# ANNUAL REPORT 2012

COECLERICI

COECLERICI

**Coeclerici SpA**

Registered office:
Piazza Generale Armando Diaz 7, 20123 Milan, Italy

VAT Reg. No., Tax Code No. and Registered Companies No.:
00269690103

Chamber of Commerce No. 1761693
Direction and Coordination: Finanziaria Cocler S.A.p.A. di Paolo Clerici e Figli

# INDEX

## COECLERICI GROUP AT A GLANCE

589m

Turnover

232m

Investments over
the last 5 years

10

Countries

1,013

Employees

## DEAR SHAREHOLDERS,

Over the course of 2012, the state of the global economy generally both confirmed and aggravated the conditions of weakness already encountered in 2011. Commercial activity stagnated and, despite signs of strengthening in some emerging countries in the last months of the year, the prospects for global growth remained subject to considerable uncertainty, an uncertainty associated above all with developing difficulties in the Eurozone and the handling of imbalances in the public finances of the United States. The weakness of this short-term economic picture and the increase in North American extractions of shale gas, that is methane extracted from rocks and sand, pushed down the price of coal by about 20 percent compared to the previous year. This decrease in price eroded margins on sales but should confirm the continuing increase of world demand for coal and open up interesting possibilities for future development for the Coeclerici Group.

In the light of this difficult macroeconomic context, your Group recorded a turnover equal to 589 million Euros and a net profit of 15 million Euros. This success was obtained as a result of the quantities extracted by the Mining Division, which managed to keep the effects of the large reduction in the price of coal under control, and also because of the important results achieved by the Logistics Division in addition to its ever-growing operational efficiency.

The Logistics Division achieved considerable growth in turnover of 47 percent to reach 50 million Euros. Full operational status of the Bulk Zambesi vessel in the waters off Mozambique (to which the Bulk Limpopo was added from April onwards) were the driving force behind the improvement of results, to which must be added the excellent performance of Bulk Pioneer and Bulk Irony, the second of which was also involved in unloading operations for Ilva of Taranto as well as the usual client Lucchini SpA.

As far as investment is concerned, the construction and starting-up of new vessels continued. In March, as mentioned above, the Bulk Limpopo was delivered, the second of two sister ships worth 75 million Dollars each, now operating in Mozambique in the service of the mining colossus Vale. As part of the Indonesian joint venture, the Bulk Borneo and Bulk Celebes vessels were delivered in March and December respectively.

Turning to financing, the Indonesian joint venture obtained funding from banks in December worth 57.8 million Dollars, 50 percent guaranteed by SACE, in order to finance part of the purchase of the four vessels used by PT Berau Coal, the fifth-largest producer and exporter of coal in Indonesia. It is a strategic client for Coeclerici's plans to grow in Asia, especially considering the bright prospects in the medium-term for the coal market in the region. The extraction of minerals and other energy sources is an important element of the Indonesian economy: it is fed by the constant increase in consumption linked to the country's social and industrial development, and contributes 22 percent of direct foreign investment (equal to 19 billion Dollars in 2011) and to 33 percent of exports (66.5 billion Dollars). Demand from the main emerging economies of Asia – China and India most of all – makes coal the country's main raw material exported, equal to 13.4 percent of total exports.

For its part, the Trading Division reported an increase in volumes handled of 22 percent compared to 2011. In a difficult and uncertain situation, performances were weaker than in the previous accounting period but they remained positive owing to management's success in fixing a ceiling to the risk and containing costs.

Finally, the Mining Division increased its sales by more than 30 percent owing to a production which exceeded a million tons in 2012. Its net result was positive even though the declining price of coal threatened the business's profitability. This result was possible due to greater efficiency in extraction, enabling costs to be rationalised; at the same time, the policy of hedging the sales price of coal has enabled the effects of its reduction to be minimised.

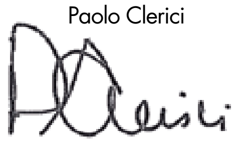
With the aim of strengthening and enlarging our presence in such an interesting market as that of the USA, new offices were opened in Miami at the end of January through the setting-up of Coeclerici Americas LLC. In addition, at the end of December, the Group gained control of Coeclerici Coal Network LLC by means of the acquisition of the activities of Coal Network Inc. This company operates in the field of domestic coal trading in the areas of the Ohio and Mississippi rivers. These operations are enabling the Group to build up its role in the American market on both the supply and demand side for coal, given that coal-bearing deposits in America are one of the most important sources of coal in the world.

As confirmation of its efforts to make its organisation as efficient as possible, I am happy to be able to tell you that in May 2012 your Company won the Ambrogio Lorenzetti prize for corporate governance, a prestigious acknowledgement conferred on unlisted companies which have distinguished themselves in the last three years for their good practices of company management, using a fair and efficient governance structure and activities. Your Company was chosen because it strengthened the independent component in the Board of Directors and adopted an advanced system of management control.

We would like to take this opportunity to thank management and employees of the Group for their constant generous commitment and the results achieved.

Milan, 26 March 2013

Chairman and CEO
Paolo Clerici




BLACK HEART,
GREEN SKIN.

# COMPANY OFFICERS

**Board of Directors**

| | | |
|---|---|---|
| Members of Executive Committee | Paolo Clerici | Chairman and CEO |
| | Corrado Papone | Deputy Chairman |
| | Antonio Belloni | Director |
| | Nicolò Dubini | Director |
| | Giovanni Jody Vender | Director |
| | Rosario Alessandrello | Director |
| | Pasquale Cardarelli | Director |
| | Giorgio Cefis | Director |
| | Andrea Clavarino | Director |
| | Giacomo Clerici | Director |
| | Hugh Charles Blagden Malim | Director |
| | Riccardo Perissich | Director |
| | Lupo Rattazzi | Director |

*The term of office of the Board of Directors expired with the approval of the financial statements on 31 December 2012.*

**Board of Statutory Auditors**

| | |
|---|---|
| Guglielmo Calderari di Palazzolo | Chairman |
| Maurizio Dragoni | Standing Statutory Auditor |
| Isabella Resta | Standing Statutory Auditor |
| Nicola Iberati | Alternate Statutory Auditor |
| Antonino Foti | Alternate Statutory Auditor |

*The term of office of the Board of Statutory Auditors will expire with the approval of the financial statements on 31 December 2014.*

**Independent Auditors**

Deloitte & Touche SpA

*The independent auditors have been appointed for the three-year period 2012/2014.*

# GROUP STRUCTURE AT DECEMBER, 31 2012

## COECLERICI SPA

### LOGISTICS DIVISION

- **100%** Coeclerici Logistics SpA
  - **100%** Coeclerici Logistics Partecipazioni Srl
    - **100%** Shipping Services Srl
    - **80%** Terminal Offshore Piombino SpA
    - **100%** Coeclerici Mozambico SpA
    - **100%** Capo Noli Transportes Maritimos Lda
      - **90%** Bulkguasare De Venezuela SA
    - **70%** Logconversion Transportes Maritimos Lda
    - **49%** PT Pelayaran Logistik Konversi Indonesia
    - **49%** PT Asian Bulk Logistics
    - **86,4%** CGU Logistic Limited
    - **80%** CC Black Sea Bulk Srl
      - **100%** LLC Coeclerici Logistics Russia
      - **100%** CCL Malta Limited
      - **50%** Kyla Holding Limited
        - **100%** Kyla Logistics Limited

