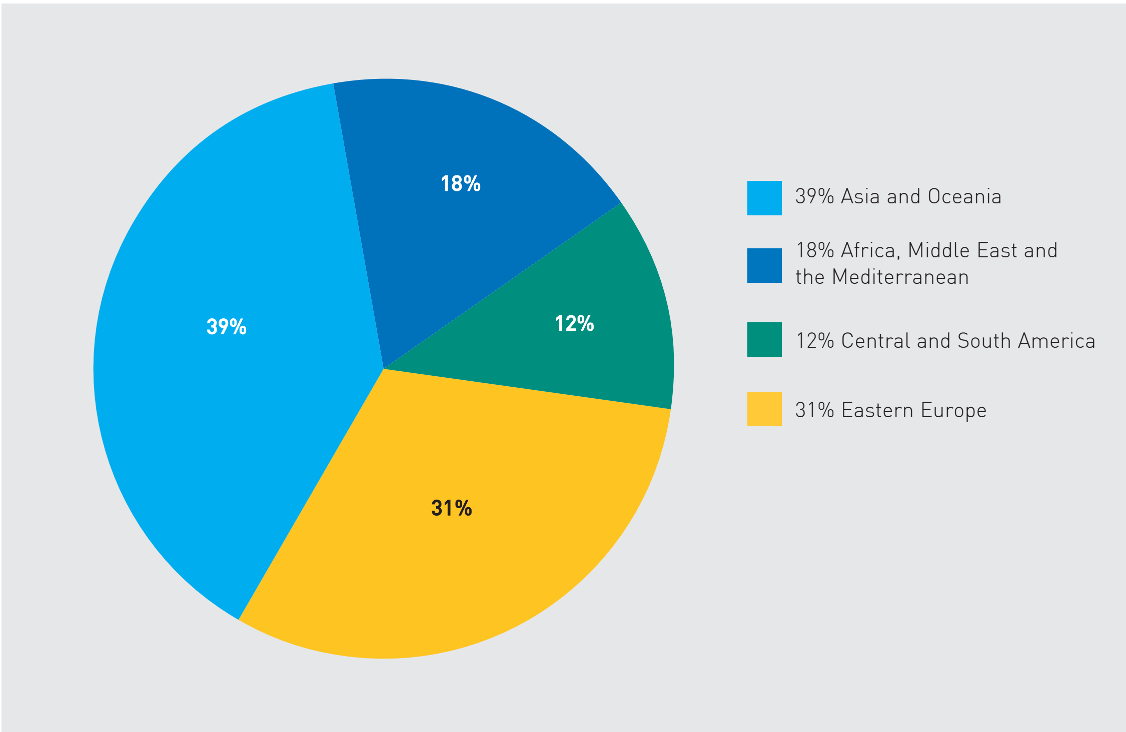
VENTURE CAPITAL FUND
Equity investments approved in 2013 by country

	Number of Projects	Planned Investments (€ millions)	Share Capital (€ millions)	Fund Investment (€ millions)
Brazil	7	34.3	29.9	3.1
Chile	1	0.5	2.5	0.5
China	8	37.8	36.8	5.3
India	3	14.6	16.2	2.2
Morocco	1	0.5	0.5	0.1
Mexico	5	45.7	20.6	3.1
Russia	1	1.9	1.1	0.2
Serbia	1	5.9	3.5	0.5
Tunisia	1	2.6	2.6	0.4
Turkey	1	8.4	9.0	1.1
Ukraine	1	3.0	2.0	0.5
TOTAL	30	155.2	124.7	17.0
of which:				
Capital increase/ increase in appropriation	1	10.6	4.2	0.4
broken down as follows:				
China	1	10.6	4.2	0.4

VENTURE CAPITAL FUND
Equity investments approved from start of operations through 31.12.2013 - by area (number)



VENTURE CAPITAL FUND
Equity investments approved from start of operations through 31.12.2013 - by area (amount)



VENTURE CAPITAL FUND

Equity investments approved from start of operations through 31.12.2013 - by area

	Number of Projects	Planned Investments (€ millions)	Share Capital (€ millions)	Fund Investment (€ millions)
Africa, Middle East and the Mediterranean	86	1,002.3	646.9	68.8
Central and South America	66	1,217.4	618.2	48.4
Asia and Oceania	185	1,464.8	1,066.5	155.0
Eastern Europe	152	1,296.4	876.7	120.0
TOTAL	489	4,980.9	3,208.3	392.2

** Gross of waivers/cancellations and contractual reimbursements*

VENTURE CAPITAL FUND

Equity investments approved from start of operations through 31.12.2013 - by country

	Number of Projects	Planned Investments (€ millions)	Share Capital (€ millions)	Fund Investment (€ millions)
Albania	5	102.4	49.6	5.8
Algeria	1	0.8	1.0	0.1
Angola	2	26.2	10.3	2.7
Saudi Arabia	1	382.5	156.9	4.2
Argentina	2	3.9	5.9	0.4
Bosnia	5	41.5	24.9	3.4
Brazil	39	550.6	363.7	26.0
Bulgaria	11	137.2	62.3	8.4
Chile	5	344.8	59.2	5.2
China	146	1.207.5	857.9	128.2
Croatia	12	107.1	60.6	5.7
Egypt	13	93.7	55.4	8.5
Eritrea	2	5.1	5.8	1.8
Guatemala	1	180.6	86.4	4.2
India	35	208.9	174.8	23.5
Cape Verde	1	28.0	22.0	6.6
Israel	2	14.7	9.9	2.8
Kosovo	1	6.1	5.0	1.1
Kuwait	1	0.6	0.8	0.1
Libya	3	34.7	17.1	1.7
Macedonia	2	16.2	16.3	2.6
Malesia	1	9.1	8.7	0.8
Morocco	7	19.9	13.8	3.2
Mauritius	1	0.5	0.7	0.2
Mexico	18	133.3	97.4	11.2
Nigeria	1	4.7	5.5	0.4
Moldova	3	7.6	6.3	0.8
Romania	48	231.4	153.3	29.9
Russia	37	504.8	363.9	48.1
S. Vincent & The Grenadines	1	4.1	5.6	1.6
Senegal	3	3.4	3.1	0.8
Serbia-Montenegro	21	115.6	120.9	11.3
South Africa	6	119.3	107.3	6.0
Thailand	3	39.2	25.1	2.5
Tunisia	30	164.2	145.9	21.2
Turkey	12	104.1	91.3	8.4
Ukraine	7	26.5	13.7	2.9
TOTALE	489	4,980.9	3,208.3	392.2

* Gross of waivers/cancellations and contractual reimbursements

START-UP FUND MANAGED BY SIMEST ON BEHALF OF THE MINISTRY OF ECONOMIC DEVELOPMENT

The Start-Up Fund, a new instrument for firms established with Decree 102 of 4 March 2011 and managed by SIMEST, began operations in 2013.

Under the provisions of the decree, the Fund's purpose is to carry out initiatives – on market terms and conditions – to support the start-up phase of projects by individual Italian SMEs or groups of SMEs to expand internationally into countries outside of the European Union.

The Fund operates by acquiring a non-controlling interest (up to 49%) in the share capital of the newly formed company (headquartered in Italy or in another EU country) that is responsible for pursuing the international expansion project.

The Fund Guidance and Oversight Committee was formed at the end of 2012 and held its first 3 meetings in 2013, approving 5 new projects. The resolutions approving the equity investments acquired call for:

- a total commitment for the Fund of €0.96 million;
- investments by companies totalling €4.8 million;
- share capital covering of planned investments equal to €3.6 million.

Based upon the initial operations conducted since the launch of the Fund and in consideration of a number of concerns that have arisen due to the application of the regulations, a review of the operating procedures is currently being conducted, which could result in the Ministry of Economic Development suspending Fund operations in the near future.

Equity investments acquired

During the year, 2 equity investments were acquired through the Start-Up Fund totalling €0.4 million.

MOSSI E GHISOLFI S.p.A. Brazil

THE FINANCIAL SUPPORT FUNDS

International expansion gives companies access to a wider customer base, a larger number of suppliers or a greater impetus to use new technologies. In general, international expansion opens up opportunities for increasing profits, provides a path to long-term survival and makes firms more competitive, all of which are the main advantages of this type of strategy.

There are a number of tools available to Italian companies to help them pursue international expansion. Among these tools, SIMEST has been entrusted with administering the financial facilities for the public support of exports and other forms of international expansion of the Italian economy. The activity regards:

- the **Fund established by Article 3 of Law 295/1973**; the activity consists in:
  - stabilising interest rates, in accordance with the OECD rules for public support for export credit (Legislative Decree 143/1998, Chapter II);
  - providing interest rate support for loans for direct investment in foreign firms (Law 100/1990, Article 4, and Law 317/1991, Article 14);
- the **revolving Fund established by Article 2 of Law 394/1981** which, pursuant to Law 133 of 6 August 2008 as amended and the Ministerial Decree of 21 December 2012, is allocated to granting loans at below-market rates for:
  - undertaking foreign market penetration programmes (Law 133/2008, Article 6, paragraph 2, letter a – Ministerial Decree of 21 December 2012, Article 3, paragraph 1, letter a);
  - pre-feasibility and feasibility studies and technical assistance programmes connected with Italian investment abroad (Law 133/2008, Article 6, paragraph 2, letter b – Ministerial Decree of 21 December 2012, Article 3, paragraph 1, letter b);
  - improving and preserving the financial stability of exporter SMEs (Law 133/2008, Article 6, paragraph 2, letter c) – Ministerial Decree of 21 December 2012, Article 3, paragraph 1, letter c1);
  - promotional initiatives by SMEs related to first-time participation in a trade show and/or exhibition in non-EU markets (Law 133/2008, Article 6, paragraph 2, letter c – Ministerial Decree of 21 December 2012, Article 3, paragraph 1, letter c2).

Under the terms of an agreement with FINEST and on the latter's behalf, the Company also manages the preliminary proceedings and disbursement of contributions drawing on the Fund set up by Law 295/1973 for operations pursuant to Law 19/1991.

The support programmes are governed by two agreements between SIMEST and the then Ministry of Foreign Trade, one for each fund (Fund established by Law 295/1973 and Fund established by Law 394/81). A Support Committee is responsible for administering the Funds.

On the basis of SIMEST analyses, in **2013** the Committee approved **388** operations totalling **€5,069.0 million** (compared with 501 operations totalling €4,658.2 million in 2012), of which:

- **195** with a value of **€4,923.3 million** (169 with a value of €4,462.7 million in 2012) involving interest rate support drawing on the Fund established by Law 295/1973;
- **193** with a value of **€145.7 million** (332 with a value of €195.5 million in 2012) involving facilitated loans drawing on the Fund established by Law 394/1981.

LAW 295/1973 FUND

A) Export credit (Legislative Decree 143/1998, Chapter II.

This programme is aimed at supporting sectors involved in the production of capital goods (plants, machinery, infrastructure, public transportation, telecommunications, etc.) that offer deferrals of payment on medium/long-term orders to foreign customers located, to a large extent, in emerging countries.

The public support programme uses methods that counter the effects that the systems employed by the Export Credit Agencies (ECAs) of other countries have on the competitiveness of Italian exports. SIMEST's programmes are designed to protect the foreign customer from the risk of changes in the interest rate, allowing foreign customers to obtain medium/long-term financing at the fixed rate set by the OECD based on the CIRR (Commercial Interest Reference Rate), through the buyer and supplier credit mechanisms. The support programmes – supplier credit and buyer credit– are designed to meet the needs of different industrial sectors.

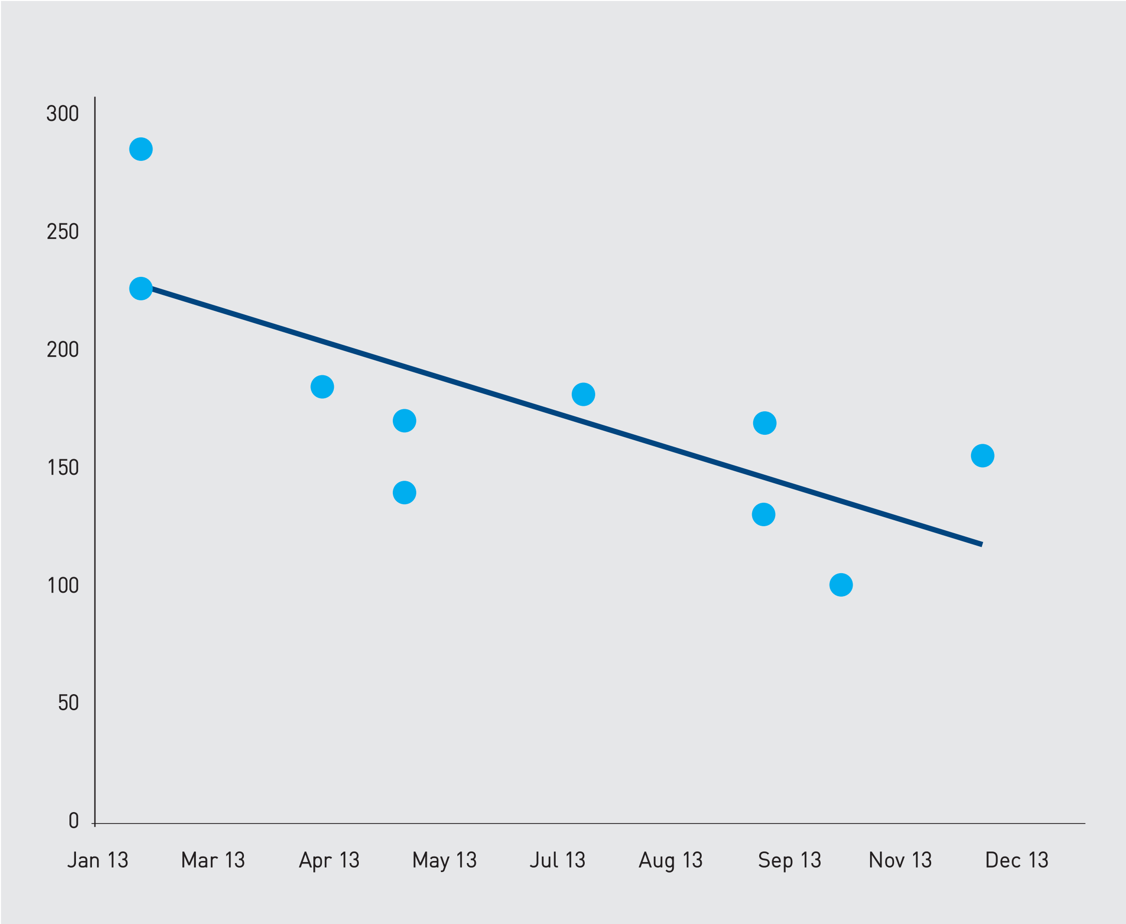
- The **supplier credit programme** identifies cases in which the exporter directly extends deferred payment to the foreign customer, which may also be represented by a foreign sales/distribution company of the Group or a trader, setting the terms and conditions (medium/long-term at the CIRR rate) of payment in the contract. SIMEST's programme makes it possible for the exporter to assign on a non-recourse basis the instruments issued by the foreign debtor in exchange for deferred payment (with or without SACE insurance coverage), enabling them to discount the receivable at a cost as comparable as possible with that of the products typical of other ECAs (insurance policies, guarantees, direct financing). The programme is the primary source of funding for the export of machinery and small plant, utilised especially by medium-sized undertakings. So-called "multi-delivery contracts" concerning one or more types of machinery, plant or other capital goods (with delivery over a regulated period initially set at 2 years and 6 months) contribute to the programme's effectiveness. This enables exporters to plan sales campaigns, offering conditions that incorporate direct or indirect benefits for the buyer through the availability of interest rate support payable in a lump sum.
- The **buyer credit programme** applies where a financial institution grants a loan to a foreign customer to pay the purchase price to an Italian supplier. Unlike the supplier credit system, the customer pays the exporter in cash drawing on the funding granted by the bank at the CIRR fixed rate. The SIMEST programme, through so-called "interest rate stabilisation policies" or "interest make-up" (IMU), makes it possible for the bank to raise funds at floating rates while charging the CIRR fixed rate to the foreign buyer. The exchange of cash flows arising from interest rate differentials generated by this practice may result in income to Fund 295/73 (a revolving fund).