### TRADING DIVISION

- **100%** Coeclerici Coal and Fuels SpA
  - **100%** Coeclerici Asia (Pte) Ltd
    - **100%** PT Coeclerici Indonesia
  - **100%** Coeclerici Compagnie SA
    - **100%** Rozco
    - **49%** Ooo Delta Property
      - **100%** Taylepskoe
  - **99%** LLC Coeclerici Russia
  - **100%** Coeclerici Americas Real Estate Inc.
    - **90%** Coeclerici Americas LLC
      - **51%** Coeclerici Coal Network LLC

### MINING DIVISION

- **100%** Oao Kisk
  - **100%** Ooo Razrez
  - **100%** Ooo Ptu
  - **100%** LLC Zapadny

*Non-operational companies and those in liquidation are excluded*


COECLERICI
CC
CC

# DIRECTORS' REPORT



## CONSOLIDATED RESULTS

Here below appear some of the main financial indicators and a comparison with the consolidated financial statements of 2011 and 2010 drawn up in accordance with International Financial Reporting Standards - IFRS (figures in thousands of Euros):

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| Turnover | 589,168 | 582,953 | 468,520 |
| Ebitda | 39,494 | 44,974 | 33,523 |
| Ebit | 23,550 | 34,094 | 26,303 |
| Net profit | 14,965 | 17,879 | 16,674 |
| Group net profit | 13,783 | 16,229 | 14,473 |
| Fixed assets | 186,080 | 188,218 | 146,020 |
| Working capital | 61,995 | 68,801 | 41,392 |
| Net capital employed | 248,075 | 257,019 | 187,412 |
| Group net equity | 77,384 | 75,221 | 64,440 |
| Minority interests | 8,516 | 6,827 | 6,527 |
| Net financial position | 162,175 | 174,971 | 116,445 |
| Sources of finance | 248,075 | 257,019 | 187,412 |
| Cash flow from operating activities | 27,963 | 237 | 1,875 |
| Cash flow from investing activities | (14,567) | (54,106) | (77,648) |
| Cash flow from financing activities | (11,171) | 49,330 | 75,337 |
| ROE | 18% | 23% | 24% |
| ROI | 9% | 15% | 18% |
| DEBT/EQUITY | 189% | 213% | 164% |

The consolidated income statement presents an increase in turnover of 6.2 million Euros, a slight decrease in Ebitda (-12 percent) compared to the same period of the previous financial year and a reduction in Ebit (-30 percent) to 23.5 million Euros, affected by the excellent performance of the Logistics division (Euro 14.6 million Euros) and the depreciation of new vessels.

589 m

*Group turnover in 2012 financial year*

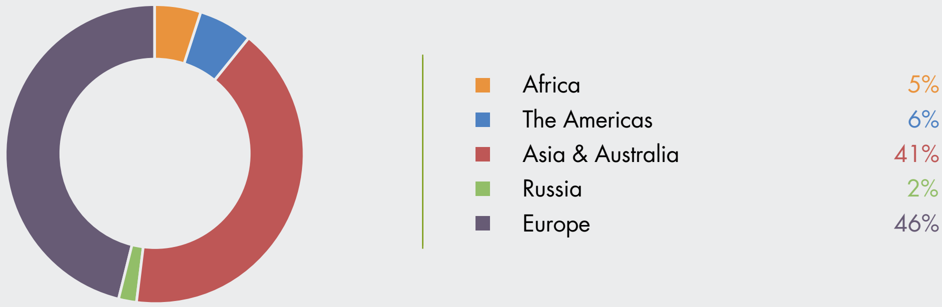
The net profit of 14.9 million Euros was a decrease from 17.8 million Euros in the 2011 financial year. This decrease was mainly due to the significant reduction in the price of coal which, despite the larger quantities extracted and shipped, eroded the margins of both Mining and Trading divisions.

The Group's balance sheet includes fixed assets generally in line with the previous financial year and a reduction of the net financial position by 12.7 million Euros, primarily due to the improvement in the Logistics Division's financial position and an increase in the liquidity of the Holding Company.

The Debt/Equity ratio declined from 2.13 to 1.89 at 31 December 2012, and was considerably below the financial covenant as defined by the syndicate loan facility.

Here below is an analysis of the Coeclerici Group's turnover by geographical area at 31 December 2012:

TURNOVER BY GEOGRAPHICAL AREA




## TRADING DIVISION

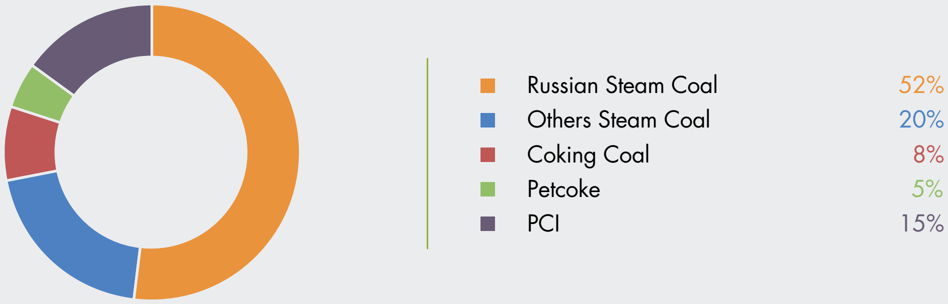
| | 2012 | 2011 | 2010 |
|---|---|---|---|
| Metric tonnes handled | 6,194,275 | 5,092,531 | 4,508,710 |
| Turnover | 529,644 | 542,148 | 437,348 |
| Ebitda | 5,745 | 18,353 | 21,001 |
| Ebit | 5,541 | 18,153 | 20,826 |
| Net profit | 4,273 | 18,324 | 12,737 |
| Capital employed | 87,525 | 92,093 | 75,048 |
| Net equity | 18,028 | 36,726 | 26,322 |
| Net financial position | 69,497 | 55,367 | 48,726 |

Despite the increase in volumes handled compared to the previous period, in 2012 the Trading Division achieved a smaller operating profit which was directly affected by the slow-down in the coal market. This lower marginality was visible in all Division companies which suffered from the difficulty of closing highly-profitable deals in such a challenging and uncertain market.

The make-up of sales, as shown below, displays mainly the increase in absolute values and percentages of Indonesian steam coal traded by the subsidiary Coeclerici Asia (Pte) Ltd, which began at the end of 2011 and grew stronger in 2012, and also of Australian coking coal and PCI. Coke, on the other hand, did not perform well owing to the unreceptive market, while the quantities of Russian steam coal from Murmansk remain higher than the minimum contract levels binding the port. Percentages of the previous year were basically confirmed for the other products.

A comparison of tonnes handled by product type is shown below:

FY 2012

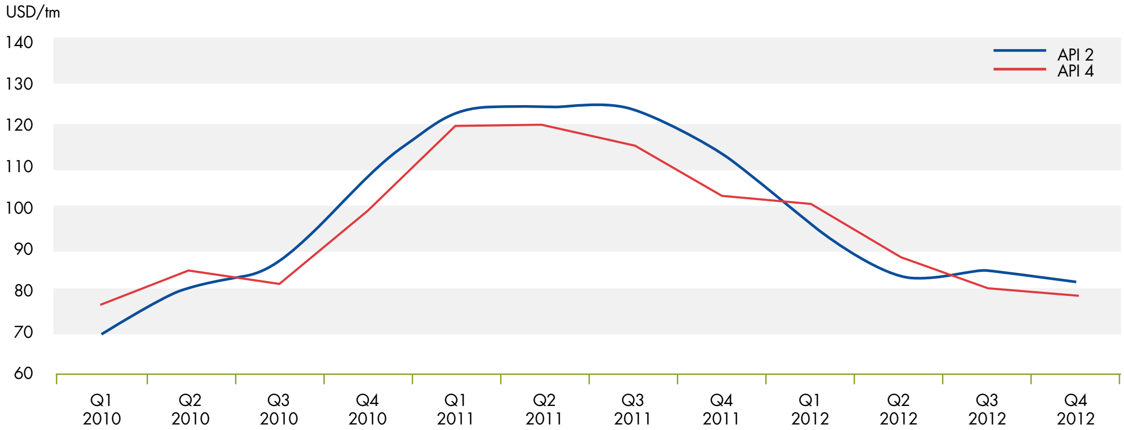



FY 2011


The contraction of net profit compared to those of previous accounting periods reflects the difficult dynamics of falling market prices and the commercial difficulties encountered. The recovery in 2012 of the Asian subsidiary, with increased volumes handled compared to the previous year, contributed to this, even though they were not accompanied by excellent margins, and the same was confirmed by the petcoke business in 2012 with Brazil, with margins similar to those of last year, and the sales of Russian coal from Murmansk albeit with lower margins than in the previous year.

It should be emphasised that rationalisation and a policy of cost containment enabled the gap between lower sales results and those of the previous year to be mitigated.

The average decrease in the price of coal compared to the previous year was equal to 24 percent on API#2 and 20 percent on API#4. There follows a representation of the evolution of the main coal market indices in the last three accounting periods:




API 2 = CIF coal price (including freight cost) - unloading ARA (Amsterdam-Rotterdam-Antwerp)
API 4 = FOB coal price (without freight cost) – port of Richards Bay (South Africa)

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| API#2 INDEX – average | 93 | 122 | 92 |
| API#4 INDEX – average | 93 | 116 | 92 |

Larger prepayments conceded to raw material suppliers at the end of the year, together with the lower profits obtained, caused a deterioration in the net financial position compared to that at 31 December 2011.

## MINING DIVISION

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| Metric tonnes handled | 1,042,970 | 794,134 | 602,275 |
| Turnover | 38,008 | 38,738 | 23,497 |
| Ebitda | 13,727 | 17,063 | 11,690 |
| Ebit | 6,472 | 11,097 | 7,681 |
| Net profit | 3,901 | 6,695 | 5,225 |
| | | | |
| Capital employed | 27,862 | 22,958 | 17,442 |
| Net equity | 20,847 | 18,770 | 18,914 |
| Net financial position | 7,015 | 4,188 | (1,472) |

1.1m

*Tonnes produced by the Mining Division in the 2012 financial year*

For the Mining Division 2012 was an important year. The figure of a million tonnes produced was exceeded thanks to the successful investment in technology and innovation, and also to the rationalisation and efficiency of industrial organisation obtained after the experience acquired following the Group's entrance into a new industry. Overall, 1,102,860 tonnes of coal were produced (818,146 tonnes in 2011) and 1,042,970 sold (794,134 tonnes in 2011).

Despite these volumes, turnover remained more or less the same as in 2011 and this was the direct negative result of the continuing fall in the price of coal over the year. The product was mainly earmarked for export (approx. 83 percent) while the domestic market took up the remaining 17 percent. The Ebit of the division was positive despite the highly challenging situation and reflected the successful policy of the containment and rationalisation of costs, as well as the increased efficiency and effectiveness in production which the company has brought into being over the years. The hedges in place on about 30 percent of the export sales mitigated the impact of the fall in price.

From balance sheet point of view, the investment plan finalised during 2011 (in order to raise production capacity to 1.1 million tonnes in 2012) had an impact in increasing capital employed. The funds set aside for this development plan were largely financed by banks, and were invested in modern mining technology, new means to maximise extraction capability and earth movement, safety technology instruments and the costs of future projects which will aim to improve the potential of the mining site.

Indebtedness to the banks increased, primarily due to the investments, both short and long-term, which the division made in order to buy new equipment for mining production, and was made worse by the reduced turnover arising from the lower price of coal.

## LOGISTICS DIVISION

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| Metric tonnes handled | 9,068,553 | 9,748,966 | 9,210,139 |
| Turnover | 49,645 | 33,607 | 25,216 |
| Ebitda | 22,370 | 13,122 | 4,284 |
| Ebit | 14,660 | 9,066 | 1,809 |
| Net profit | 11,061 | 5,658 | 4,511 |
| | | | |
| Capital employed | 149,658 | 153,617 | 109,362 |
| Net equity | 48,510 | 38,094 | 34,982 |
| Net financial position | 101,148 | 115,523 | 74,380 |

+ 5.6 m

*Increase in Ebit in the Logistics Division*

The reduction of tonnage handled by 0.7 million tonnes was the direct result of difficulties arising in Venezuela in extraction by the public customer Carbones del Guasare, affected by the political disturbance in the country which destabilised its investment policies. This decline in tonnage handled did not, however, affect the growth in turnover (+47 percent), which mainly resulted from the positive impact of activities conducted on behalf of the client Vale Mozambique, based on a daily rate rather than on tonnes handled.

The Ebitda of the Logistics Division, at 22.4 million Euros, reflects the positive trends in the activities mentioned above, to which in 2012 was added the tonnage handled by the new vessels Bulk Limpopo and Bulk Borneo.

The information regarding assets and liabilities items show above all how the good performances achieved contributed to the improvement of the net financial position of approximately 14.3 million Euros at par with capital employed, the latter affected by the investments made to build vessels for the projects already mentioned in Mozambique and Indonesia.