  The programme is normally used for large-value transactions (more than €10 million) with an average maturity of more than 7 years, for the supply of plant, infrastructure and transport equipment. These operations generally require insurance coverage from SACE.

In 2013, despite suffering the full effects of the heightening of the sovereign debt crisis, a crisis that has made it difficult to access financing and has increased borrowing costs, the volume of operations for the two programmes (€4,682.3 million) remained at a level similar to 2012 (€4,348.0 million).

Under SIMEST's interest rate support programmes, which are intended to mitigate to the extent possible the adverse effects of the crisis on the ability of Italian companies to compete, the banks' spread on transactions covered by IMU agreements was between 100 and 150 basis points in 2013. Nevertheless, the spreads demanded by banks were partially absorbed by borrowers/customers, through the surcharge on the CIRR rate, which averaged 175 basis points during the year.

CIRR SURCHARGES 2013
average: 175 basis points



Despite these restrictions, exporters have generally affirmed the importance of having the SIMEST programmes available in permitting them to maintain a volume of turnover that would otherwise have been reduced further.
In 2013, out of the €4,682.3 million in total deferred principal amount approved, €2,906.9 million (62.1%) related to the supplier credit programme for medium-sized plant, machinery and parts, 30.3% of which for SMEs. The remaining €1,775.4 million (37.9%) allocated to the buyer credit programme was used for transactions involving large companies under major supply contracts (54.5%) involving large orders. Specifically, the shipbuilding industry represented 51.4% of the total, followed by plant (28.6%) and infrastructure (16.9%).
These percentages relate to suppliers who have signed export agreements. It is normal for all suppliers of capital goods to involve various smaller firms as sub-contractors.

SIMEST EXPORT CREDIT PROGRAMMES

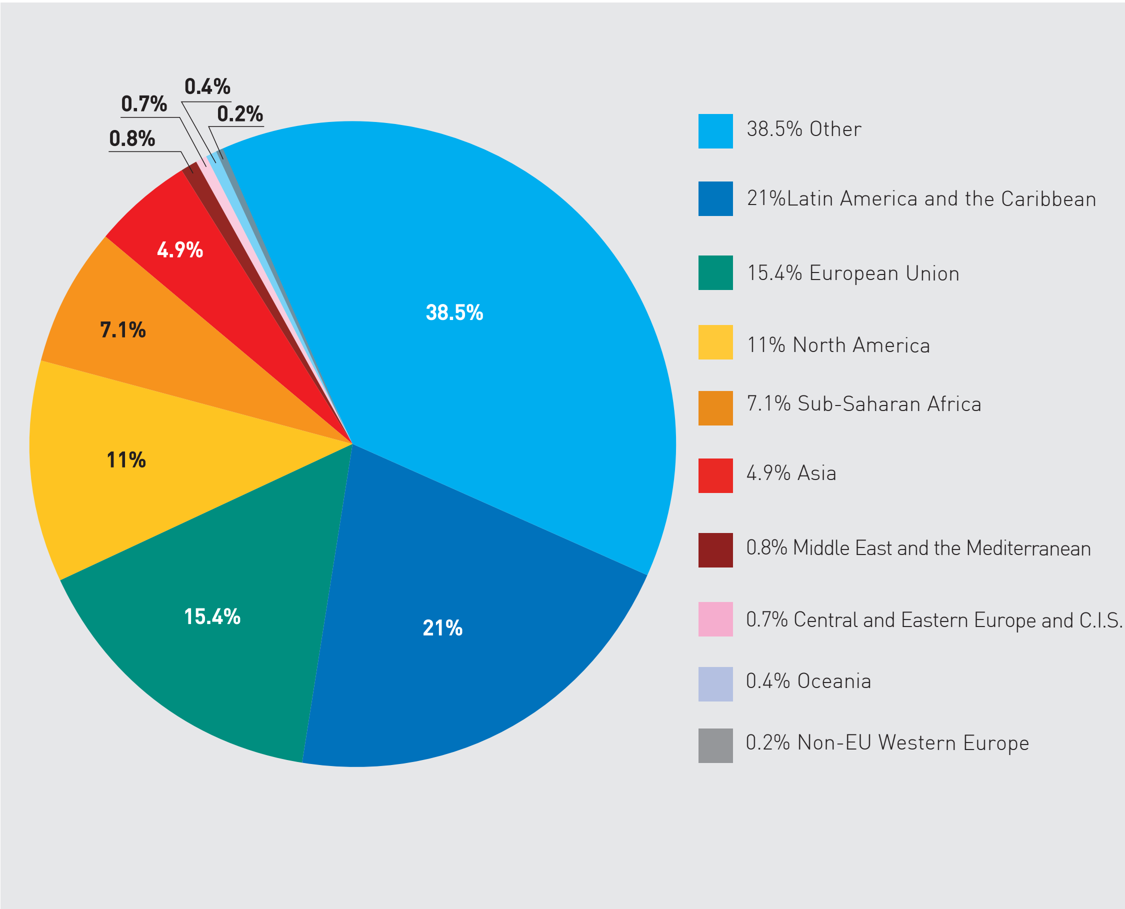
Deferred principal amount and expenditure commitment in € millions (2004 - 2013)

The following factors contributed to keeping the volumes of use of the SIMEST programme high:

a) availability of interest rate support (margins for banks), which contributes to narrowing the gap between the cost of funds available in Italy and from competitors;
b) stability, represented by the possibility of offering the debtor a fixed rate associated with a public support programme during a period in which these are available at low levels;
c) flexibility in utilising credit lines, commercial contracts and so-called "multi-delivery contracts", making it possible to maintain the original financial support conditions when there are delays in deliveries due to the crisis. These operations, with some €2.9 billion approved in 2013, represent 99.1% of the entire supplier credit programme.

As regards the geographical distribution of operations by approved deferred principal amount, 38.5% is classified as "other countries", essentially reflecting the multi-delivery contracts that make use of distributors active on the international market and for which individual deliveries are established after the conclusion of the contract. For the remainder, which regards exports to individual countries, the largest shares regarded Latin America (21.0%) and the European Union (15.4%).

EXPORT CREDIT SUPPORT – SUPPLIER CREDIT AND BUYER CREDIT
GEOGRAPHICAL DISTRIBUTION OF DEFERRED PRINCIPAL AMOUNT APPROVED IN 2013



B) Support for investment in foreign companies (Article 4 of Law 100/1990 and Article 2 of Law 19/1991)

The mechanisms envisaged under Article 4 of Law 100/1990 provide for Italian firms to receive interest rate support for loans taken out to finance part of their equity investments in foreign companies in non-EU countries in which SIMEST has acquired an interest.

A similar mechanism is in place for investments in foreign companies in which FINEST has acquired an interest under Article 2, paragraph 7 of Law 19/1991, with respect to companies located in the Triveneto area for loans taken out to finance part of their equity investments in Central and Eastern Europe and the C.I.S. countries.

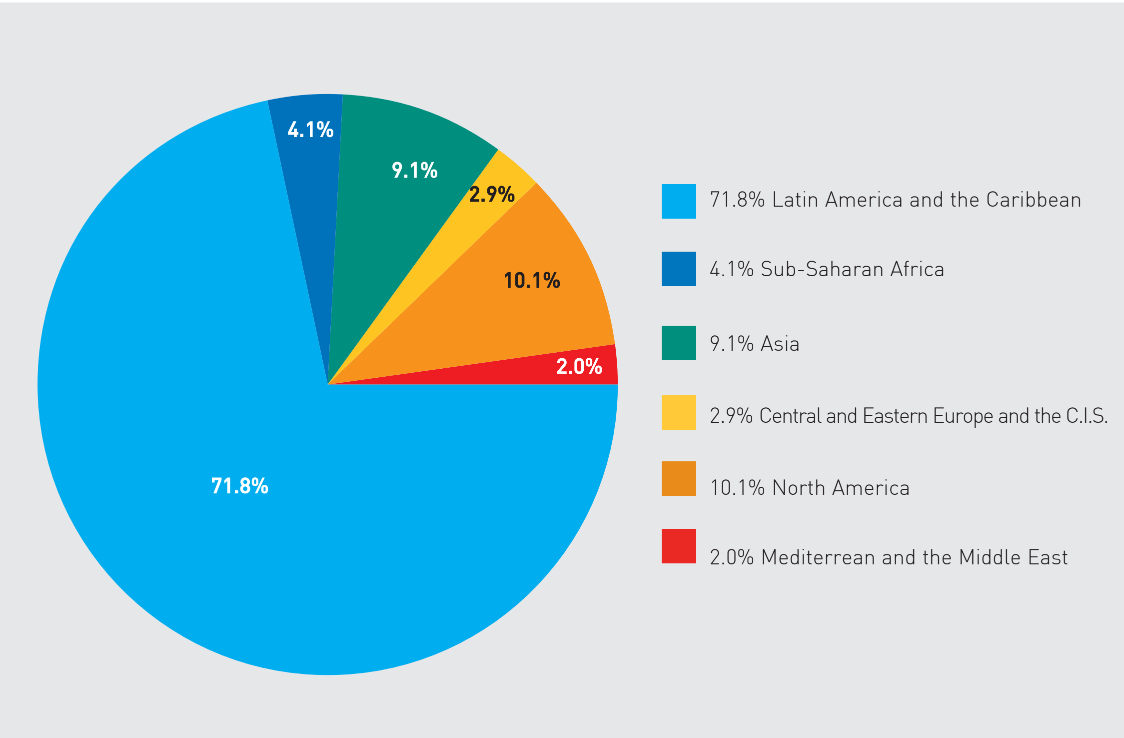
The support is granted, for a loan from a bank authorised to operate in Italy, for a maximum of 8 years, in an amount up to 50% of the reference rate for the industrial sector (in 2013, the average reference rate and the average support rate were 4.438% and 2.219% respectively). The operation covers 90% of the equity investment of the applicant Italian company, up to 51% of the share capital of the foreign company.

In 2013, 39 operations were approved with a value of €241.0 million.

Over the last ten years, an average of 68 operations per year were approved. The decline reported since 2006 is not only attributable to the elimination of support for investments in countries recently admitted to the EU, but also to the global crisis over the last six years.

The geographical distribution of projects approved in 2013 shows Latin America and the Caribbean countries in first place by amount financed (71.8%) and by number of projects (38.5%).

SUPPORT FOR INVESTMENTS IN FOREIGN COMPANIES
GEOGRAPHICAL DISTRIBUTION OF DEFERRED PRINCIPAL AMOUNT APPROVED IN 2013



As for Italian companies making investments, Veneto and Lombardy are the regions with the largest number of projects (17.9%) and Lazio leads in terms of amount financed (64.9%).
The breakdown by industry confirms that engineering remains on top in terms of number of operations (51.3%), while energy leads in the amount financed (64.9%).
As to the size of the Italian companies receiving support, large companies accounted for a larger portion of total programmes compared with 2012 (going from 60% to 74.4%), as well as total amount financed (rising from 86.9% to 97.8%).

LAW 394/1981 REVOLVING FUND

The system of support under the Revolving Fund established under Article 2 of Law 394/1981 is governed by Law 133/2008 of 6 August 2008, as amended, which specifies new eligibility categories under Regulation (EC) no. 1998/2006 concerning de minimis aid (starting from 1 January 2014, Regulation (EU) no. 1407/2013, published in the Official Journal of the European Union of 24 December 2013).
The terms, procedures and conditions for the support programme were set out in Interministerial Committee for Economic Planning (CIPE) Resolutions nos. 112 and 113 of 6 November 2009. More specifically, Resolution no. 112 provided for a new capitalisation support programme for exporter SMEs, while Resolution no. 113 regarded foreign market penetration programmes, pre-feasibility and feasibility studies and technical assistance programmes associated with investment projects, programmes already provided for under Fund 394/1981. Finally, the Support Committee approved a series of decisions collected in three circulars (nos. 2/2010, 3/2010 and 4/2010). The circulars addressed, respectively, the regulations applicable to foreign market penetration programmes, studies and technical assistance programmes and capitalisation for exporter SMEs.
Article 42 of Law 134/2012 (the 2013 Stability Act) made slight changes to Law 133/2008 by introducing a reserve for allocation to SMEs of 70% per annum of the Fund 394/81 resources and indicating that the terms, procedures and conditions for the support programmes, the activities and responsibilities of the operator, the control functions, as well as the composition and duties of the Support Committee, are to be established by a decree of a non-regulatory nature issued by the Ministry of Economic Development, rather than by way of CIPE resolutions.
Therefore, in application of this law, the Ministry of Economic Development issued Ministerial Decree of 21 December 2012 (published in the Gazetta Ufficiale, issue no. 85 of 11 April 2013). This was followed by the Support Committee's implementing resolutions of 2 December 2013, whose application was postponed until publication of those resolutions on SIMEST's website. This decree, which replaces CIPE resolutions nos. 112/2009 and 113/2009 to the extent indicated therein, makes a number of changes to existing programmes, particularly capitalisation support for exporter SMEs, and introduces a new programme (marketing and/or promotion of the Italian brand) for financing participation by SMEs in trade shows and exhibitions in non-EU markets. The decree also requires that 50% of the Fund's resources available at 31 December of each year be allocated to capitalisation transactions and the new Italian brand marketing and/or promotion programme.
Finally, Article 1, paragraph 27 of Law 147/2013 (the 2014 Stability Act) increased the funding

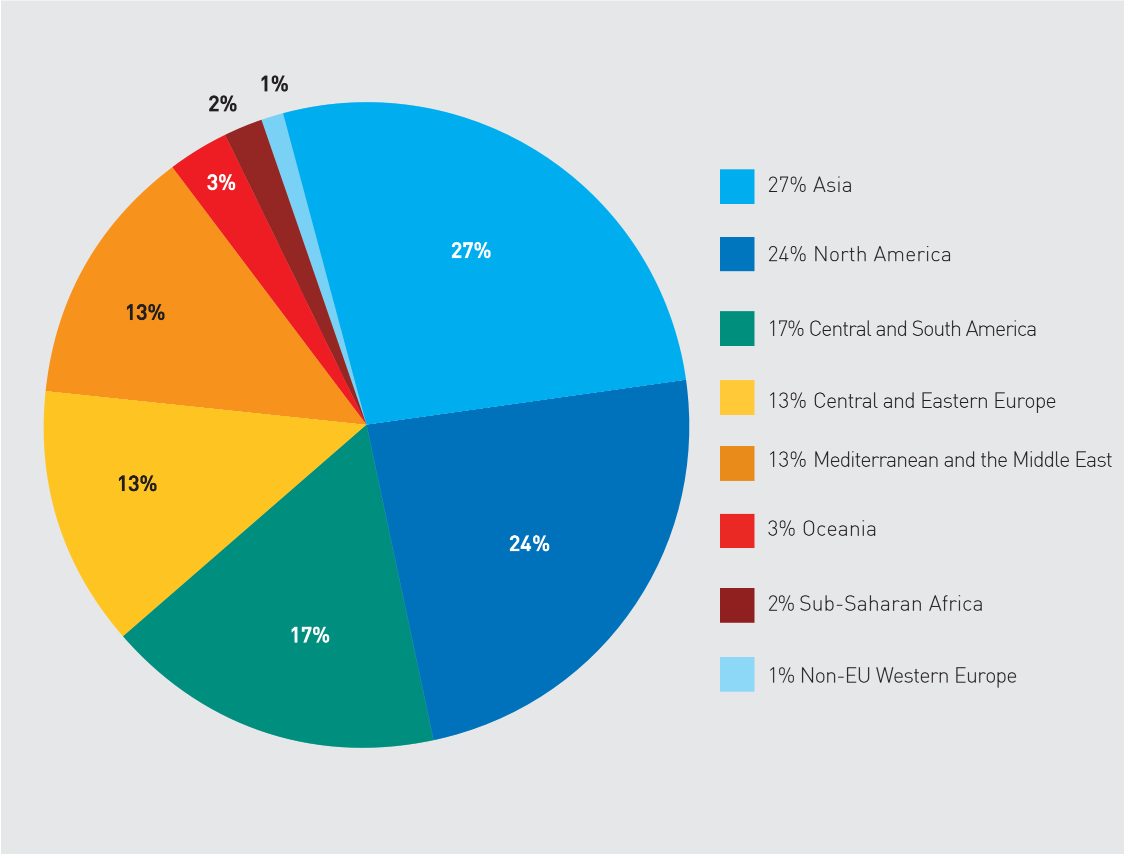
for Fund 394/1981 by €50 million for 2014.
The Support Committee suspended the acceptance of new capitalisation funding applications from exporter SMEs with a resolution dated 12 December 2011. This suspension remained in effect for the entire 2012–2013 period.
These events had a considerable impact on the results for 2013, as they had in 2012, since companies interested in international expansion were only able to take advantage of the two traditional support programmes focusing on foreign market penetration and on studies and technical assistance, essentially a return to the "pre-capitalisation" situation.
The suspension of the programme therefore led to a great deal of renewed interest in foreign market penetration programmes and a steady but cautious increase in applications for funding for feasibility studies. This occurred despite the considerable difficulties that companies are having in obtaining the required guarantees and the limited type of funding support (largely consisting of the difference between the reference rate and the support rate).
Finally, while in 2012 "approved" projects continued to include numerous capitalisation funding applications that were submitted prior to the suspension in December 2011 and were therefore examined by the Committee in subsequent months, there were no capitalisation transactions in 2013, which explains the decrease in the total number of projects approved.
The figures for 2013 nevertheless show that companies remained committed to international expansion, the only path deemed useful in withstanding the financial crisis and its profoundly negative impact on the real economy. Finally, the percentage of SMEs as recipients of support under Fund 394/1981 remained high as compared with large companies, amounting to around 80%.

A) Programmes to break into foreign markets (Law 133/2008, Article 6, paragraph 2, letter a – Ministerial Decree of 21 December 2012, Article 3, paragraph 1, letter a))

The Ministerial Decree of 21 December 2012 set out the main features of the foreign market penetration programmes, which are generally those contained in CIPE Resolution no. 113/2009, and at the same time introduced certain changes, delegating the Support Committee with the task of issuing the specific implementing resolutions. More specifically, the Committee approved Circular no. 5/2013 on 2 December 2013 containing the regulations applicable to this type of loan, which will enter into force upon publication on SIMEST's website.
The loans have a maximum term of six years, compared with the seven years provided for under the previous circular (no. 2/2010), including a two-year grace period.
As to the volume of loans, in 2013 transactions approved numbered 171 with a value of €142.9 million, up 33% both in terms of number of loans and of amount compared with 2012 (129 loans for €107.7 million).
A breakdown of loans approved by geographical area in 2013 shows the main area of interest are Asia (27%), followed by North America (24%), the reverse of the previous year. These were followed by Central and South America, Central and Eastern Europe and the Mediterranean and the Middle East.
At the country level, the United States remains the main destination country, with 39 loans approved, followed by China (32), Brazil (19) and Russia (11).

PROGRAMMES TO BREAK INTO FOREIGN MARKETS

Geographical distribution of the number of loans granted in 2013



Finally, a breakdown by size of the firms that carry out foreign market penetration programmes shows that SMEs represent about 80%, consistent with 2012.

B) Support for pre-feasibility and feasibility studies and technical assistance programmes (Legislative Decree 133/2008, Article 6, paragraph 5, letter b - Ministerial Decree of 21 December 2012, Article 3, paragraph 1, letter b)

The Ministerial Decree of 21 December 2012 established the main characteristics for pre-feasibility and feasibility studies and technical assistance programmes related to investments, following those set out in CIPE Resolution no. 113/2009. It also made a number of changes, delegating the Support Committee to issue the specific implementing resolutions. As a result, the Committee approved Circular no. 6/2013 on 2 December 2013 containing the regulations applicable to this type of loan, which will enter into force upon publication on SIMEST's website.

The loans have a maximum term of up to three years (studies) and three and a half years (technical assistance programmes), compared with five years including a two-year grace period under the previous circular (no. 3/2010).

The maximum loan amount is:

- €100,000.00 for studies related to commercial investments;
- €200,000.00 for studies related to productive investments;

- €300,000.00 for technical assistance programmes.

In 2013 the Committee approved a total of 22 projects (20 studies and 2 technical assistance programmes) for around €2.8 million, slightly up from 2012 (19 loans approved for €2.5 million).

Once again, the same observations on the performance of these instruments in 2012 can be made for 2013. The number of funding applications remained limited, although higher than during the two-year period in which capitalisation funding was available.

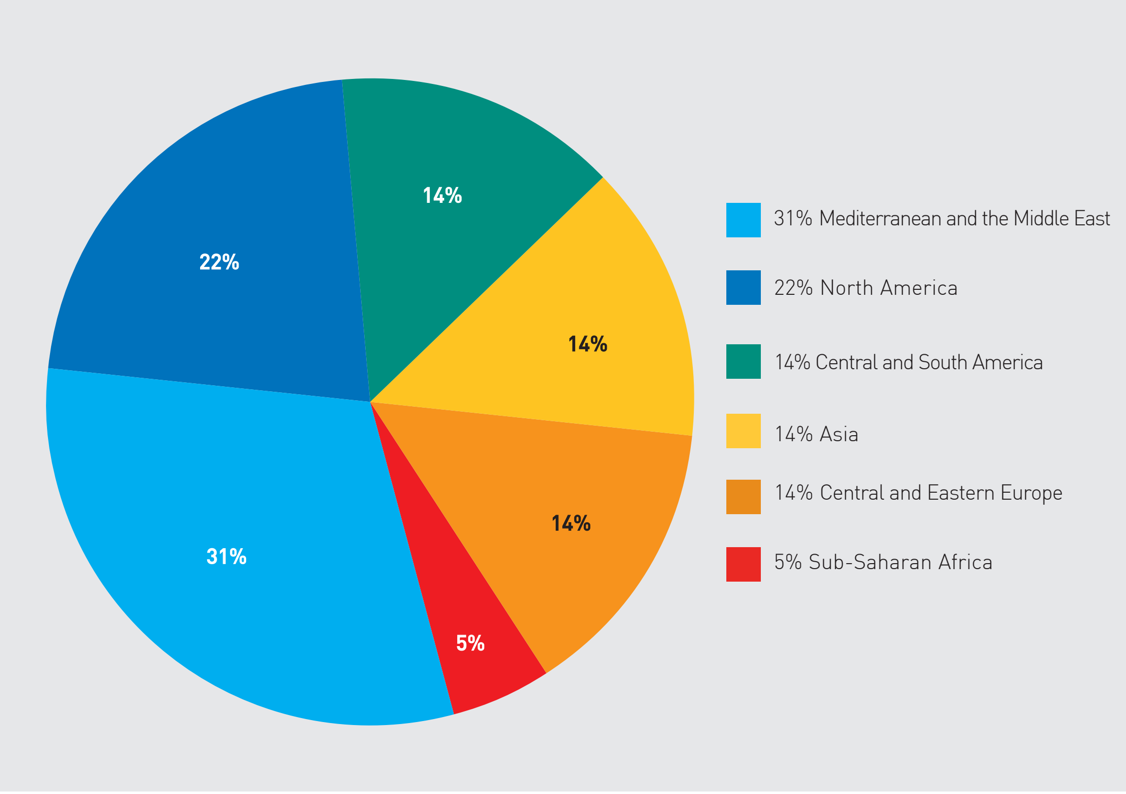
A breakdown of loans by geographical area shows the Mediterranean and the Middle East in first place (7 loans approved), followed by North America (5 approved) and by Central and South America, Asia and Central and Eastern Europe (3 loans each).

The United States led among the countries attracting investment in 2013, with 5 projects, followed by China and Brazil with 3 each and Croatia with 2, while only 1 loan was approved for the rest of the countries.

In 2012 the most popular area was Central and Eastern Europe, and the United States, China and Brazil were the only countries in which more than 1 project was approved.

Finally, in terms of size of companies that carried out feasibility studies and technical assistance programmes, there was a slight contraction in the SMEs as applicants, accounting for 82% of projects approved in 2013 compared with 90% in 2012.

PRE-FEASIBILITY AND FEASIBILITY STUDIES
GEOGRAPHICAL DISTRIBUTION OF THE NUMBER OF LOANS GRANTED IN 2013



C) Support to improve and preserve the financial stability of exporter SMEs (Law 133/2008, Article 6, paragraph 2, letter c - Ministerial Decree of 21 December 2012, Article 3, paragraph 1, letter c1)

As stated previously, the Ministerial Decree of 21 December 2012 replaced CIPE Resolution no. 112/2009, which set the terms, conditions and procedures for the capitalisation support programme for exporter SMEs, radically altering its terms and conditions.

The decree also requires that 50% of the Fund's resources available at 31 December of each year be allocated to capitalisation transactions and the new Italian brand marketing and/or promotion programme.

The main changes introduced with the Ministerial Decree of 21 December 2012 to the rules established by CIPE Resolution no. 112/2009 were incorporated into the implementing resolution approved by the Committee on 2 December 2012 (Circular no. 7/2013) which, as has already been stated, will come into force upon publication on SIMEST's website.

Before turning to the capitalisation funding activity in 2013, reference should be made to the information set out above on the Support Committee's decision to suspend the instrument due to the growth in loan applications seen in 2011. The purpose of the measure, achieved through the new provisions of the Ministerial Decree of 21 December 2012, was to contain the decrease in unused available funding under Fund 394/1981 and to modify the terms and conditions of the support programme.

With regard to 2013 specifically, the decrease in approvals as compared with 2012 is explained by the fact that no applications for capitalisation funding were processed, while in 2012 the Committee approved 184 projects totalling €85.3 million relating to applications received prior to the suspension. However, in 2013, preparations began for the review of the 2nd phase of the projects approved in prior years, the process involves an inspection of the financial statements filed for the second year following the date of disbursement of the loan to determine the repayment terms (subsidised rate with an instalment payment plan or repayment in a lump sum at the reference rate). This review process involves a new examination of financial performance and the preparation of a report to be submitted to the Support Committee. In addition, the procedure requires annual reviews during the five-year repayment period based upon the financial statements filed for the year starting from the beginning of the repayment phase (for those companies that successfully completed the 2nd phase). In 2013, 45 loans in the 2nd phase were reviewed.

D) Support to SMEs for promotional initiatives related to first-time participation in a trade show and/or exhibition in non-EU markets and/or promoting the Italian brand (Law 133/2008, Article 6, paragraph 2, letter c – Ministerial Decree of 21 December 2012, Article 3, paragraph 1, letter c2)

Finally, the Ministerial Decree of 21 December 2012 established a new support programme for SMEs that plan to participate in a trade show/exhibition in one or more non-EU markets, ordering the Support Committee to issue the necessary implementing resolution. The Committee therefore approved Circular no. 8/2013 on 2 December 2013 setting out the applicable rules for this type of loan that will enter into force on the date it is published on SIMEST's website.

FINANCIAL SUPPORT ACTIVITIES FOR FIRMS ON BEHALF OF THE STATE
(€ millions)

		Operations approved in 2013	Operations outstanding at 31.12.2013
Export credit (Legislative Decree 143/1998, Chapter II)	*Buyer credit*	1,775.4	4,530.0
	Supplier credit	2,906.9	1,646.1
Direct investment abroad (Laws 100/1990 and 19/1991		241.0	613.7
Market penetration projects (Laws 394/1981 and 133/2008 Ministerial Decree of 21 December 2012)		142.9	143.8
Participation in international tenders (Law 304/1990		//	//
Pre-feasibility and feasibility studies and technical assistance programmes (Legislative Decree 143/1998 Article 22.5 – Law 133/2008 Ministerial Decree of 21 December 2012)		2.8	7.5
Capitalisation support* (Law 133/2008 (Ministerial Decree of 21 December 2012)			255.8

(*) Number of reviews (2nd phase) of capitalisation funding transactions (Law 133/2008 Ministerial Decree of 21 December 2012)	45	

HEDGING TRANSACTIONS FOR THE FINANCIAL SUPPORT FUNDS

As the manager of the Fund set up under Law 295/1973 for interest stabilisation purposes, SIMEST is authorised by the Ministry of the Economy and Finance to hedge the Fund's interest rate and foreign exchange risk in order to optimise the management of the cost of such risks to the State.

At 31 December 2013 there were 74 interest rate swaps outstanding with 10 leading international banks within the framework of the Directive issued by the Ministry.

The year-end portfolio of transactions for which support had been disbursed was as follows:

Deferred principal amount (€ millions)				
Currency	Total	Unhedged	Hedged	% hedged
USD	2,316.1	788.4	1,527.7	65.96 %
EUR	943.2	410.5	532.7	56.48 %

ORGANISATIONAL STRUCTURE

The need to ensure an ever more effective and efficient relationship with the Italian business world prompted SIMEST to establish the Italian Desk Function, which reports directly to the Development and Advisory Department and that seeks to expand the use of SIMEST products and services, coordinating all the activities undertaken for this purpose. Furthermore, the need to focus institutional relations activities more closely led to the creation of the Institutional Relations and Studies Function, which reports to and supports top management. For the same reason, the Communication and Media Relations Department also reports directly to top management.

Two junior managers were hired for the Investments Department and the Investment Assessment and Financing Department at the end of the year in support of the organisational model and the resulting turnover in the Company.

Training continued to be tailored to developing the Company's professional skill base and providing specialised skill upgrading (specialised technical courses to improve business process management, in line with national and international regulations). Other training activities focused on enhancing organisational skills (courses focusing on developing technical skills that can improve performance) and providing courses to develop IT skills and language training.

In February 2013, the yearly renewal inspection was performed for ISO Quality Certification 9001:2008, and the certification of the Occupational Health and Safety Management System under OHSAS 18001:2007 was successfully completed.

As in the past, attention continued to be devoted to environmental issues, with the implementation of a number of energy saving initiatives, such as the exclusive use of recycled paper and careful management of differentiated waste collection.

At the end of 2013 the Company had 157 employees, an increase of one from the previous year, the result of the exit of two employees and the hiring of one middle manager and two new employees. During the year the employee seconded to the Ministry of Economic Development to handle liaison duties regarding the activities and programmes entrusted to SIMEST returned to the Company.

The composition of staff for 2013 once again shows a large number of middle managers possessing the technical expertise required for SIMEST's business.

EMPLOYEES		
	Personnel at 31.12.2013	Personnel at 31.12.2012
Senior management	10	10
Middle management	78	76
Other employees	69	70
TOTAL	157	156

AVERAGE PAYROLL IN 2013		
	Average 2013	Average 2012
Senior management	10.00	10.61
Middle management	73.15	70.07
Other employees	63.72	65.18
TOTAL	146.87	145.86

The figures include part-time personnel: 25 staff at 31 December 2013
(a decrease of three from 31 December 2012)

DEVELOPMENTS IN THE MAIN ITEMS OF THE BALANCE SHEET AND INCOME STATEMENT

BALANCE SHEET

At 31 December 2013, the Company's **balance sheet** showed **assets** of €512.1 million, an increase of €65.2 million compared with the previous year (€446.9 million at 31 December 2012).

The change in **assets** primarily involved the substantial rise in the value of the portfolio of **equity investments**, which went from €396.2 million at 31 December 2012 to €459.0 million at the end of last year, the net outcome of new acquisitions amounting to €88.6 million and disposals totalling €25.7 million.