At 31 December 2012 the Logistics Division fleet consisted of the following vessels:

| | COMPANY | DWT | YEAR OF CONSTRUCTION |
|---|---|---|---|
| Bulk Kremi I | OOO Coeclerici Logistics Russia | 14,364 | 1973 |
| Bulk Irony | Terminal Offshore Piombino SpA | 13,658 | 2002 |
| Bulk Pioneer | PT Pelayaran Logistik Konversi Indonesia | 5,974 | 2005 |
| Bulk Zambesi | Coeclerici Mozambico SpA | 54,400 | 2011 |
| Bulk Limpopo | Coeclerici Mozambico SpA | 54,400 | 2012 |
| Bulk Celebes | PT Asian Bulk Logistics | 11,470 | 2007 |
| Bulk Java | PT Asian Bulk Logistics | 11,838 | 2011 |
| Bulk Borneo | PT Asian Bulk Logistics | 11,838 | 2012 |
| Bulkwayuù | Bulkguasare de Venezuela SA | 64,400 | 1978 |
| Lancia Matias | Bulkguasare de Venezuela SA | N/A | 2010 |
| Lancia Sophie | Bulkguasare de Venezuela SA | N/A | 2010 |
| Lancia Jack C. | Bulkguasare de Venezuela SA | N/A | 2010 |

## HOLDING COMPANY

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| Turnover | 6,665 | 6,436 | 5,334 |
| Ebitda | (2,375) | (3,769) | (3,925) |
| Ebit | (3,150) | (4,432) | (4,486) |
| Net profit | 9,072 | 11,209 | 19,491 |
| | | | |
| Capital employed | 56,216 | 74,472 | 64,522 |
| Net equity | 71,701 | 74,579 | 69,711 |
| Net financial position | (15,485) | (107) | (5,189) |

During 2012 Coeclerici SpA continued to carry out its functions as the Coeclerici Group Holding Company, leaving to the two wholly-owned sub-holding companies, Coeclerici Logistics SpA and Coeclerici Coal and Fuels SpA, operations in the fields of port logistics, raw material trading and mining.

As in the past, the Holding Company fulfilled the important role in this accounting period of coordinating management control and Group finance, the organisation and development of human resources, administration and legal and corporate assistance. In May 2012 Cash Pooling was put in place in order to improve Group liquidity management.

## RESEARCH AND DEVELOPMENT

The Group conducts development primarily of a commercial nature, with special reference to the Logistics and Trading divisions. Inside the Logistics Division, this activity concentrates on research into and study of new projects regarding the transportation and transshipping of raw materials. All R&D costs are included in the income statement.

## TREASURY SHARES AND SHARES OF THE PARENT COMPANY

The Holding Company does not hold its treasury shares nor those of its parent company.

## TRANSACTIONS WITH PARENT AND RELATED COMPANIES

The Group has relationships for tax consolidation procedures with the parent company Finanziaria Cocler S.A.p.A. di Paolo Clerici e Figli, which holds the position of consolidating entity in the tax consolidation your Company takes part in. The credit arising from this position at 31 December 2012 towards Finanziaria Cocler S.A.p.A. di Paolo Clerici e Figli is mentioned in the 'Notes to the Consolidated Financial Statements'. Furthermore, there is a rental contract in being between your Company and the parent company Finanziaria Cocler S.A.p.A. di Paolo Clerici e Figli which refers to the offices in Piazza Generale Armando Diaz, 7 – Milan.
In accordance with clause 5, article 2497 bis of the Italian Civil Code, it is hereby affirmed that relationships with Finanziaria Cocler S.A.p.A. di Paolo Clerici e Figli, which conducts activities of direction and coordination for your Company, exclusively concerned the rental contract which was regulated by normal market conditions as described in the 'Notes to the Consolidated Financial Statements'.

## MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED

The main risks linked to the Group's activities, monitored and handled by Coeclerici SpA and its subsidiaries, are as follows:

- Market risk resulting from exposure to the volatility of commodity prices;
- Market risk resulting from exposure to fluctuations in the exchange rate;
- Market risk resulting from exposure to fluctuations in the interest rate;
- Credit risk resulting from the possibility of insolvency of a counterparty;
- Liquidity risk resulting from a lack of financial resources to meet commitments undertaken;
- Political risk, resulting from activities conducted in countries where from time to time elements of uncertainty arising from specific political and social conditions may be present;
- The risk of losing, partially or wholly, the means used to carry out the principal activities of the Logistics Division, and the risk of damage caused to these means during these activities.

Refer to 'Note 27 – Risks characterising the Group's business' for further details.

## ENVIRONMENT AND SAFETY

The Coeclerici Group is particularly sensitive to the need to protect its employees in any place where they may have to work. To this end it has adopted a system of prevention and protection, constantly monitored by the internal audit department, and suitable for identifying the risks to safety and put in place the measures required to prevent them, also by means of key persons who guarantee the improvement over time of safety standards. In addition, the carrying-out of maritime logistics services entails respect for certain local, national and international regulations and the maintenance of qualitative standards. In particular, the Logistics Division operates in compliance with the following standards and regulations:

- Environment: environmental management system conforming to ISO 14001 2004 standards and EMAS Registration EMAS EU regulation no.1221/09, Environmental Risk Assessment, binding Venezuelan cogent regulations and authorization to work of the Dirección Ambiental Zulia RASDA 2009 for Venezuela. All terminals apply the internationally binding IMO regulations and those of MARPOL.
- Safety: ISM System conforming to ISM Code (checked by RINA on Bulk Zambesi and Bulk Limpopo, Shipping Services Milano HO, Seacom Indonesia on Bulk Celebes), safety regulations and Italian law D.Lgs, 271/99, binding Venezuelan regulations.
- ISO 9001:2008 quality.

## CORPORATE GOVERNANCE

This section seeks to provide a general picture of the corporate governance system adopted by Coeclerici. The information here contained has been updated to 26 March 2013, the date of the meeting of the Board of Directors which discussed and approved the draft of Consolidated Financial Statements at 31 December 2012.

The structure of Coeclerici's corporate governance is organised in line with the traditional Italian model which delegates: (i) company management to the Board of Directors, the fulcrum of the organisational system which is appointed for a three-year period and may be re-elected; (ii) the functions of overseeing observance of the law to the Board of Statutory Auditors and; (iii) legally-required auditing of the company accounts to an auditing firm approved at the shareholders' meeting, after hearing the opinion of the Board of Statutory Auditors.
In line with statute, the Company is represented by the Chairman of the Board of Directors who has unlimited powers to bind the Company. Representation is also embodied in the Directors to whom the Board has conceded limited powers.
The Board nominates one or more Managing Directors, to whom it delegates, within legal and statutory limits, activities aimed at furthering the Company's objectives. Moreover, the Board can set up an Executive Committee made up of its own members with a decision-making role on matters concerning overall Group management.

### *Board of Directors*

#### Composition

In accordance with article 17 of the statute, the number of members of the Board of Directors may vary between a minimum of three and a maximum of fifteen. An ordinary shareholders' meeting determines the number, within the said limits. The ordinary shareholders' meeting of 14 February 2013 decided to increase the number of members from twelve to thirteen. The term of office of the Board of Directors expired with the approval of the financial statements for the financial year 2012. The Board therefore consists of Paolo Clerici (Chairman and CEO), Corrado Papone (Deputy Chairman), Antonio Belloni, Pasquale Cardarelli, Giovanni Jody Vender, Rosario Alessandrello, Giorgio Cefis, Giacomo Clerici, Riccardo Perissich, Nicolò Dubini, Hugh Charles Blagden Malim, Lupo Rattazzi and Andrea Clavarino. The ordinary shareholders' meeting will appoint the new Board of Directors for a term of one year.