At 31 December 2013, **receivables** (which comprise receivables from customers, other assets and accrued income and prepaid expenses) came to €52.7 million, an increase of €2.5 million on the previous year, due primarily to the increase in receivables from customers (+€1.6 million).

Expenditure on **property, plant and equipment and intangible assets** amounted to €0.2 million, mainly for the upgrading of the software used to manage SIMEST's operating activities. Amortisation and depreciation totalled €0.3 million.

On the **liabilities** side, at 31 December 2013 **payables** (comprising other liabilities with the exception of financial liabilities, accrued expenses and deferred income, provisions for staff severance benefit and the tax provision) totalled €39.4 million, a decrease of €3.4 million compared with €42.8 million at 31 December 2012, mainly attributable to the decrease in payables in respect of equity investments. Financial liabilities held for trading under the item "Other liabilities", which fell by €0.5 million in 2013, represent the fair value of two financial instruments held. They are similar in nature to the provisions for risk and, therefore, for the purposes of this analysis, are included in the total for these provisions.

Developments in financial items in 2013, resulting mainly from flows in respect of investments and disposals in equity investments and the considerable expansion in the portfolio once again required use of a line of credit, leaving **financial payables** in the amount of €147.7 million at 31 December 2013.

At 31 December 2013, **provisions for liabilities and contingencies and financial liabilities** amounted to about €71.6 million, of which €3.6 million in respect of the increase in 2013 that was prompted by the need to take account of any risks associated with our business, bearing in mind the impact of the international financial and economic crisis on SIMEST's activities and providing further proof of SIMEST's financial stability. These provisions were increased significantly to cover possible financial risks, insolvencies and unrecoverable assets also attributable to the current economic environment.

More specifically, the **provision for general financial risks** amounted to €59.8 million, an increase of €4.0 million with respect to the previous year to provide both for the generic risk of losses on equity investments taking account of the size of the portfolio at the end of the year, the mix of guarantees on repurchase commitments from partners or guarantors and country risk and the risk borne by SIMEST as manager of the financial support funds under Laws 295/1973 and 394/1981 and the Venture Capital Fund.

The **provision for potential losses on receivables** at 31 December 2013 was increased by €0.3 million to €5.4 million to cover potential future losses on receivables due to insolvency or uncollectibility, while the **provision for other liabilities and contingencies** amounted to €4.9 million to take account of any charges that the Company could incur in the future.

Shareholders' equity at 31 December 2013 amounted to €253.4 million (€246.4 million at 31 December 2012), invested entirely in foreign equity investments, which at the balance-sheet date were equal to 181% of shareholders' equity. The change for the year is explained in Part D of the notes to the financial statements. **Financial commitments** at 31 December 2013 included €184.1 million for purchases of SIMEST's share of equity interests in projects that have been approved, an increase of €18.0 million on the previous year).

The cash flow statement for 2013, with comparative figures for 2012, is reported in Part D of the notes to the financial statements. At 31 December 2013, current assets (€42.4 million) exceeded current liabilities (€35.8 million) with a beneficial impact on SIMEST's general liquidity position.

RECLASSIFIED BALANCE SHEET FOR THE LAST FIVE YEARS
at 31 December (€ million)

	2013	2012	2011	2010	2009
Assets					
Equity investments	459.0	396.2	343.8	292.2	275.6
Liquid assets	---	---	---	1.0	0.1
Receivables	52.7	50.2	49.7	46.8	37.7
Property, plant and equipment and intangibles	0.4	0.5	0.4	0.5	0.7
TOTAL ASSETS	**512.1**	**446.9**	**393.9**	**340.5**	**314.1**
Liabilities and provisions					
Payables and tax provisions	39.4	42.8	42.5	34.0	24.3
Financial debt	147.7	89.7	49.4	17.5	15.3
Provisions for liabilities and contingencies and financial liabilities	71.6	68.0	62.2	55.1	45.4
TOTAL LIABILITIES	**258.7**	**200.5**	**154.1**	**106.6**	**85.0**
Shareholders' equity					
Share capital	164.6	164.6	164.6	164.6	164.6
Reserves and share premium account	75.5	68.8	63.0	58.2	54.0
Net profit for the year	13.3	13.0	12.2	11.1	10.5
TOTAL SHAREHOLDERS' EQUITY	**253.4**	**246.4**	**239.8**	**233.9**	**229.1**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**512.1**	**446.9**	**393.9**	**340.5**	**314.1**
Guarantees issued					
Commitments for equity investments to be completed	184.1	166.1	210.7	158.0	116.4
ROE	**8.1%**	**7.9%**	**7.4%**	**6.7%**	**6.4%**

INCOME STATEMENT

Last year closed with a **net profit of €13.3 million, up on the €13.0 million posted in 2012**, after provisions of €8.9 million for current and deferred income tax (€7.3 million in 2012). As a result **ROE** rose from 7.9% to 8.1%.

Total net revenues rose by **€1.2 million** in 2013, from €46.5 million in 2012 to **€47.7 million**.

Revenues from equity investments came to €24.4 million, an increase of **€4.0 million** due to positive developments in new acquisitions and disposals of equity investments, which generated fees from equity investments of **€24.3 million**, the highest level since the start of business and an increase of €4.0 million on 2012, and €0.1 million in dividends.

Revenues from professional services came to €6.2 million in 2013, down from the previous year largely due to the contraction in funding allocated for ministerial programmes managed by SIMEST. They include all income from the management of the Venture Capital Fund and specialised consulting and assistance services for foreign investment projects. They also include revenues from the administration of international expansion programmes, such as business scouting, SPRINT and the special business scouting programme carried out with Assocamerestero.

Net expenses in respect of liquid assets came to €1.8 million in 2013 (compared with net expenses of €0.9 million in 2012) as a result of expenses relating to the use of lines of credit to cover the cash flow requirements in respect of equity investments and expenses relating to the writedown of current receivables.

The management of the financial support funds generated substantial fees in 2013 (€18.1 million for the Fund set up under Law 295/1973 and €5.5 million for that set up under Law 394/1981), **exceeding by 27% the cap of €18.6 million**, taking into account the methodologies for calculating the fees and commissions for 2013 provided for in the agreement with the government for the administration of the support funds and the absence of agreements covering certain support instruments managed.

The Company's **direct costs** (€22.0 million) fell significantly compared with the previous year (€22.9 million in 2012), despite the significant increase in business volumes and management of export support activities in 2013. Administrative and operating costs (€21.4 million) were in line with 2012, in spite of the continuous qualitative and quantitative expansion of corporate processes and the impact of inflation on such costs. Costs in respect of professional services comprise both the costs for the use of in-house resources and the additional cost of outsourced professional services. Total additional costs for external professional services, which are matched by corresponding revenues in the programmes of the Ministry of Economic Development entrusted to SIMEST, came to €0.6 million, compared with €1.5 million in 2012.

Operating profit amounted to €25.7 million, compared with €23.6 million in 2012, **a substantial increase (€2.1 million).**

Provisions and writedowns for the year amounted to €5.2 million. The provisions for liabilities add up to a significant total amount with the aim of protecting the Company from any risks associated with its business operations, taking account of the continuing domestic and international recession, in line with a prudent assessment of business activities and risks.

Net extraordinary revenues included €0.7 million in respect of the net capital gains on equity investments and €1.0 million in other net extraordinary revenues.

Capital gains on equity investments regard **revenues from the disposal of equity investments**, appropriately reclassified to underscore the extraordinary nature of this income. They amounted to a considerable **€2.0 million in 2013**. Despite their non-recurring nature, they reflect the care devoted to targeted disposals, as well as the generally high quality of internal processes, from the assessment of projects to the acquisition of equity investments. Writedowns of equity investments were recognised in the amount of €1.3 million. Extraordinary revenues also include the positive impact on the income statement of €0.5 million recognised under "Gains on financial transactions" associated with the reduction in the provision for the fair value of two financial instruments entered into in 2012.

Accordingly, after the provisions and gains and losses reported above, **profit before tax came to €22.2 million, compared with €20.3 million in 2012, an increase of €1.9 million**.

Taxes for 2013 amounted to €8.9 million. As a result, net profit amounted to €13.3 million (€13.0 million in 2012). **Thus, the increase in the volume of total net revenues and the containment of operating costs led to the achievement of substantial profitability growth not only with respect to 2012 but also the strongest performance since the establishment of the Company (1991), capping five years of constant improvement.**

RECLASSIFIED INCOME STATEMENT FOR THE LAST FIVE YEARS
(€ million)

	2013	2012	2011	2010	2009
Ordinary operations					
Income from equity investments	24.4	20.4	18.1	16.9	14.7
Revenues from services	6.2	8.1	8.2	10.4	10.8
Current revenue/expense (-) in respect of liquid assets	-1.8	-0.9	-0.4	-0.5	0.1
Other operating revenue/expense (-)	0.3	0.3	0.2	0.2	0.2
Fees for administering financial support programmes	18.6	18.6	18.9	18.6	18.4
TOTAL NET REVENUES	47.7	46.5	45.0	45.6	44.2
Operating costs	-21.4	-21.4	-21.4	-21.8	-21.4
Additional costs for external professional services	-0.6	-1.5	-1.2	-2.8	-3.3
DIRECT COSTS	-22.0	-22.9	-22.6	-24.6	-24.7
OPERATING PROFIT	25.7	23.6	22.4	21.0	19.5
Allocations to provisions for general financial risks	-4,0	-3,7	-6,2	-8,8	-2,7
Allocations to provisions and writedowns for potential losses on receivables	-0.8	-0.8	-0.5	-1.1	-0.6
Allocations to provisions for liabilities and contingencies and financial liabilities	-0.4	-2.3	-0.5	-0.1	-0.1
ALLOCATIONS TO PROVISIONS AND NET WRITEDOWNS	-5.2	-6.8	-7.2	-10.0	-3.4
Capital gains (losses) on equity investments	0.7	2.5	3.3	5.1	0.5
Extraordinary revenue/expense (-)	1.0	1.0	0.3	1.1	0.3
PROFIT BEFORE TAX	22.2	20.3	18.8	17.2	16.9
Income taxes	-8.9	-7.3	-6.6	-6.1	-6.4
NET PROFIT FOR THE YEAR	13.3	13.0	12.2	11.1	10.5

SUBSEQUENT EVENTS

In accordance with Article 2364 of the Civil Code and Article 12 of the Bylaws, the Board of Directors sets out its reasons in the Report on Operations for the decision to invoke the **time limit of 180 days** (rather than the ordinary 120-day limit) from the end of the fiscal year for the annual meeting of shareholders. Specifically, in valuing the equity investments recognised in the balance sheet and their profitability and determining the amount of the provision for risks, it is necessary to obtain up-to-date information regarding the performance and financial statements both of the issuers of the guarantees to ensure that SIMEST recovers the cost of its equity investments and of the foreign companies that are its partners, so as to be able to provide a true and fair view of its own situation.
This need has been a feature of the closure of SIMEST's financial statements since its establishment in 1991.

Significant post-period events include:

- on 16 January 2014 SIMEST signed three agreements with the Ministry of Economic Development to extend the management agreements for the Venture Capital Fund, the Law 295/1973 Fund and the Law 394/1981 Fund until 31 March 2014 on the same financial terms and conditions in place at 31 December 2013;
- at its 6 February 2014 meeting, the Board of Directors of SIMEST replaced its Chairman, Vincenzo Petrone, who resigned from the Board, with Ferdinando Nelli Feroci, who was unanimously appointed a Director and Chairman by the Board at the direction of the majority shareholder;
- the Shareholders' Meeting, meeting in ordinary session on 12 March 2014, approved these resolutions to appoint Ferdinando Nelli Feroci as a Director and Chairman of the Company;
- on 12 March 2014 the Shareholders' Meeting met in extraordinary session to approve the addition of a clause (Article 16-bis) to the Company Bylaws concerning ineligibility for and forfeiture for cause of the position of Director, without entitlement to damages, and the related professional requirements and limits on the number of other offices held. This clause conforms to the directive laid down by the Ministry of the Economy and Finance on 24 June 2013 and to the previous determination made by the Ministry of the Economy and Finance on 3 May 2005;
- on 28 March 2014, SIMEST signed three agreements with the Ministry of Economic Development for the management of the Venture Capital Fund, the Law 295/1973 Fund and the Law 394/1981 Fund;
- on 6 February 2014, Vincenzo Malitesta, the head of CDP's internal audit department, was appointed to the Supervisory Body of SIMEST;
- on 14 and 15 April 2014, the annual inspection for ISO Quality Certification 9001:2008 concerning the management of all corporate activities was performed;
- on 14 and 15 April 2014, the annual inspection of the Occupational Health and Safety Management System under OHSAS 18001:2007 was performed.

Among the events that occurred following the close of the period, on 30 January 2014 the Company submitted a request for a private letter ruling pursuant to Article 11 of Law 212 of 27 July 2000 to the Revenue Agency (Lazio

Territorial Office) confirming that the corporate income tax (IRES) surtax of 8.5%, due from banks and insurance companies for 2013, does not apply to SIMEST. Although the reasons set out by SIMEST in the request suggest that the ruling will likely be in its favour, in the unlikely event that the request is not granted, the amount of supplemental IRES owed would amount to €2.056 million. In consideration of the foregoing and in anticipation of a response from the Revenue Agency (which will be issued prior to the approval of the financial statements by the Shareholders' Meeting), the Company has prudently designated said amount as not distributable in its proposed allocation of the net profit for 2013.

In the first four months of 2014, the **SIMEST** Board of Directors **approved 22 new projects, of which** 18 new investment projects and 4 capital increases/project revisions, involving a total investment on the part of the companies of **€98.5 million**, with a planned SIMEST investment of **€30.8 million**.
The geographical distribution of projects approved essentially confirmed the traditional pattern of interest in certain countries (China with 4 projects, the USA with 3, India and the Russian Federation with 2 each) and the emergence of new countries connected with specific individual projects (Moldova, Ethiopia, Malaysia, Kosovo).

Overall, **1 new project** (for a SIMEST financial commitment of **€2.8 million**) and 1 project revision were approved in the **EU area**.
In the same period, SIMEST also acquired **6 equity investments** (2 capital increases) for a total of **€9.8 million**, of which 2 EU-area equity investments (1 capital increase).
SIMEST is also in the process of acquiring **7 additional equity investments for €17.1 million**.

As regards the **Venture Capital Fund**, during the first four months of 2014 the Guidance and Oversight Committee approved participation in **16 projects**, of which 9 new investment projects and 7 capital increases/project revisions, with a total appropriation of **€7.7 million**.
Also during this period, SIMEST, acting on behalf of the Venture Capital Fund, subscribed **4 new equity investments** (1 capital increase) for a total of **€1.8 million**.

As regards SIMEST's **management of financial support facilities**, during the first four months of 2014 the Support Committee approved **96 new operations** for the sum of **€1,186.6 million**, reflecting the continued interest by Italian companies in the support instruments managed by SIMEST.
For export credit transactions under the Law 295/1973 Fund, these figures confirm the substantial stability of Italian exports of capital goods and plant, while for the subsidies under the Law 394/1981 Fund, performance in terms of the number and value of operations indicates consistent operation, mainly attributable to approvals for foreign market penetration programmes, as the suspension of the acceptance of new loan applications for the capitalisation of exporter SMEs continued.
Activity is detailed below:

- interest rate support for export credit: 36 transactions were approved for a total of €1,131.5 million. Of these transactions, buyer credit operations ("stabilisation intervention") amounted to €714.0 million and supplier credit operations in the form of fixed-rate discounting amounted to €417.5 million;
- support for investments in foreign companies: 11 applications were approved for a total of €20.5 million.
- foreign market penetration programmes:

46 new subsidised loans were granted for a total of about €34.4 million;

- prefeasibility and feasibility studies and technical assistance programmes: 3 new loans were approved for €0.2 million (for feasibility studies).