#### Duties

The Board of Directors has wide powers for the ordinary and extraordinary management of the business and, consequently, may put into effect such measures as it considers necessary and opportune to meet the Company's objectives, excluding only those which statute specifically reserves for the shareholders' meeting. In more detail, the Board:

- defines the system and rules of corporate governance for both Company and Group. In particular, it adopts rules which ensure transparency, substantial and procedural correctness of operations with related parties, and those transactions in which a Director may have a personal interest or that of third parties;
- attributes and revokes delegated powers to the Directors and defines the limits to and manner of exercising them, and fixes the levels of remuneration to each Director after receiving the agreement of the Board of Statutory Auditors. It may give directives to delegated bodies and suggest activities forming part of the delegated powers;
- establishes the basic structure of the Company's organisational, administrative and accounting framework, including the systems of internal audit. It evaluates the adequacy of this framework with special reference to the manner of handling conflicts of interest;
- after examining the suggestions of the Executive Committee it sets out guidelines for the internal control system, in order to ensure that the main risks to the Company and its subsidiaries are identified, measured, managed and monitored. From time to time it evaluates the adequacy, effectiveness and proper working of the internal control system;
- defines the strategy and aims of the Company and Group, including policies for economic and financial sustainability. It examines and approves the Company and Group's strategic, industrial and financial plans as well as the Company's strategic agreements;
- it examines and approves the Group consolidated budget;
- it examines and approves the six-monthly financial report and interim management reports of the Company and Group;
- it receives, during Board meetings and so no less often than every six months, information from the Directors regarding the activities of their delegated powers;
- it receives periodical information from the Executive Committee;
- it evaluates the general state of Company and Group management, on the basis of information received from the Directors possessing delegated powers, and pays special attention to situations in which conflicts of interest may arise;
- it examines and approves the Company's transactions which may have important strategic, economic and financial significance for the Company, paying special attention to situations in which one or more Directors may have an interest, either for himself or for third parties, and also to transactions with related parties.

### Meetings and functioning

The Board is called by the Chairman who sets out the agenda and sends it to the Directors and Standing Statutory Auditors at least five days before that fixed for the meeting. In cases of necessity or urgency, notice of summons to the meeting is sent at least one day before that fixed for the meeting. The Articles of Association enable Board meetings to be held by teleconference or videoconference, and the means of doing this is specifically laid out in the Articles of Association.

Generally, following the summons to attend a Board meeting and in any event not more than three days prior to the date of the meeting, the Directors and Statutory Auditors receive all documentation regarding the agenda of the meeting. Company and subsidiary managers may be invited to attend the Board meetings to provide information on specific matters in the agenda. Information is also supplied regarding the individual sectors of the Company and Group's activities. In accordance with article 2391 of the Italian Civil Code, before discussion is held of each point of the agenda of the Board meeting, each Director must indicate any interests he may hold, for himself or for third parties, which may bear on the material in question, and clarify the nature, terms, origins and magnitude of this interest.

### Requisites of independence

The Board of Directors has a central role in checking and guiding the process of company management. The efficiency and effectiveness of this organization is guaranteed by the presence within it of independent Directors, such as Giorgio Cefis, Giovanni Jody Vender, Pasquale Cardarelli, Rosario Alessandrello, Antonio Belloni, Riccardo Perissich, Nicolò Dubini, Hugh Charles Blagden Malim and Lupo Rattazzi, who pay great attention to the substance as well as the form of company activities. In particular, the presence of independent Directors guarantees (i) checks that company management is inspired by criteria of prudence and transparency; (ii) checks of the adequacy of reporting, ensuring that information is reliable and complete; (iii) updating of the budget for the subsequent year, in line with strategic intentions and the financial, human and physical resources available; (iv) proposals (in the light of the above) for possible corrective action and support to the owners and management of the Company in the execution of their activities; (v) maintenance, over the period of the mandate, of a careful supervision of the Company in order to identify any risks which may not have been adequately guarded against or evaluated.

### *Executive Committee*

Article 24 of the Articles of Association sets out that the Board of Directors may nominate an Executive Committee whose powers it will establish, and that this Executive Committee will consist of a minimum of three and maximum of nine persons. This body has the task, amongst others, of expressing an opinion prior to presentation of the same to the Board of Directors, of especially important matters, such as an examination of the Company's strategic, industrial and financial plans, as well as a general assessment of the state of management.
It will also assist top management, on the basis of information received, in evaluating the adequacy of the organisational, administrative and accounting structure of the Holding Company. This body must report to the Board of Directors, at least four times a year, on the general condition of management and its foreseeable development, as well as on important operations, given their size or features, which the Company or its subsidiaries have carried out.

### *Board of Statutory Auditors*

#### Composition and appointment

In accordance with Italian law and the Articles of Association, the Board of Statutory Auditors consists of three standing members and two alternate members. The Board of Statutory Auditors is appointed by the shareholders' meeting for three accounting periods and can be re-elected at the end of its mandate. The current make-up of the Board of Statutory Auditors, in office until the approval of the financial statements for the year 2014, is as follows: Guglielmo Calderari di Palazzolo (Chairman), Maurizio Dragoni and Isabella Resta (Standing Statutory Auditors), Nicola Iberati and Antonino Foti (Alternate Statutory Auditors). The shareholders' meeting decided that the gross annual income of the Chairman is € 22,500, while that of the Standing Statutory Auditors is € 15,000.

#### Tasks

The Board of Statutory Auditors, in line with Italian law as set out in D.Lgs. 58/1998, supervises: (i) the observance both of law and the Articles of Association; (ii) respect for the principles of correct administration, the adequacy of the Company's organisational structure regarding competence, internal control systems and administrative-accounting systems, as well as the reliability of those accounting systems in correctly representing management's acts; (iii) effective compliance with the rules governing corporate governance; (iv) the adequacy of the instructions given to subsidiaries to ensure that the obligations concerning the imparting of information, as set by law, are correctly implemented.
Also in line with Italian law, the Board of Statutory Auditors formulates the proposal put forward by the shareholders' meeting for hiring an external auditing firm and fixing the remuneration to be paid to it. The Board also checks that the external auditors are indeed independent by verifying that the regulatory framework is respected, as well as the nature and size of services different from the statutory audit of the accounts which are provided to Ceoclerici Group companies and/or through companies belonging to its network. The outcome of the activity of supervision is indicated in the report produced in line with article 153 of the Italian Financial Law and appears as an appendix to the financial statements.

#### Meetings and functioning

The Statutory Auditors receive documentation supporting the matters in the agenda and information from the Board, no less than every three months and in any event when the Board of Directors meets, about the activities and more important economic, financial and balance sheet transactions carried out by the Company and its subsidiaries.