PROMOTIONAL AND DEVELOPMENT ACTIVITY

- Internationalisation road show – The opening event of the road show planned by the Steering Committee for Italian International Expansion was held in Biella on 27 January, with more than 300 companies participating. The road show is sponsored by the Ministry of Foreign Affairs and is promoted and supported by the Ministry of Economic Development. Confindustria, Unioncamere, Rete Imprese Italia and Alleanze delle Cooperative Italiane took part in addition to ICE Italian Trade Promotion Agency, SACE and SIMEST. SIMEST has participated in all the stops made thus far (Bari, Milan and Ancona).
- Saudi Arabia (Riyadh) – Confindustria, ICE, GSE and SIMEST organised an institutional and trade mission between 3 and 5 March, sponsored by the Ministry of Foreign Affairs and the Ministry of Economic Development. The mission focused on major infrastructure, clean technologies and medical sectors, areas that the Saudi government has decided to target to diversify the country's economy.
- Mexico (Mexico City) – Confindustria, ICE and SIMEST organised an institutional and trade mission between 31 March and 2 April, sponsored by the Ministry of Foreign Affairs and the Ministry of Economic Development. The mission, led by the Deputy Minister of Economic Development, was aimed at the automotive, infrastructure, green technologies and gas and oil sectors. It presented a chance for companies to gain a deeper understanding of the business opportunities in Mexico and to encourage Italian investment in that country.
- Agreements with banks – In January SIMEST and BNL renewed and expanded the existing agreement and operations currently covering the Mediterranean area to encompass the world and to focus on providing joint business scouting in Italy in order to identify and support the process of international expansion by the most qualified and competitive medium-sized firms.

OUTLOOK FOR OPERATIONS

The outlook for 2014 reflects the uncertainty concerning the rates of growth in the global economy and international trade. Global GDP is expected to rise by 3.6% in 2014. However, economic and political uncertainties involving various major countries and areas persist.

In 2014, the economy is expected to expand by 2.8% in the United States and by 1.4% in Japan, compared with a more modest increase in the Euro area (+1.2%), although it too is expected to improve. By contrast, the emerging economies should continue to expand as they did in 2013, with projected growth of 4.9%, despite the risks associated with the volatility of exchange rates for some of their currencies.

As to Italy, the protracted decline in GDP slowed in 2013 for an overall drop of 1.9%. Forecasts for 2014 point to a slight recovery (+0.6% according to the most recent International Monetary Fund projections).

Confindustria's projections show that Italian potential demand will expand at a better pace than in 2013 due to the recovery in global demand and, especially, demand in Europe, which accounts for more than half of Italian foreign sales. Given the expected slight expansion in the Italian economy, still largely driven by exports, and in domestic demand, particularly for consumption, which remains weak, the outlook for small companies and those that produce for the domestic market continues to be fragile. By contrast, companies that have expanded internationally or are more focused on the export market have performed positively in terms of both productivity and results.

In 2014 SIMEST will continue to pursue actions that support businesses in expanding into international markets and in adjusting its approach towards those countries, both emerging and mature economies, that present the greatest business opportunities.

SIMEST will continue to be active in those geographical areas where it has traditionally assisted Italian companies and has achieved significant results, such as the BRIC nations, the NAFTA area, the Western Balkans, and in areas that offer significant opportunities for Italian firms (ASEAN and a number of southern African countries), in addition to countries within the EU, where SIMEST has been gradually developing its operations since 2011.

With regard to the United States, where the policy to reindustrialise the country and develop its infrastructure is under way, the recent expansion in investment by Italian companies, particularly in greenfield projects and acquisitions of firms active in local markets, is expected to continue. Furthermore, direct industrial investment in that country could also drive production in Italy, thereby promoting exports.

SIMEST strategic approach in Italy in 2014 will continue to be to identify qualified Italian industrial partners (specifically those that display a better than average amount of competitiveness for their sectors) with whom to develop and support their overall growth and the strengthening of their position in international markets, including by acquiring control of companies in EU countries and their relative market shares.

The sectors most likely to be affected are those that are expected to have the greatest investment and profitability potential (engineering, agriculture/food products, wood/furniture, chemicals/pharmaceuticals, basic metals/steel), taking account of natural resources and local markets, as well as the classic specialisations of Italian companies, especially SMEs.

In this scenario, the most competitive enterprises (of which SMEs constitute a growing portion) are supported by SIMEST through equity investment operations and support instruments combined with effective assistance.

Therefore, in 2014 SIMEST expects to further expand its activity, mainly in the business area.

The renewal of the agreement with the Ministry of Economic Development completed on 28 March 2014 is essentially based on reimbursement of management costs accompanied by a significant reduction in commissions and fees, which will have an impact on profitability despite the policy of cost containment.

for the BOARD OF DIRECTORS
Chief Executive Officer
(Ing. Massimo D'Aiuto)

FINANCIAL STATEMENTS AT 31 DECEMBER 2013

The Company's financial statements have been prepared, as were those for the previous year, in accordance with the provisions of Legislative Decree 87 of 27 January 1992, the regulations issued by the Bank of Italy in Circular no. 103 of 31 July 1992 and other laws, interpreted and supplemented pursuant to the recommendations of the Accounting Standards Committee of the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Council of the Italian accounting profession).

Consideration was also given to the need to ensure that the financial statements provided a true and fair view of the Company's assets and liabilities, financial position and profit for the year.

The annual report includes the following documents:

- the report on the Company's operations and performance;
- the balance sheet and the income statement;
- the notes to the financial statements, comprising:
  part A – accounting policies;
  part B – information on the balance sheet;
  part C – information on the income statement;
  part D – other information.

The balance sheet and the income statement also show the figures for the previous year.

In addition, in order to provide fuller disclosure, the usual supplementary schedules have also been prepared, comprising the cash flow statement and the statement of changes in shareholders' equity, which are presented in the generally accepted formats recommended by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili.

These schedules are contained in part D ("Other information") and constitute an integral part of the annual report.

Pursuant to Article 13 of Legislative Decree 39/2010, the Shareholders' Meeting of 5 July 2012 appointed PricewaterhouseCoopers S.p.A. to perform the statutory audit of the Company's financial statements until the approval of the financial statements for 2014.

SIMEST's finance operations are subject to the oversight of the Corte dei Conti (State Audit Court) pursuant to Article 12 of Law 259/1958.

FINANCIAL STATEMENTS AT 31 DECEMBER 2013

BALANCE SHEET

(amounts in euros)

ASSETS		31/12/13	31/12/12	Change
10.	Cash on hand	9,065	10,803	(1,738)
20.	Receivables from banks:	30,044	9,452	20,592
	(a) demand	30,044	9,452	20,592
	(b) other	–	–	–
40.	Receivables from customers	33,931,168	32,317,254	1,613,914
50.	Bonds and other debt securities	–	–	–
70,	Equity investments	459,047,212	396,189,206	62,858,006
90.	Intangible assets:	286,272	378,304	(92,032)
	- start-up and expansion costs	–	–	–
	- other costs with long-term benefits	286,272	378,304	(92,032)
100.	Property, plant and equipment	97,651	120,329	(22,678)
130.	Other assets	18,516,481	17,574,748	941,733
140.	Accrued income and prepaid expenses:	231,178	278,544	(47,366)
	(a) accrued income	3,092	3,155	(63)
	(b) prepaid expenses	228,086	275,389	(47,303)
TOTAL ASSETS		512,149,071	446,878,640	65,270,431

FINANCIAL STATEMENTS AT 31 DECEMBER 2013

BALANCE SHEET

(amounts in euros)

LIABILITIES AND SHAREHOLDERS' EQUITY	31/12/13	31/12/12	Change
10. Payables to banks	147,715,829	89,704,809	58,011,020
(a) demand	147,715,829	89,704,809	58,011,020
(b) other	–	–	–
50. Other liabilities	37,258,432	40,305,376	(3,046,944)
60. Accrued expenses and deferred income	–	–	–
(a) accrued expenses	–	–	–
(b) deferred income	–	–	–
70. Staff severance benefit	3,604,703	3,547,786	56,917
80. Provisions for liabilities and contingencies:	4,896,484	5,934,960	(1,038,476)
(b) provision for taxes and duties	–	831,867	(831,867)
(c) other provisions	4,896,484	5,103,093	(206,609)
90. Provision for potential losses on receivables	5,414,809	5,114,809	300,000
100. Provision for general financial risks	59,836,728	55,836,728	4,000,000
120. Share capital	164,646,232	164,646,232	–
130. Share premium account	1,735,551	1,735,551	–
140. Reserves:	73,719,842	67,049,374	6,670,468
(a) legal reserve	20,700,397	20,050,246	650,151
(d) other reserves	53,019,445	46,999,128	6,020,317
170. Net profit (loss) for the year	13,320,461	13,003,015	317,446
TOTAL SHAREHOLDERS' EQUITY	253,422,086	246,434,172	6,987,914
TOTAL LIABILITIES	512,149,071	446,878,640	65,270,431
Guarantees and commitments			
10. Guarantees	–	–	–
20. Commitments:	184,083,000	166,055,000	18,028,000
- equity investments in non-EU and EU companies	184,083,000	166,055,000	18,028,000
TOTAL GUARANTEES AND COMMITMENTS	184,083,000	166,055,000	18,028,000

FINANCIAL STATEMENTS AT 31 DECEMBER 2013

INCOME STATEMENT

(amounts in euros)

EXPENSES		2013	2012	Change
10.	Interest expense and similar charges	1,796,984	1,046,024	750,960
30.	Losses on financial transactions	–	1,973,000	(1,973,000)
40.	Administrative expenses	21,672,782	22,504,644	(831,862)
	(a) staff costs	13,934,160	13,617,446	316,714
	- wages and salaries	10,080,895	9,780,478	300,417
	- social security contributions	2,949,913	2,896,437	53,476
	- staff severance benefit	592,258	615,828	(23,570)
	- business travel	311,094	324,703	(13,609)
	(b) other administrative expenses	7,738,622	8,887,198	(1,148,576)
50.	Amortisation and depreciation	327,668	356,317	(28,649)
70.	Allocations to provisions for liabilities and contingencies	360,000	375,000	(15,000)
80.	Allocations to provisions for potential losses on receivables	300,000	300,000	–
90.	Writedowns of bad debts	1,072,358	996,590	75,768
100.	Writedowns of financial assets	1,317,487	451, 739	865,748
110.	Extraordinary expenses	57,944	5,640	52,304
120.	Increases for the provision for general financial risks	4,000,000	3,700,000	300,000
130.	Income taxes for the year	8,876,387	7,313,076	1,563,311
TOTAL EXPENSES		39,781,610	39,022,030	759,580
140.	Net profit for the year	13,320,461	13,003,015	317,446

FINANCIAL STATEMENTS AT 31 DECEMBER 2013

INCOME STATEMENT

(amounts in euros)

REVENUES		2013	2012	Change
10.	Interest income and similar revenues:	528,903	491,037	37,866
	(a) on securities	–	–	–
	(b) on bank deposits	5	17,763	(17,758)
	(c) on other receivables	528,898	473,274	55,624
20.	Dividends and other revenues:			
	(b) on equity investments	24,418,168	20,405,291	4,012,877
25.	Revenues for services	24,902,917	26,743,993	(1,841,076)
40.	Gains on financial transactions	530,331	29	530,302
50.	Writebacks of bad debts and provisions for guarantees and commitments	5,776	150,577	(144,801)
70.	Other operating revenues	226,627	238,048	(11,421)
80.	Extraordinary income	2,489,349	3,996,070	(1,506,721)
TOTAL REVENUES		53,102,071	52,025,045	1,077,026

NOTES TO THE FINANCIAL STATEMENTS

PART A. ACCOUNTING POLICIES

The general accounting policies comply with current Civil Code regulations and the provisions of Legislative Decree 87 of 27 January 1992.

Cash and cash equivalents

Cash on hand are recognized at nominal value. Funds in foreign currencies are translated into euros at the end of the year using the exchange rate prevailing at the balance-sheet date.

Receivables and provisions for receivables

Receivables from banks regard balances on bank current accounts recognized at nominal value and the investment of liquidity for treasury purposes in repurchase operations involving the forward resale of the securities issued in the transactions, in any. The carrying amount is equal to the spot price.
For transactions maturing in the following year, interest and revenues accrued between the start of the operation (spot) and the balance-sheet date are recognized under accrued income.

Receivables from customers are carried at their estimated realisable value, adjusting their nominal value on the basis of estimates of losses expected as of the date the financial statements are approved. The estimated realisable value is calculated specifically for individual positions, taking account of the solvency of the debtor.
A prudent assessment of generic risk is also performed, in determining the provision for potential losses on receivables, in order to take account of merely potential risk of losses on receivables; the related provisions are not intended to adjust the value of the receivables.

Bonds and other debt securities

All of the debt securities held by the company are classified as current assets and are therefore recognized at market price. Since the securities are listed, market price is the arithmetic mean of prices in the final month of the year.

Equity investments

Equity investments, including those listed on regulated markets, are classified as non-current assets and are recognized at purchase or subscription cost, including incidental costs. The cost value is written down in the event of lasting impairment losses where the investee has incurred losses that cannot be rectified in the short term and there are no repurchase commitments that would ensure recovery of the cost of the investment, taking account of any guarantees.

Intangible assets and amortization

Intangible assets are recognized at cost, including any directly attributable incidental expenses, less amortization, which is calculated on the basis of the estimated future utility of the assets.

Property, plant and equipment and depreciation

Intangible assets are recognized at cost, including any directly attributable incidental expenses, less amortization, which is calculated on the basis of the estimated useful life of the assets.

Other assets

Other assets are recognized at their estimated realisable value.

Accruals and deferrals

These items are calculated on an accruals basis.

Payables to banks

These refer to current bank account overdrafts for covering cash flow requirements in respect of equity investments. The carrying amount is equal to the nominal value.

Other liabilities

Other liabilities are recognized at nominal value. This item also includes financial liabilities held for trading at fair value.

Staff severance benefit

The liability is calculated on the basis of the provisions of Article 2120 of the Civil Code and current national collective bargaining agreements.

Provisions for liabilities and contingencies

These include provisions for income taxes accrued for the year, provisions for the charge in relation to the mechanism provided for in the agreements with the Ministry of Economic Development for the management of the financial support programmes as well as provisions for charges whose amount or timing are uncertain as of the balance-sheet date.

Provisions for general financial risks

Allocations are made to this provision for prudential reasons to cover general business risk. Accordingly, the provision can be treated as an equity reserve.

Commitments

Commitments in respect of equity investments in foreign companies are recognized in the amount of the equity interest the company intends to acquire. Repurchase transactions are recognized at the forward price agreed with the counterparty.

Foreign currency transactions

Assets and liabilities denominated in foreign currencies, if any, are translated at the spot exchange rate prevailing on the balance-sheet date, with the exception of equity investments, which are carried at purchase or subscription cost in the presence of commitments to repurchase the interest that ensure the recovery of the cost of the investment.

Expenses and revenues

These are recognized on an accrual basis.

PART B. INFORMATION ON THE BALANCE SHEET
(amounts in thousands of euros)

The following section comments the content of the balance sheet accounts and the most significant changes with respect to the previous year.

ASSETS

ITEM 10	AT		CHANGE
	31.12.2013	31.12.2012	2013—2012
Cash on hand	9	11	(2)

This item reports cash on hand at 31 December in euros and foreign currencies.

ITEM 20 (a)	AT		CHANGE
	31.12.2013	31.12.2012	2013—2012
Receivables from banks: repayable on demand	30	9	21

This item reports balances on bank deposits at 31 December 2013 and includes interest income credited by the banks.

ITEM 40	AT		CHANGE
	31.12.2013	31.12.2012	2013—2012
Receivables from customers	33,931	32,317	1,614

BREAKDOWN OF RECEIVABLES AT ESTIMATED REALISABLE VALUE:		
ITEMS	AT 31.12.2013	AT 31.12.2012
• receivables in respect of equity investments	17,625	15,167
• receivables for contributions financed by dividends	2,035	1,996
• receivables for fees for management of public funds under agreements with the Ministry of Economic Development	13,579	14,712
• other receivables	692	442
	33,931	32,317

BREAKDOWN BY AVERAGE MATURITY OF RECEIVABLES:		
RESIDUAL PERIOD (NOMINAL VALUES)	AT 31.12.2013	AT 31.12.2012
• up to 3 months	9,282	10,416
• from more than 3 months up to 1 year	18,889	16,415
• unspecified (1)	9,732	8,391
• less writedowns (net of revaluations)	(3,972)	(2,905)
Value of receivables recognized	33,931	32,317

Of total writedowns (€3,972 thousand), €1,072 thousand were recognized in 2013.
Writeoffs of fully written-down receivables at 31 December 2013 totalled €1,285 thousand.

(1) Breakdown of receivables with "unspecified maturity": (nominal values)		
• past due receivables	9,732	8,391
of which		
– receivables from the Ministry of Economic Development	4,296	4,296
– receivables in respect of bankruptcy proceedings or bad debts	4,972	3,803
– receivables for default interest	464	292

Receivables from the Ministry of the Economic Development are reported gross of the allocation to the provision for liabilities and contingencies in the amount of €4,296 thousand for the mechanism in the agreements with the Ministry of the management of financial support programmes.

Pursuant to Article 2427 of the Civil Code, the company reports that there are no receivables or payables with a residual maturity of more than five years; All receivables and payables are with counterparties in Italy, with the exception of a receivable of €317 thousand in respect of a Venezuelan counterparty for fees relating to equity investments.

	AT		CHANGE
ITEM 70	31.12.2013	31.12.2012	2013—2012
Equity investments			
• in non-EU companies	379,395	349,702	29,693
• in EU companies	74,488	41,323	33,165
• in Italian companies	5,164	5,164	–
	459,047	396,189	62,858

The equity investments shown on the balance sheet are recognized in one of two ways:

- at purchase or subscription cost (book value). The book value is not written down, even if greater than fair value, since recovery of that amount is guaranteed by commitments to repurchase the investment, which may be secured by guarantees, including bank and/or insurance guarantees;
- at market value as calculated using generally accepted valuation techniques. The market value of the asset is in fact recognized only in the event of lasting impairment losses that cannot be rectified in the short term and the absence of commitments ensuring recovery of the cost (book value) of the investment. Market value is measured either on the basis of the objective criterion of the equity value of the investment or an obligatory appraisal in the event of a compulsory sale of the investment.

Using this criteria, in 2013, in the face of impairments in value, writedowns of equity investments were recognized in the total amount of €1,317 thousand.

At 31 December 2013, the overall value of equity investments reported under assets regarded 255 non-EU and EU companies with a cost of €453,883 thousand, of which €435,895 thousand paid up, and the equity investment in FINEST S.p.A. of Pordenone subscribed pursuant to Law 19/1991 in the amount of €5,164 thousand.

COMPOSITION AND CHANGES IN THE YEAR:

	2013		2012	
ITEMS	NO.	AMOUNT	NO.	AMOUNT
Equity investments at the start of the year	247	391,025	256	338,641
Increases of which:	36	88,565	31	88,322
• acquisition of new equity investments	36	77,414	31	77,360
• increase in equity interest	5	11,151	9	10,962
Decreases of which:	(28)	25,740	(40)	35,960
• sales of equity investment to partner (total)	(22)	19,564	(31)	30,845
• sales and transfers of share of equity investment	(6)	6,176	(9)	5,115
Writedowns/increased (reduced) commitments due to exchange rate differences		33		22
Net change in the year	(8)	62,858	(9)	52,384
Equity investments at the end of the year	255	453,883	247	391,025

At 31 December 2013, the commitments of Italian partners for the purchase and forward payment of shares of equity investments subscribed and paid up by SIMEST were secured in the total amount of €231,688 thousand by third-party guarantees.

The breakdown of equity investments acquired in 2013 is reported in the report on operations in the table "Equity investments in foreign companies".

ITEM 90	AT		CHANGE
	31.12.2013	31.12.2012	2013—2012
Intangible assets	286	378	(92)

COMPOSITION AND CHANGES IN THE YEAR:

ITEMS	OPENING BALANCE	PURCHASES	AMORTIZATION	CLOSING BALANCE
Other costs with long-term utility	378	186	(278)	286
Total	378	186	(278)	286

Other costs with long-term utility include expenditure for the purchase of software. The item includes expenses for updating IT procedures used to manage company operations. It also includes the costs incurred to define a multi-year business development plan.

Software costs and the costs incurred in respect of the business development plan are amortised on a straight-line basis over three years.

ITEM 100	AT		CHANGE
	31.12.2013	31.12.2012	2013—2012
Property, plant and equipment	98	120	(22)

COMPOSITION AND CHANGES IN THE YEAR:

ITEMS	OPENING BALANCE	PURCHASES	DISPOSALS	DEPRECIATION	CLOSING BALANCE
Electromechanical and electronic plant and machinery	66	18	-	(38)	46
Commercial equipment	54	10	-	(12)	52
Other assets		-	-	-	--
Total	120	28	-	(50)	98

Depreciation is calculated on a straight-line basis in relation to the use of the assets and their residual useful lives.

Purchases during the year mainly regard hardware for the information system.

ITEM 130	AT		CHANGE
	31.12.2013	31.12.2012	2013—2012
Other assets	18,516	17,575	941

BREAKDOWN OF THE ITEM:

ITEMS	2013	2012
• Receivables in respect of transfer of equity investments	9,458	10,095
• Loans to employees	4,185	3,371
• Deposits and advances for supplies and business travel	1,184	1,217
• Receivables for tax advances	790	13
• Receivables in respect of the request for the reimbursement of IRAP (regional tax on business activities)	511	511
• Receivables for prepaid IRES (corporate income tax)	2,131	2,110
• Receivables for prepaid IRAP	257	258

"Receivables in respect of transfer of equity investments" regard receivables from partners for transfers of equity investments in the process of being completed.
"Loans to employees" comprises €3,744 thousand in mortgage loans to customers for which the residual maturity of more than 5 years amounts to €2,141 thousand.
"Receivables in respect of the request for the reimbursement of IRAP" refers to the receivable for the allowance of the deductibility of IRAP pertaining to labour costs for the years from 2007 to 2011.
The composition of "receivables for prepaid IRES and IRAP" is described under "Taxes" in the income statement.

ITEM 140	AT		CHANGE
	31.12.2013	31.12.2012	2013—2012
Accrued income and prepaid expenses			
(a) accrued income	3	4	(1)
(b) prepaid expenses	228	275	(47)
	231	279	(48)

Prepaid expenses regard operating costs accruing in the following year.

COMPOSITION OF ACCRUED INCOME

ITEM 140 (a)	AT 31.12.2013	AT 31.12.2012
other	3	4
	3	4

COMPOSITION AND CHANGES IN THE YEAR:

	2013	2012
Accrued income at start of the year	4	6
Changes in the year:		
• collection of interest on security deposits accruing in previous years	(4)	(6)
• collection of interest on investments of liquidity accruing in previous years		
• interest on security deposits accruing in the year	3	4
Accrued income at end of the year	3	4

LIABILITIES AND SHAREHOLDERS' EQUITY

ITEM 10 (a)	AT		CHANGE
	31.12.2013	31.12.2012	2013—2012
Payables to banks repayable on demand	147,716	89,705	58,011

This item refers to current account overdrafts at the end of the year, mainly used for covering cash flow requirements in respect of equity investments. The carrying amount is equal to the nominal value and includes accrued fees.

ITEM 50	AT		CHANGE
	31.12.2013	31.12.2012	2013—2012
Other liabilities	37,258	40,305	(3,047)

COMPOSITION:

	AT 31.12.2013	AT 31.12.2012
• creditors for equity investments to be paid	1,073	6,105
• payables to suppliers and employees	3,662	3,740
• advances received for disposal of equity investments	27,367	25,042
• EU financial support for foreign company projects to be transferred to beneficiary companies	43	43
• social security contributions	1,082	1,026
• withholding tax for employees and self-employed workers and VAT	370	471
• dividends to shareholders	2,076	1,835
• financial liabilities held for trading	1,443	1,973
• other payables	142	70
	37,258	**40,305**

ITEM 70	AT		CHANGE
	31.12.2013	31.12.2012	2013—2012
Staff severance benefit	3,604	3,547	57

The item represents the severance liability with respect to employees in service at the end of the year, under the terms of current national collective bargaining agreements and the changes to social security regulations introduced as from 2007. Changes regarded allocations for the period of €592 thousand, less benefits paid to employees who left service, contributions paid on behalf of employees to the supplemental pension fund pursuant to Law 297/1982 and benefits transferred pursuant to Legislative Decree 124/1993, as amended, totalling €535 thousand.

Pursuant to the provisions of the 2007 Finance Act and the related implementing rules and circulars, contributions for severance benefits accruing as from 1 January 2007 are paid into supplementary pension schemes. As a result, the liability to employees in respect of severance benefits does not increase.

	AT		CHANGE
ITEM 80	31.12.2013	31.12.2012	2013–2012
Provisions for liabilities and contingencies	4,896	5,935	(1,039)
This includes:			
(b) provision for taxes and duties, of which:	-	832	(832)
- current taxes	-	832	(832)
- deferred taxes	-	-	-
(c) other provisions	4,896	5,103	(207)

"Other provisions" includes €4,296 thousand in allocations for the potential total charge associated with the mechanism provided for in the agreements with the Ministry of Economic Development for the management of the financial support programme and €600 thousand in allocation for potential charges that the Company could incur.

	AT		CHANGE
ITEM 90	31.12.2013	31.12.2012	2013–2012
Provision for potential losses on receivables	5,415	5,115	300

The provision for potential losses on receivables was raised to €5,415 thousand in 2013 as a result of the allocation of €300 thousand. The provision is intended to cover potential future losses on receivables due to insolvency or uncollectibility.

	AT		CHANGE
ITEM 100	31.12.2013	31.12.2012	2013–2012
Provision for general financial risks	59,837	55,837	4,000

The provision was increased by €4,000 thousand in 2013 to cover general business risk. It can be considered an equity reserve. The adjustment was made to protect the Company against the potential risks associated with its business activities, taking account of the impact of the actions taken by SIMEST to face any financial risks connected with the current international economic and political environment.

	AT		CHANGE
ITEM 120	31.12.2013	31.12.2012	2013–2012
Share capital	164,646	164,646	-

At 31 December 2013, share capital amounted to €164,646 thousand, fully subscribed and paid up. It is represented by 316,627,369 shares with a par value of €0.52 each.

ITEM 130	AT		CHANGE
	31.12.2013	31.12.2012	2013—2012
Share premium account	1,736	1,736	-

The share premium account regarded a total of 22,403,298 shares.

ITEM 140	AT		CHANGE
	31.12.2013	31.12.2012	2013—2012
Reserves of which:	73,719	67,049	6,670
(a) legal reserve	20,700	20,050	650
(b) other reserves of which:	53,019	46,999	6,020
• pursuant to Article 88.4 of Presidential Decree 917/86	5,165	5,165	-
• extraordinary reserve	47,854	41,834	6,020

The legal reserve increased by €650 thousand, corresponding to 5% of net profit for 2012 pursuant to the resolution of the Shareholders' Meeting of 20 June 2013.
The reserve pursuant to Article 88.4 of Presidential Decree 917/1986 regards the capital contribution received from the Ministry of Economic Development to subscribe the equity investment in FINEST S.p.A. of Pordenone, as established by Law 19 of 9 January 1991.
The extraordinary reserve increased by €6,020 thousand following the allocation of part of net profit for 2012.

ITEM 170	AT		CHANGE
	31.12.2013	31.12.2012	2013—2012
Net profit for the year	13,320	13,003	317

During 2013 the shareholders were paid dividends totalling €6,333 thousand. The remainder of the profit for 2012 in the amount of €6,670 thousand was allocated to reserves as reported above.

At 31 December 2013 shareholders' equity totalled €253,422 thousand, an increase of €6,988 thousand on the previous year due to net profit for 2013, less dividends paid.

Pursuant to the accounting standards governing shareholders' equity, the following additional information is provided:

Reserves or other provisions that in the event of their distribution do not form part of the Company's taxable income, regardless of the period over which they were established:

(amounts in thousands of euros)

RESERVES	VALUE
Share premium account	1,736
Reserve pursuant to Article 88.4 of Presidential Decree 917/1986	5,165
Extraordinary reserve	47,854
Total	54,755

The following schedule details shareholders' equity:

(amounts in euros)

	Amount	Possible uses (*)	Amount available	Uses in the last three years to cover losses	Uses in the last three years for other reasons
Share capital	164,646,232	B	164,646,232	-	-
Share premium account	1,735,551	A, B, C (**)	1,735,551	-	-
Legal reserve	20,700,397	B	20,700,397	-	-
Reserve pursuant to Article 88.4 of Presidential Decree 917/86	5,164,569	A, B, C	5,164,569	-	-
Extraordinary reserve	47,854,876	A, B, C	47,854,876	-	-
Total	240,101,625		240,101,625	-	-

(*) A: for capital increase; B: for coverage of losses; C: for distribution to shareholders
(**) The distribution of the share premium account is subject to the legal reserve reaching an amount equal to 20% of share capital

Guarantees and commitments

ITEM 10	AT 31.12.2013	AT 31.12.2012	CHANGE 2013—2012
Guarantees			
- issued for promotional projects	–	–	–

At 31 December 2013 SIMEST had issued no guarantees in favour of third parties.

ITEM 20	AT 31.12.2013	AT 31.12.2012	CHANGE 2013—2012
Commitments of which:	184,083	166,055	18,028
equity investments in non-EU and EU companies	184,083	166,055	18,028

The item comprises commitments to purchase equity interests in non-EU and EU companies.

COMPOSITION AND CHANGES IN THE YEAR:

ITEM	
Commitments to purchase equity interests in foreign companies at 31 December 2012	166,055
Operations in 2013:	
+ commitments approved for equity investments in non-EU and EU companies	138,956
- commitments implemented with acquisition of equity investments	88,564
- excess commitments for equity investments acquired and cancellation of projects	32,364
= Commitments to purchase equity interests in foreign companies at 31 December 2013	184,083

PART C. INFORMATION ON THE INCOME STATEMENT

EXPENSES

ITEM 10	2013	2012	CHANGE
Interest expense and similar charges	1,797	1,046	751

The item reports interest expense (€1,169 thousand) accrued on bank current account overdrafts and differences accrued on financial instruments held for trading (€628 thousand) opened, with a view to matching funding and lending, to meet cash flow requirements in respect of equity investments.

ITEM 30	2013	2012	CHANGE
Losses on financial transactions	-	1,973	(1,973)

As discussed in the report on operations, the item for 2012 refers to the period-end measurement of the fair value of two financial instruments held for trading obtained to ensure greater matching of funding and lending, taking account of the need to achieve financial balance in the cycle of acquiring and disposing of equity investments.

ITEM 40	2013	2012	CHANGE
Administrative expenses	21,673	22,504	(831)

Includes **staff costs**:

ITEM 40 (a)	2013	2012	CHANGE
• wages and salaries	10,081	9,780	301
• social security contributions	2,950	2,896	54
• staff severance benefit	592	616	(24)
• business travel	311	325	(14)
	13,934	13,617	317

OTHER ADMINISTRATIVE EXPENSES:

ITEM 40 (b)	2013	2012	CHANGE
• operating costs	4,075	4,021	54
• taxes and duties and non-deductible VAT	982	1,208	(226)
• insurance and other staff expenses	860	869	(9)
• fees and expenses for corporate bodies	610	727	(117)
• fees and expenses for statutory auditing of the accounts	113	33	80
Subtotal	*6,640*	*6,858*	*(218)*
• fees and expenses for outsourced professional service	601	673	(72)
	7,241	7,531	(290)

and **external costs incurred for programmes:**

programmes on behalf of the Ministry of Economic Development	498	1,356	(858)

TOTAL OTHER ADMINISTRATIVE EXPENSES	7,739	8,887	(1,148)

ITEM 50	2013	2012	CHANGE
Amortisation and depreciation	328	356	(28)

Includes the amortisation and depreciation detailed in "Property, plant and equipment and intangible assets" under assets on the balance sheet.