### *Independent Auditors*

The statutory audit of the accounts of Coeclerici SpA is carried out by an auditing firm enrolled on Consob (Public authority responsible for regulating the Italian securities market), chosen by the shareholders at the recommendation of the Board of Statutory Auditors.

It is established practice for the financial statements of subsidiaries (with rare exceptions) to be the subject of legal audit by the same firm that audits Coeclerici's accounts; this firm also assumes the responsibility for the work done by other auditing firms on the subsidiaries' accounts which together do not form an important part of the assets and consolidated turnover, in order to express an opinion on the consolidated financial statements.

The auditing firm currently employed is Deloitte & Touche SpA of Genoa, whose engagement was confirmed by the shareholders on 6th April 2012, for three accounting periods.

In order to satisfy the modified regulations introduced by Italian law D. Lgs. 39/2010 ('Decree') regarding the publishing of fees for auditing and non-audit services, the total fees paid to the independent auditing firm for the 2012 accounting period were as follows:

- Twenty thousand Euros for the audit of the annual accounts;
- Seventeen thousand Euros for the audit of the consolidated accounts.

In carrying out its activities, the independent auditors have access to information, both documents and computer-based, to the archives and the property of the Company and its subsidiaries.

In order to protect the auditors' independence a monitoring system was established of 'non-audit' assignments, which generally seeks not to entrust to the independent auditing firm or any company in its network tasks different from those connected to the statutory audit, apart from rare and necessary exceptions of tasks which are inherent to activities not prohibited by Italian regulations. Coeclerici's Board of Statutory Auditors is periodically informed of the tasks entrusted to the independent auditors by Group companies.

### *Internal control system*

The internal control system consists of the rules, procedures and organisational structure which are designed, by means of an adequate process of identification, measuring, management and monitoring, to ensure that the business is managed properly, correctly and coherently with the pre-established objectives. An effective system of internal control helps safeguard the company's assets, the efficiency and effectiveness of company operations, the reliability of financial information, and respect for law and statute. The structure of the internal control system is an integral part of the company's organisational and managerial model and involves the administrative bodies, supervisory bodies, management and the entire staff in different roles.

For Coeclerici the 'risk and related control' culture helps to characterise and affect the choices of management in pursuing company objectives and reporting their results. Coeclerici has therefore for some time encouraged the increase and spread of awareness regarding internal control among all company employees.

In order to ensure that the business's activities are managed properly, correctly and coherently with the pre-established objectives, Coeclerici supports a preventive approach to risk management which aims to orient management towards choices and activities which reduce the probability that negative events will take place and may more easily be contained if they do. To this end, Coeclerici uses risk management strategies which depend on the nature and type of those risks, and which are considered in more detail in 'Note 27- Risks characterising the Group's business'. The ways in which management identifies, evaluates, manages and monitors the specific risks arising from company processes are set out by the regulatory, procedural and organisational instruments contained in the company's regulatory system. These instruments are permeated with risk culture and therefore geared towards risk containment.

The internal control system is reviewed and updated from time to time in order to guarantee its suitability for safeguarding against the main risks involved in Company activity, bearing in mind the particular features of its various operating sectors and organizational structure, as well as any new laws. During 2012, the Group internal auditor assisted top management by offering assessments, analysis, evaluations and recommendations in connection with the functioning of and respect for the internal control system and the manner of handling risk at both Company and Group level.

### *Reporting activities*

Each month the companies in the Group prepare reports which aim to communicate and share information. During the reporting phase, specific checks are made on the accounting procedures and the output data arising from these procedures, so that any errors may be identified and corrected which could affect the correctness and completeness of financial information. This is done both for routine processes taking place during the financial year, and for non-routine ones which generally occur when the accounts are closed at year-end.

### *Adoption of ERP system (Oracle)*

As Holding Company, Coeclerici SpA pays great attention to research and investment into efficient and safe applicable solutions for itself and its subsidiaries. The adoption of Oracle, given the completeness and reliability of its business applications, offers levels of flexibility and performance which help the Group to attain its objectives by exploiting all of its potential. Adoption of ERP has led to numerous tangible advantages:

- an IT system which is shared by and can be used by all the companies in the Group
- implementation of a process for a purchase approval hierarchy, with the aim of improving levels of control
- integration of all data within a single system to make the preparation of accounting reports and consolidated financial statements easier
- implementation of a flexible product to handle information which can support the company's continuing development
- facilitation of the movement of accounting data for management control at the closing of six-month and annual reports
- acceleration of recovery of data previously obtained from diverse systems and subject to differing tax laws
- possibility of recovering all accounting information of the companies in real time, by removing response and update times through direct system interrogation
- improvement of information integrity and security resulting from traceability of information guaranteed by the system
- attainment of a complete vision of all business lines and greater management control

### *Adoption of the Organisation, Management and Control Model in accordance with Italian law D.lgs 231/2001*

At its meeting of 27 September 2012, the Board of Directors of Coeclerici Spa adopted the 'Model of Organisation, Management and Control' in accordance with Italian law D.lgs. 231/2001 and the Ethical Code (an integral part of it and a general principle of Model 231 which cannot be derogated), postponing the creation of the Supervisory Body to the next meeting of 20 December 2012.
In line with the discipline introduced by D. lgs. 231/2001, companies may be held 'responsible' for some offences committed in their interest or to their advantage by the company management (the so-called individuals 'in top positions') and by those under the direction or supervision of these individuals.
Administrative responsibility of the company is excluded if the company has adopted and effectively put into being models of organisation, management and control suitable for preventing these offences before they are committed.
Adoption of Model 231 is not obligatory but Coeclerici decided to adopt it after considering the organisational complexity of the business and its various operational areas. The decision to conform to Italian law D.lgs.

n.231/2001 by means of a formal Model 231 is an opportunity for strengthening its own control system and at the same time helps to make its own personnel more aware of the question, so that offences may be more easily prevented.

Model 231 is a collection of principles and a point of reference for both the Company and its subsidiaries, all of whom receive it so that each can adopt its own model and adapt it to its own characteristics in line with managerial autonomy.

In summary, in compliance with the details of the Ethical Code, Coeclerici bases its activities on principles of legality and transparency, which it follows through the framework of prevention and control consisting of:

- Model 231;
- the Ethical Code which indicates the values and principles which Directors, Statutory Auditors, external auditors, managers, employees, consultants and third parties with whom the Company and its subsidiaries have relations should respect.
- Supervisory Body with the scope of ensuring an effective and efficient control on the observance and functioning of Model 231.

In line with the relevant regulatory framework and best practices in the market, the Company has acquired an adequate system for detecting, measuring and keeping under control those risks resulting from the complexity and size of its operations. This system of internal control consists of a group of rules, procedures and organisational structures which guarantee respect for company strategy and the attainment of effectiveness and efficiency in company management.
In addition, the Internal Auditing function assists the organisation by evaluating and contributing to the improvement of processes of governance, risk management and control.

## OUTLOOK

2013 has opened with very slow world economic growth and still negative economic expectations for some countries. Despite these less-than-rosy prospects, the fiscal and monetary policies of the European Central Bank seem to have succeeded in containing the negative impact on the financial markets and on the Euro/Dollar exchange rate which continues to see a strong Euro. However uncertainty remains high and further repercussions on the main economic indicators and indirectly on the coal market cannot be excluded. In this macroeconomic situation, the Trading Division remains potentially exposed to the effects of such a situation; but as already mentioned in the Chairman's Message, the search for new strategic outlets in the American market resulting from the acquisition of Coeclerici Coal Network LLC seeks to reduce this risk. In the traditional areas (Europe and Russia) the critical points are manifesting themselves in the early months of the year, but on close scrutiny there are logistics opportunities in the Russian market both for coal supplies and for the identification of new outlet ports.
The Asian subsidiary also felt the difficult market conditions in the early part of the year, but management believes that 2013 may hold profitable business opportunities in store.

The Mining Division is continuing the consolidation of the know-how it has acquired and is setting up a series of investments preliminary to the increase of coal reserves compared to the extraction licence currently in operation. This manifests itself in an increase in its production capacity on the one hand and a strengthening of the infrastructure for moving new volumes on the other. These measures will strengthen our Group's presence in the mining industry and continue the creation of value for the shareholders.
In the Logistics Division, the work of consolidation of activities already in existence will continue by trying to improve their performance and profitability. The attainment of this objective, even if the vessels are almost all employed in

take or pay contracts, is closely related to the recovery in coal exports, affected by the needs of emerging countries, which will determine demand for it, and also to an increase in the value of freight.
There should be an improvement in the net financial position, as a consequence both of expected results and of return on investments already made.
In addition, the Bulk Sumatra vessel should be delivered in the month of June, the fourth and last vessel which is included in the contract with the mine operator PT Berau Coal.
Commercial activities will be undertaken to ensure vessels belonging to the Group are continually in use, and to strengthen operation in those countries enjoying greater growth.

In fulfilling its functions as Holding Company, Coeclerici SpA will continue its work of managerial coordination in order to enable its subsidiaries to seek and exploit new business opportunities both abroad and in Italy.

# CONSOLIDATED FINANCIAL STATEMENTS



# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2012 (thousands of Euros)

| ASSETS | (NOTE) | 31-DEC-2012 | 31-DEC-2011 | CHANGES |
|---|---|---|---|---|
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | 1 | 162,439 | 163,631 | (1,192) |
| Intangible assets | 2 | 2,972 | 1,470 | 1,502 |
| Interests in jointly controlled entities | 3 | 9,684 | 8,522 | 1,162 |
| Other investments | 3 | 7,250 | 7,250 | 0 |
| Available-for-sale financial assets | 3 | 3,735 | 7,345 | (3,610) |
| Deferred tax assets | 24 | 4,890 | 4,003 | 887 |
| Other non-current assets | 4 | 1,854 | 2,510 | (656) |
| TOTAL NON-CURRENT ASSETS | | 192,824 | 194,731 | (1,907) |
| | | | | |
| CURRENT ASSETS | | | | |
| Inventories | 5 | 18,221 | 18,754 | (533) |
| Trade receivables | 6 | 77,417 | 59,244 | 18,173 |
| Prepayments | 7 | 15,531 | 45,516 | (29,985) |
| Other receivables and current assets | 7 | 38,176 | 22,570 | 15,606 |
| Cash and cash equivalents | 8 | 45,005 | 42,780 | 2,225 |
| TOTAL CURRENT ASSETS | | 194,350 | 188,864 | 5,486 |
| | | | | |
| TOTAL ASSETS | | 387,174 | 383,595 | 3,579 |
| | | | | |
| NET EQUITY AND LIABILITIES | | | | |
| NET EQUITY | | | | |
| Shareholders' equity | 9 | 77,384 | 75,221 | 2,163 |
| Minority interests | 9 | 8,516 | 6,827 | 1,689 |
| TOTAL NET EQUITY | | 85,900 | 82,048 | 3,852 |
| | | | | |
| NON-CURRENT LIABILITIES | | | | |
| Interest bearing liabilities and borrowings | 10 | 145,135 | 137,186 | 7,949 |
| Provision for liabilities and charges | 11 | 19,045 | 12,668 | 6,377 |
| Post-employment benefits | 12 | 2,383 | 1,672 | 711 |
| Deferred tax liabilities | 24 | 4,781 | 6,658 | (1,877) |
| TOTAL NON-CURRENT LIABILITIES | | 171,344 | 158,184 | 13,160 |
| | | | | |
| CURRENT LIABILITIES | | | | |
| Interest bearing liabilities and borrowings | 10 | 78,340 | 80,565 | (2,225) |
| Provision for liabilities and charges | 11 | 3,216 | 1,609 | 1,607 |
| Trade payables | 13 | 35,481 | 42,509 | (7,028) |
| Other payables and current liabilities | 14 | 12,893 | 18,680 | (5,787) |
| TOTAL CURRENT LIABILITIES | | 129,930 | 143,363 | (13,433) |
| | | | | |
| TOTAL NET EQUITY AND LIABILITIES | | 387,174 | 383,595 | 3,579 |

## CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2012 (thousands of Euros)

| | (NOTE) | 2012 | 2011 | CHANGES |
|---|---|---|---|---|
| Revenues | 15 | 589,168 | 582,953 | 6,215 |
| Cost of sales | 16 | (524,359) | (508,146) | (16,213) |
| GROSS PROFIT | | 64,809 | 74,807 | (9,998) |
| Overhead and administrative expenses | 17 | (31,603) | (30,295) | (1,308) |
| Capital gains / (losses) on non-current assets | 18 | 199 | 267 | (68) |
| Profit/ (loss) from jointly controlled entities | 19 | 2,894 | 903 | 1,991 |
| Other net income/ (expenses) | 20 | 3,195 | (708) | 3,903 |
| EBITDA | 20 | 39,494 | 44,974 | (5,480) |
| Depreciation and amortization | 21 | (15,944) | (10,880) | (5,064) |
| OPERATING PROFIT (EBIT) | | 23,550 | 34,094 | (10,544) |
| Net financial income / (expenses) | 22 | (6,692) | (5,302) | (1,390) |
| Exchange gains / (losses) | 23 | (2,081) | (1,926) | (155) |
| PROFIT BEFORE TAX | | 14,777 | 26,866 | (12,089) |
| Income taxes | 24 | 188 | (8,987) | 9,175 |
| NET PROFIT AFTER TAX FROM CONTINUING OPERATIONS | | 14,965 | 17,879 | (2,914) |
| Net profit from discontinued operations | | 0 | 0 | 0 |
| NET PROFIT | | 14,965 | 17,879 | (2,914) |
| Attributable to Coeclerici SpA Shareholders | | 13,783 | 16,229 | (2,446) |
| Attributable to minority interests | | 1,182 | 1,650 | (468) |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT 31 DECEMBER 2012 (thousands of Euros)