ITEM 70	2013	2012	CHANGE
Allocations to provisions for liabilities and contingencies	360	375	(15)

An allocation was made to the provisions for liabilities and contingencies to cover any possible charges that the Company may incur in the future.

ITEM 80	2013	2012	CHANGE
Allocations to provision for potential losses on receivables	300	300	-

It was found necessary to adjust the provision to cover the potential risk of insolvency or uncollectibility.

ITEM 90	2013	2012	CHANGE
Writedowns of bad debts	1,072	997	75

This mainly comprises the writedowns reported under item 40 of assets on the balance sheet.

ITEM 100	2013	2012	CHANGE
Writedowns of financial assets	1,317	452	865

This item refers to the writedowns of the interests in the equity investments held by the Company performed during the year in accordance with the applicable valuation polices.

ITEM 110	2013	2012	CHANGE
Extraordinary expenses	58	6	52

This item contains the expenses with respect to out-of-period expenses recognised during the year.

ITEM 120	2013	2012	CHANGE
Increases in the provision for general financial risks	4,000	3,700	300

The allocation reflects the need to cover potential general business risks in respect of both the generic risk of losses on equity investments and the generic risk borne by SIMEST as manager of the financial support funds under Laws 295/1973 and 394/1981 and the Venture Capital Fund.

ITEM 130	2013	2012	CHANGE
Income taxes for the year:	8,876	7,313	1,563
(+) Current taxes, of which:	8,896	7,429	1,467
IRES	6,653	5,448	1,205
IRAP	2,243	1,981	262
(+) Deferred tax liabilities, of which:	-	-	-
IRES	-	-	-
IRAP	-	-	-
(-) Deferred tax assets, of which:	20	116	(96)
IRES	21	116	(95)
IRAP	(1)	-	(1)

In 2013 allocations for current and deferred tax liabilities amounted to €6,632 thousand in respect of IRES and €2,242 thousand in respect of IRAP.
For deferred tax items, on the basis of the calculation of deferred tax assets and liabilities at 31 December 2013, a receivable of €2,388 thousand was recognised.

The following table details the calculation of deferred tax items:

RECOGNITION OF DEFERRED TAX LIABILITIES AND ASSETS

(amounts in euros)

	2013			2012		
	Amount of temporary differences	Tax rate %	Tax effect	Amount of temporary differences	Tax rate %	Tax effect
Deferred tax assets:						
• Employee bonuses and renewal of collective bargaining agreement	1,326,296	27.50	364,731	1,300,296	27.50	337,581
• INPS contributions on employee bonuses and renewal of collective bargaining agreement	319,098	33.07	105,526	337,034	33.07	111,457
• Provision for indemnity for management of financial support programmes	4,131,655	33.07	1,366,338	4,131,655	33.07	1,366,338
• Provision for interest on indemnity for management of financial support programmes	164,839	33.07	54,512	164,839	33.07	54,512
• Provision for fees and expenses accruing in other financial years	86,969	27.50	23,916	96,969	27.50	26,667
• Provision for sundry liabilities	130,000	27.50	35,750	566,600	27.50	155,816
• Writedowns of bad debts	1,589,700	27.50	437,168	1,075,205	27.50	295,681
TOTAL	7,748,557		2,387,941	7,672,598		2,368,052
Deferred tax liabilities (decrease):	-	-	-	-	-	-
TOTAL	-		-	-		-
Net deferred tax assets (liabilities) *of which:*			2,387,941			2,368,052
IRES			2,130,853			2,109,964
IRAP			257,088			258,088

In accordance with the principle of prudence, deferred tax assets in respect of allocations to the provision for general financial risks and the provision for potential losses on receivables are not recognised since, partly in view of the nature of the items, which can be treated as equity reserves, it is not reasonably certain that such items would be reversed.

REVENUES

ITEM 10	2013	2012	CHANGE
Interest income and similar revenues of which:	529	491	38
(a) on securities	-	-	-
(b) on bank deposits	-	18	(18)
(c) on other receivables	529	473	56

COMPOSITION OF INTEREST INCOME AND SIMILAR REVENUES ON OTHER RECEIVABLES:

	2013	2012	CHANGE
Other interest income and revenues on receivables	529	473	56
	529	**473**	**56**

ITEM 20	2013	2012	CHANGE
Dividends and other revenues			
(b) on equity investments	**24,418**	20,405	4,013

This item comprises fees received for technical assistance provided to partner companies in the amount of €24,302 thousand (€20,290 thousand in 2012), dividends of €116 thousand (€115 thousand in 2012) net of €997 thousand in dividends transferred to partners in performance of contractual obligations.

ITEM 25	2013	2012	CHANGE
Revenues for services of which:	24,903	26,744	(1,841)
• fees for administering financial support programmes	18,645	18,645	-
• revenues for cost defrayment fees and professional services	6,258	8,099	(1,841)

COMPOSITION:

	2013	2012	CHANGE
• fees for administering financial support programmes provided for in Laws 295/1973 and 394/1981 under agreements with the Ministry of Economic Development	18,645	18,645	-
• fees for administering the Venture Capital Fund and the Start-up Fund	5,216	5,776	(560)
• cost defrayment payments for costs of Ministry of Economic Development programmes	797	2.188	(1,391)
• fees for technical assistance to companies for foreign projects	245	135	110
	24,903	**26,744**	**(1,841)**

Fees for the administration of financial support programmes in 2013 came to €18,049 thousand for Law 295/1973 and €5,538 thousand for Law 394/1981 programmes. For both Funds, the Company reports the maximum amount of €18,645 thousand provided for in the agreement with the Ministry for Economic Development for the administration of the Funds.

ITEM 40	2013	2012	CHANGE
Gains on financial transactions	530	-	530

This item refers to the period-end measurement of the fair value of two financial instruments held for trading obtained to ensure greater matching of funding and lending, taking account of the need to achieve financial balance in the cycle of acquiring and disposing of equity investments.

ITEM 50	2013	2012	CHANGE
Writebacks of bad debts and provisions for guarantees and commitments	6	151	(145)

ITEM 70	2013	2012	CHANGE
Other operating revenues	227	238	(11)

This mainly includes the payments to defray costs for services associated with the administration of financial support programmes and the Venture Capital Fund and the reimbursement of business travel to investee companies.

ITEM 80	2013	2012	CHANGE
Extraordinary income	2,489	3,996	(1,507)

Extraordinary income regards gains on the sale of equity investments in companies in the amount of €2,017 thousand (€2,961 thousand in 2012) and out-of-period revenues of €472 thousand (€1,035 thousand in 2012).

PART D. OTHER INFORMATION

1. EMPLOYEES

At 31 December 2013 the company had 157 employees, of which 10 senior managers, 78 middle managers and 69 office employees. In 2013, the average payroll was 146.9 employees.

	Employees at 31.12.2012	Change in 2013			Employees at 31.12.2013
		Terminations	Hires	Promotions	
Senior managers	10				10
Middle managers	76	-1	+1	+2	78
Other employees	70	-1	+2	-2	69
TOTAL	156	-2	+3	-	157

Promotions are reported as the net change in the categories.

2. COMPENSATION OF BOARD OF DIRECTORS AND BOARD OF AUDITORS

In 2013 compensation and attendance fees paid to members of the boards of directors and auditors amounted to €501,889, broken down as follows

- €424,993 to directors;
- €76,896 to auditors.

3. CASH FLOW STATEMENT FOR 2013 WITH COMPARATIVE FIGURES FOR 2012

thousands of euros

	2013	2012
I. Cash and cash equivalents - Opening balance	(89,685)	(49,420)
Liquidity generated by operations		
Net profit	13,320	13,003
Amortisation and depreciation for the year	327	356
Change in provisions for liabilities and contingencies/staff severance benefit	3,319	4,313
(a)	**16,966**	**17,672**
Change in working capital		
Receivables, accrued income and prepaid expenses	(2,507)	(480)
Payables and accrued expenses	(3,046)	1,761
(b)	**(5,553)**	**1,281**
Outflows for investments		
Capital goods	214	501
Equity investments acquired	88,598	88,322
Dividends	6,333	6,333
(c)	**95,145**	**95,156**
Inflows for investments		
Equity investments sold	25,740	35,938
(d)	**25,740**	**35,938**
II. Change in cash and cash equivalents = (a + b - c + d)	(57,992)	(40,265)
III. Cash and cash equivalents/(financial debt) - Closing balance = (I + II)	(147,677)	(89,685)

4. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY IN THE YEARS ENDING AT 31 DECEMBER 2013 AND 2012

(thousands of euros)

	Share capital	Share premium account	Legal reserve	Other reserves		Net profit for the year	Total
				Art. 88, Para. 4 Pres Dec. 917/86	Extraordinary reserve		
Shareholders' equity at 31.12.2011	164,646	1,736	19,441	5,165	36,591	12,186	239,765
Allocation of net profit for 2011			609		5,243	(5,852)	-
Dividends						(6,334)	(6,334)
Net profit for 2012						13,003	13,003
Shareholders' equity at 31.12.2012	164,646	1,736	20,050	5,165	41,834	13,003	246,434
Allocation of net profit for 2012			650		6,020	(6,670)	-
Dividends						(6,333)	(6,333)
Net profit for 2013						13,321	13,321
Shareholders' equity at 31.12.2013	164,646	1,736	20,700	5,165	47,854	13,321	253,422

5. HIGHLIGHTS OF THE COMPANY THAT EXERCISES MANAGEMENT AND COORDINATION

In accordance with Article 2497-bis, paragraph 4, of the Italian Civil Code, the following tables contain highlights from the most recent financial statements of the parent company, Cassa Depositi e Prestiti società per azioni.

Cassa depositi e prestiti società per azioni

Registered office in Rome, Via Goito no. 4, Tax ID no. 80199230584

BALANCE SHEET

(euros)

ASSETS	31/12/2012	31/12/2011
10. Cash and cash equivalents	4,061	2,237
20. Financial assets held for trading	640,480,778	581,080,782
40. Financial assets available for sale	4,975,191,408	2,714,382,743
of which securing covered bonds	-	200,479,303
50. Financial assets held to maturity	16,730,803,183	9,289,252,925
60. Loans to banks	13,178,302,664	19,404,824,607
of which securing covered bonds	*575,161,865*	*5,138,958,155*
70. Loans to customers	238,305,758,261	220,537,662,851
of which securing covered bonds	*2,102,395,438*	-
80. Hedging derivatives	371,592,827	359,793,786
100. Equity investments	30,267,806,038	19,641,548,187
110. Property, plant and equipment	206,844,583	199,727,962
120. Intangible assets	7,142,943	4,574,652
130. Tax assets	508,263,385	617,523,230
a) current	359,110,010	399,759,826
b) deferred	149,153,375	217,763,404
150. Other assets	239,289,471	235,665,166
TOTAL ASSETS	305,431,479,602	273,586,039,128

Cassa depositi e prestiti società per azioni

Registered office in Rome, Via Goito no. 4, Tax ID no. 80199230584

BALANCE SHEET

(euros)

LIABILITIES AND EQUITY	31/12/2012	31/12/2011
10. Due to banks	34,055,028,612	19,415,892,384
20. Due to customers	242,303,149,301	227,042,396,990
30. Securities issued	6,672,411,389	8,512,364,699
of which covered bonds	*2,639,474,757*	*5,307,748,156*
40. Financial liabilities held for trading	477,087,678	471,815,234
60. Hedging derivatives	2,575,862,638	2,621,250,529
70. Adjustment of financial liabilities hedged generically (+/-)	56,412,601	60,440,182
80. Tax liabilities	915,731,204	443,585,327
a) current	818,196,453	356,236,426
b) deferred	97,534,751	87,348,901
100. Other liabilities	1,527,970,453	538,517,108
110. Staff severance pay	750,996	732,560
120. Provisions	11,789,925	9,681,415
b) other provisions	11,789,925	9,681,415
130. Valuation reserves	965,418,317	1,081,113,568
160. Reserves	9,517,249,132	8,276,343,556
180. Share capital	3,500,000,000	3,500,000,000
200. Net income for the period (+/-)	2,852,617,356	1,611,905,576
TOTAL LIABILITIES AND EQUITY	305,431,479,602	273,586,039,128

Cassa depositi e prestiti società per azioni
Registered office in Rome, Via Goito no. 4, Tax ID no. 80199230584

INCOME STATEMENT
(euros)

ITEMS	31/12/2012	31/12/2011
10. Interest income and similar revenues	10,590,682,908	7,737,829,670
20. Interest expense and similar charges	(7,068,867,902)	(5,408,988,524)
30, Net interest income	**3,521,815,006**	**2,328,841,146**
40. Commission income	38,348,222	15,704,980
50. Commission expense	(1,650,123,072)	(1,504,737,356)
60. Net commission income	**(1,611,774,850)**	**(1,489,032,376)**
70. Dividends and similar revenues	1,206,749,144	1,229,134,522
80. Net gain (loss) on trading activities	156,407,006	(17,238,205)
90. Net gain (loss) on hedging activities	(10,120,204)	(27,825,910)
100. Gains (losses) on disposal or repurchase of:	389,563,961	6,425,648
a) loans	19,469,378	6,074,385
b) financial assets available for sale	366,189,473	345,580
c) financial assets held to maturity	145,310	5,683
d) financial liabilities	3,759,800	-
120. Gross income	**3,652,640,063**	**2,030,304,825**
130. Net impairment adjustments of:	(22,884,956)	(10,188,369)
a) loans	(22,097,331)	(7,565,679)
d) other financial transactions	(787,625)	(2,622,690)
140. Financial income (expense), net	**3,629,755,107**	**2,020,116,456**
150. Administrative expenses:	(103,285,487)	(85,168,357)
a) staff costs	(54,205,757)	(50,780,722)
b) other administrative expenses	(49,079,730)	(34,387,635)
160. Net provisions	(2,058,191)	(350,298)
170. Net adjustments of property, plant and equipment	(5,225,787)	(5,677,509)
180. Net adjustments of intangible assets	(2,464,066)	(2,210,473)
190. Other operating income (costs)	3,504,759	3,730,374
200. Operating costs	**(109,528,772)**	**(89,676,263)**
210. Gains (losses) on equity investments	147,334,875	(13,861,048)
240. Gains (losses) on the disposal of investments	(107,901)	-
250. Income (loss) before tax from continuing operations	**3,667,453,309**	**1,916,579,145**
260. Income tax for the period on continuing operations	(814,835,953)	(304,673,569)
270. Income (loss) after tax on continuing operations	**2,852,617,356**	**1,611,905,576**
290. Income (loss) for the period	2,852,617,356	1,611,905,576

Cassa depositi e prestiti società per azioni

Registered office in Rome, Via Goito no. 4, Tax ID no. 80199230584

STATEMENT OF CHANGES IN EQUITY

(euros)

	Balance at 31.12.11	Changes in opening balance	Balance at 1.1.12	Allocation of net income for previous year: Reserves	Allocation of net income for previous year: Dividends and other allocations	Changes for the period: Changes in reserves	Equity transactions: Issue of new shares	Equity transactions: Purchase of own shares	Equity transactions: Special dividend distribution	Equity transactions: Changes in equity instruments	Equity transactions: Derivatives on own shares	Equity transactions: Stock options	Comprehensive income for 2012	Equity at 31.12.12
Share capital:														
a) ordinary shares	2.450.000.000		2.450.000.000											2.450.000.000
b) preference shares	1.050.000.000		1.050.000.000											1.050.000.000
Share premium reserve														
Reserves:														
a) income	8.276.343.556		8.276.343.556	1.240.905.576										9.517.249.132
b) other														
Valuation reserves:														
a) available for sale	916.941.766		916.941.766										(139.907.692)	777.034.074
b) cash flow hedges	(3.400.200)		(3.400.200)										24.212.441	20.812.241
c) other reserves														
- revaluation of property	167.572.002		167.572.002											167.572.002
Equity instruments														
Treasury shares														
Income (loss) for the period	1.611.905.576		1.611.905.576	(1.240.905.576)	(371.000.000)								2.852.617.356	2.852.617.356
Equity	**14.469.362.700**		**14.469.362.700**	-	**(371.000.000)**								**2.736.922.105**	**16.835.284.805**

STATEMENT OF CHANGES IN EQUITY

(euros)

	Balance at 31.12.10	Changes in opening balance	Balance at 1.1.11	Allocation of net income for previous year: Reserves	Allocation of net income for previous year: Dividends and other allocations	Changes for the period: Changes in reserves	Equity transactions: Issue of new shares	Equity transactions: Purchase of own shares	Equity transactions: Special dividend distribution	Equity transactions: Changes in equity instruments	Equity transactions: Derivatives on own shares	Equity transactions: Stock options	Comprehensive income for 2011	Equity at 31.12.11
Share capital:														
a) ordinary shares	2.450.000.000		2.450.000.000											2.450.000.000
b) preference shares	1.050.000.000		1.050.000.000											1.050.000.000
Share premium reserve														
Reserves:														
a) income	6.233.823.643		6.233.823.643	2.042.519.913										8.276.343.556
b) other														
Valuation reserves:														
a) available for sale	1.088.305.993		1.088.305.993										(171.364.227)	916.941.766
b) cash flow hedges	(5.741.208)		(5.741.208)										2.341.008	(3.400.200)
c) other reserves														
- revaluation of property	167.572.002		167.572.002											167.572.002
Equity instruments														
Treasury shares														
Income (loss) for the period	2.742.519.913		2.742.519.913	(2.042.519.913)	(700.000.000)								1.611.905.576	1.611.905.576
Equity	**13.726.480.343**		**13.726.480.343**	-	**(700.000.000)**								**1.442.882.357**	**14.469.362.700**

Cassa depositi e prestiti società per azioni

Registered office in Rome, Via Goito no. 4, Tax ID no. 80199230584

CASH FLOW STATEMENT (INDIRECT METHOD)

(euros)

A. OPERATING ACTIVITIES	31/12/2012	31/12/2011
1. Operations	(1,268,664,051)	4,407,689,471
- net income for the year (+/-)	2,852,617,356	1,611,905,576
- gains (losses) on financial assets held for trading and on financial assets/liabilities at fair value (-/+)	(137,571,535)	8,996,389
- gains (losses) on hedging activities (-/+)	(200,183,695)	(189,561,628)
- net impairment adjustments (+/-)	22,884,956	10,188,369
- net value adjustments to property, plant and equipment and intangible assets (+/-)	7,689,853	7,887,982
- net provisions and other costs/revenues (+/-)	7,428,900	7,050,418
- unpaid taxes and duties (+)	814,835,953	304,673,569
- net impairment adjustments of disposal groups held for sale net of tax effect (+/-)	-	-
- writedowns/writebacks of equity investments (+/-)	-	13,861,048
- other adjustments (+/-)	(4,636,365,839)	2,632,687,748
2. Cash generated by/used in financial assets	(1,358,378,980)	(14,525,818,442)
- financial assets held for trading	78,171,539	266,360,752
- financial assets at fair value	-	-
- financial assets available for sale	(2,030,319,043)	(669,973,585)
- loans to banks: on demand	-	-
- loans to banks: other	6,948,868,710	(10,121,091,617)
- loans to customers	(6,374,480,471)	(4,060,860,800)
- other assets	19,380,285	59,746,809
3. Cash generated by/used in financial liabilities	34,558,471,140	18,405,402,883
- due to banks: on demand	-	-
- due to banks: other	14,456,286,818	11,561,064,716
- due to customers	20,235,839,912	7,427,749,672
- securities issued	(1,720,450,110)	795,615,500
- financial liabilities held for trading	5,272,444	(468,218,474)
- financial liabilities at fair value	-	-
- other liabilities	1,581,522,076	(910,808,531)
Cash generated by/used in operating activities	31,931,428,109	8,287,273,912

B. INVESTING ACTIVITIES	31/12/2012	31/12/2011
1. Cash generated by	24,715,175,635	259,988,457
• sale of equity investments	2,034,309,999	-
• dividends from equity investments	-	-
• sale of financial instruments held to maturity	22,680,756,000	259,988,457
• sale of property, plant and equipment	109,636	-
2. Cash used in	(42,581,105,251)	(7,589,857,643)
• purchase of equity investments	(12,660,567,850)	(1,072,800,000)
• purchase of financial assets held to maturity	(29,903,053,001)	(6,509,653,862)
• purchase of property, plant and equipment	(12,452,043)	(5,592,908)
• purchase of intangible assets	(5,032,357)	(1,810,872)
Cash generated by/used in investing activities	(17,865,929,616)	(7,329,869,186)
C. FINANCING ACTIVITIES		
• dividend distribution and other allocations	(371,000,000)	(700,000,000)
Cash generated by/used in financing activities	(371,000,000)	(700,000,000)
CASH GENERATED/USED DURING THE YEAR	13,694,498,493	257,404,726
RECONCILIATION Items (*)		
Cash and cash equivalents at beginning of year	124,035,182,663	123,777,777,937
Total cash generated/used during the year	13,694,498,493	257,404,726
Cash and cash equivalents: effects of changes in exchange rates	-	-
Cash and cash equivalents at end of year	137,729,681,156	124,035,182,663

(*) The cash and cash equivalents reported in the cash flow statement comprise the balance of item 10 "Cash and cash equivalents" of the balance sheet, the balance on the current account held with the Central State Treasury reported under item 70 "Loans to customers" and the positive balance on bank accounts reported under item 60 "Loans to banks" net of current accounts with a negative balance reported under item 10 "Due to banks" of liabilities.

The financial highlights of the parent company, Cassa Depositi e Prestiti S.p.A., shown in the statement required by Article 2497-bis of the Italian Civil Code, are drawn from the financial statements for the year ended 31 December 2012. For a more thorough discussion of the income statement, balance sheet and cash flow statement of Cassa Depositi e Prestiti S.p.A. at 31 December 2012, please refer to that company's financial statements, which, along with the auditor's report, are available as prescribed by law.

M. D'Aiuto

for the BOARD OF DIRECTORS
Chief Executive Officer
(Ing. Massimo D'Aiuto)

PROPOSED ALLOCATION OF NET PROFIT FOR THE YEAR
(amounts in euros)

Net profit	13,320,461
• 5% to legal reserve	666,023
• dividend of 2.0 cents per share	6,332,547
• to extraordinary reserve	6,321,891

– of which €2,056,486 not available for distribution, to possibly be allocated to a special Reserve in the event the request for clarification with regard to IRES discussed in "subsequent events" section is unsuccessful.

REPORT OF THE BOARD OF AUDITORS

Società Italiana per le Imprese all'Estero – SIMEST S.p.A.
Registered office: Corso Vittorio Emanuele II, 323 - Rome
Paid-up share capital €164,646,231.88
Tax ID and Rome Company Register No. 04102891001 – R.E.A. No. 730445
A company subject to the management and coordination of Cassa Depositi e Prestiti S.p.A

* * *

Report of the Board of Auditors to the Shareholders' Meeting Pursuant to Article 2429 of the Civil Code

* * *

Financial Statements at 31 December 2013

Shareholders,
The Board would first like to note that the bylaws of Società Italiana per le Imprese all'Estero – SIMEST S.p.A., amended in compliance with Legislative Decree 6/2003, adopt the so-called "traditional" system referred to in Articles 2380 et seq. of the Italian Civil Code in the administration and control area. PricewaterhouseCoopers has been engaged, with the resolution of the Shareholders' Meeting of 5 July 2012, to perform the statutory audit of the accounts until the approval of the financial statements for 2014. The Company has been subject to the management and coordination of Cassa Depositi e Prestiti S.p.A. since September 2013.

Oversight activity

During the year ended at 31 December 2013, the Board's activity was carried out in compliance with the rules of conduct for boards of auditors recommended by the National Council of the Italian accounting profession.
The Board monitored compliance with the law and the articles of incorporation and with the principles of sound administration.
The Board participated in the Ordinary and Extraordinary Shareholders' Meeting of 26 March 2013 and the Ordinary Shareholders' Meeting of 20 June 2013, the work of which was completed on 4 July 2013. The Board also participated in meetings of the Board of Directors (12), which were conducted in compliance with the provisions of the bylaws and applicable legislation. You can reasonably be assured that the actions resolved comply with the law and the bylaws and were not manifestly imprudent or otherwise prejudicial to the integrity of the Company's assets.
During the year, at the intervals established by Article 2381.5 of the Civil Code, the Board of Directors provided us information on the general performance of operations and expected future developments, as well as on transactions of particular significance, either owing to their size and/or features, and you can reasonably be assured that the actions taken comply with the law

and the bylaws. Based on the information obtained from the directors and through meetings with the independent auditors responsible for the statutory audit we found no atypical and/or unusual transactions during 2013. Transactions with related parties carried out with the controlling shareholder, Cassa Depositi e Prestiti S.p.A, and the members of the CDP Group appear to have been carried out in the interests of the Company and on market terms.

The Board examined and monitored, within the scope of our responsibilities, the organisational structure of the Company and the administrative and accounting system, as well as the reliability of the latter in correctly representing operational events, by obtaining information from individual department heads and the independent auditors responsible for the statutory audit and by examining corporate documentation.

The Board received no complaints pursuant to Article 2408 of the Civil Code.

The Board monitored the work of the Supervisory Body by virtue of the Company's adoption of the compliance model envisaged under Legislative Decree 231/01.

In addition, SIMEST's finance operations are subject to the oversight of the Corte dei Conti (State Audit Court) pursuant to Article 12 of Law 259/1958.

During the course of our oversight activity, no significant facts emerged that would require special mention in this report.

The Board of Auditors held 7 meetings during the year, to which the Director designated by the State Audit Court was always invited, including 1 periodic meeting with the external auditors responsible for the statutory audit, during which no significant information emerged that would require special mention in this report.

Financial statements and report on operations

The Board has examined the draft financial statements for the year ended 31 December 2013, provided to us in accordance with Article 2429 of the Civil Code and which report a net profit of €13,320,461, and offer the following comments.

As this body is not responsible for performing the statutory audit of the financial statements, we monitored the general approach to their preparation and their general compliance with the provisions of law concerning their formation and structure. In this regard the Board notes that on 30 January 2014 the Company submitted a request for a private letter ruling pursuant to Article 11 of Law 212 of 27 July 2000 to the Revenue Agency (Lazio Territorial Office) confirming that the corporate income tax (IRES) surtax of 8.5%, due from banks and insurance companies for 2013, does not apply to SIMEST. Although the reasons set out by SIMEST in the request suggest that the ruling will likely be in its favour, in the unlikely event that the request is not granted, the amount of supplemental IRES owed would amount to €2.056 million. In anticipation of a response from the Revenue Agency (which will be issued prior to the approval of the financial statements by the Shareholders' Meeting), the SIMEST Board of Directors has prudently designated said amount as not distributable in its proposed allocation of the net profit for 2013.

In examining matters regarding the process of their preparation, we agreed to the recognition of intangible assets in the balance sheet, in accordance with Article 2426.5 of the Civil Code, more information about which is provided in the notes to the financial statements.

The Board has ascertained that the financial statements correspond to the information at our

disposal, following the performance of our duties, and we have no special comments in this regard.
The Board has also verified compliance with the provisions of law governing the preparation of the report on operations and has no comments that would require special mention here. In their audit report, the external auditors certified that the report on operations is consistent with the Company's financial statements.
To the best of our knowledge, in preparing the financial statements the Board of Directors did not have recourse to the departures admitted pursuant to Article 2423.4 of the Civil Code.

In view of the foregoing and taking account of the findings of the external auditors responsible for the statutory audit, which are contained in their report accompanying the financial statements issued on 27 May 2014, we recommend that you approve the financial statements for the year ended 31 December 2013, noting that the proposed allocation of net profit for the year does not conflict with the provisions of law or the bylaws.

Rome, 27 May 2014

The Board of Auditors

D.ssa Ines Russo	(Chairman)
D.ssa Maria Cristina Bianchi	(Auditor)
Dott. Giampietro Brunello	(Auditor)

REPORT OF THE AUDIT FIRM

pwc

RELAZIONE DELLA SOCIETÀ DI REVISIONE AI SENSI DELL'ARTICOLO 14 DEL DLGS 27 GENNAIO 2010, N° 39

Agli Azionisti della
Società Italiana per le Imprese all'Estero – SIMEST SpA

1 Abbiamo svolto la revisione contabile del bilancio d'esercizio della Società Italiana per le Imprese all'Estero – SIMEST SpA chiuso al 31 dicembre 2013. La responsabilità della redazione del bilancio in conformità alle norme che ne disciplinano i criteri di redazione compete agli amministratori della Società Italiana per le Imprese all'Estero – SIMEST SpA. È nostra la responsabilità del giudizio professionale espresso sul bilancio e basato sulla revisione contabile.

2 Il nostro esame è stato condotto secondo i principi di revisione emanati dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili e raccomandati dalla Consob. In conformità ai predetti principi, la revisione è stata pianificata e svolta al fine di acquisire ogni elemento necessario per accertare se il bilancio d'esercizio sia viziato da errori significativi e se risulti, nel suo complesso, attendibile. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenuti nel bilancio, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli amministratori. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale.

Per il giudizio relativo al bilancio dell'esercizio precedente, i cui dati sono presentati ai fini comparativi secondo quanto richiesto dalla legge, si fa riferimento alla relazione da noi emessa in data 30 maggio 2013.

3 A nostro giudizio, il bilancio d'esercizio della Società Italiana per le Imprese all'Estero – SIMEST SpA è conforme alle norme che ne disciplinano i criteri di redazione; esso pertanto è redatto con chiarezza e rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria e il risultato economico della Società.

4 La responsabilità della redazione della relazione sulla gestione in conformità a quanto previsto dalle norme di legge compete agli amministratori della Società Italiana per le Imprese all'Estero – SIMEST SpA. E' di nostra competenza l'espressione del giudizio sulla coerenza della relazione sulla gestione con il bilancio, come richiesto dalla legge. A tal fine, abbiamo svolto le procedure indicate dal principio di revisione n° 001 emanato dal Consiglio Nazionale

PricewaterhouseCoopers SpA

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dei Dottori Commercialisti e degli Esperti Contabili e raccomandato dalla Consob. A nostro giudizio la relazione sulla gestione è coerente con il bilancio d'esercizio della Società Italiana per le Imprese all'Estero – SIMEST SpA al 31 dicembre 2013.

Roma, 27 maggio 2014

PricewaterhouseCoopers SpA

Gian Paolo Di Lorenzo
(Revisore legale)

APPROVAL OF THE FINANCIAL STATEMENTS AT 31.12.2013

APPROVAL OF THE FINANCIAL STATEMENTS AT 31.12.2013

On 19 June 2014, the Ordinary Shareholders' Meeting, representing 97.78% of the share capital, approved the financial statements for the year ended 31 December 2013 and the allocation of the net profit of €13,320,461 as follows:

- 5% or €666,023 to the legal reserve;
- €6,332,547 to the shareholders in the amount of 2.0 cents per share;
- €4,265,405 to the extraordinary reserve;
- €2,056,486 to a reserve to cover the IRES surtax (Decree Law 133/2013).

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