| | (NOTE) | 2012 | 2011 | CHANGES |
|---|---|---|---|---|
| NET PROFIT | | 14,965 | 17,879 | (2,914) |
| Differences from conversion of financial statements in currencies other than Euros | | 385 | (1,840) | 2,225 |
| Change in the fair value of available-for-sale financial assets | 3 | (3,238) | (744) | (2,494) |
| Change in the fair value of cash flow hedge financial instruments | 26 | 496 | 1,665 | (1,169) |
| Income tax relating to other income components | | 890 | 203 | 687 |
| NET INCOME RECORDED DIRECTLY IN EQUITY | | (1,467) | (716) | (751) |
| TOTAL COMPREHENSIVE INCOME | | 13,498 | 17,163 | (3,665) |
| ATTRIBUTABLE TO: | | | | |
| - Coeclerici SpA Shareholders | | 12,254 | 15,757 | (3,503) |
| - minority interests | | 1,244 | 1,406 | (162) |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2012 (thousands of Euros)

| | SHARE CAPITAL | LEGAL RESERVE | TRANSLATION RESERVE | MERGER SURPLUS RESERVE | RESERVE RELATED TO THE FAIR VALUE OF FINANCIAL INSTRUMENTS | OTHER RESERVES | RETAINED EARNINGS | NET PROFIT | TOTAL CC GROUP NET EQUITY | TOTAL MINORITY NET EQUITY | TOTAL NET EQUITY |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **At 31 December 2010** | **10,000** | **1,700** | **(1,797)** | **6,798** | **(1,640)** | **23,708** | **11,198** | **14,473** | **64,440** | **6,527** | **70,967** |
| 2010 profit transferred to reserves | | 300 | | | | | 14,173 | (14,473) | 0 | 0 | 0 |
| Dividends paid | | | | | | | (5,000) | | (5,000) | (507) | (5,507) |
| Directors' remuneration | | | | | | | (800) | | (800) | 0 | (800) |
| Reclassification of deferred tax provisions | | | | (6,798) | | 25,490 | (18,692) | | 0 | 0 | 0 |
| Net income recorded directly in equity | | | (1,596) | | 1,124 | | | | (472) | (244) | (716) |
| Effect of change in consolidation area | | | | | | | 824 | | 824 | (599) | 225 |
| Profit for the year | | | | | | | | 16,229 | 16,229 | 1,650 | 17,879 |
| **At 31 December 2011** | **10,000** | **2,000** | **(3,393)** | **0** | **(516)** | **49,198** | **1,703** | **16,229** | **75,221** | **6,827** | **82,048** |
| 2011 profit transferred to reserves | | | | | | | 16,229 | (16,229) | 0 | 0 | 0 |
| Dividends paid | | | | | | | (8,000) | | (8,000) | (723) | (8,723) |
| Directors' remuneration | | | | | | | (1,600) | | (1,600) | 0 | (1,600) |
| Net income recorded directly in equity | | | 323 | | (1,852) | | 0 | | (1,529) | 62 | (1,467) |
| Effect of change in consolidation area | | | | | | | (491) | | (491) | 1,168 | 677 |
| Profit for the year | | | | | | | | 13,783 | 13,783 | 1,182 | 14,965 |
| **At 31 December 2012** | **10,000** | **2,000** | **(3,070)** | **0** | **(2,368)** | **49,198** | **7,841** | **13,783** | **77,384** | **8,516** | **85,900** |

## CONSOLIDATED STATEMENT OF CASH FLOWS AT 31 DECEMBER 2012 (thousands of Euros)

| | 2012 | 2011 |
|---|---|---|
| A CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 42,780 | 47,319 |
| B CASH FLOW GENERATED (ABSORBED) FROM OPERATING ACTIVITIES | | |
| Group net profit | 13,783 | 16,229 |
| Minority interest profit | 1,182 | 1,650 |
| Depreciation of property, plant and equipment | 15,372 | 10,330 |
| Amortisation of intangible assets | 572 | 550 |
| Share of profits from equity investments measured using the net equity method | (2,894) | (903) |
| Interest paid | (7,674) | (5,243) |
| Net change in provisions for liabilities and charges | 7,984 | (2,057) |
| Net change in post-employment benefits | 711 | (408) |
| Net change in deferred taxes | (2,763) | (86) |
| Change in inventories | 533 | (3,795) |
| Change in trade payables | (18,173) | (6,737) |
| Change in trade receivables | (6,194) | 977 |
| Other changes in working capital | 25,524 | (10,270) |
| CASH FLOW GENERATED (ABSORBED) FROM OPERATING ACTIVITIES (B) | 27,963 | 237 |
| C CASH FLOW GENERATED (ABSORBED) FROM INVESTING ACTIVITIES | | |
| Investments in property, plant and equipment | (22,164) | (73,114) |
| Investments in intangible assets | (2,609) | (431) |
| Disposal of property, plant and equipment | 8,883 | 27,787 |
| Disposal of intangible assets | 551 | 0 |
| Change in other non-current assets | 665 | 128 |
| Investments in available-for-sale financial assets | (430) | (798) |
| Investments in other companies | (2) | (8,392) |
| Dividends received from jointly controlled companies | 539 | 714 |
| CASH FLOW GENERATED (ABSORBED) FROM INVESTING ACTIVITIES (C) | (14,567) | (54,106) |
| D CASH FLOW GENERATED (ABSORBED) FROM FINANCING ACTIVITIES | | |
| Change in current financial receivables | (8,172) | 850 |
| Net change in non-current financial payables | 7,954 | 48,445 |
| Change in current financial payables | (2,230) | 5,542 |
| Dividends paid | (8,000) | (5,000) |
| Dividends paid to minority interest | (723) | (507) |
| CASH FLOW GENERATED (ABSORBED) FROM FINANCING ACTIVITIES (D) | (11,171) | 49,330 |
| E OVERALL CASH FLOW GENERATED (ABSORBED) (E = B + C + D) | 2,225 | (4,539) |
| F CASH AND CASH EQUIVALENTS AT END OF PERIOD (A + E) | 45,005 | 42,780 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



## PRINCIPLES USED IN DRAWING UP THE FINANCIAL STATEMENTS

The consolidated financial statements have been drawn up in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union. IFRS also includes all of the International Accounting Standards reviewed (IAS), all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously referred to as the Standing Interpretations Committee (SIC).

The financial statements have been drawn up on the basis of historical cost, modified as requested for the evaluation of some financial instruments.

The financial statements are in Euros, and unless otherwise indicated, figures are in thousands of Euros.

The consolidated financial statements consist of the balance sheet, income statement, comprehensive income statement, a statement of changes in net equity, a cash flow statement and notes to the financial statements, and they have been drawn up by using the accounts of the Holding Company and its subsidiaries, whether Italian or foreign, in which Coeclerici SpA directly or indirectly holds a majority of voting rights, and on which it therefore exercises control or from which it obtains benefits in virtue of its power of regulating their financial and operational policies.

For the purposes of drawing up the consolidated financial statements, the financial statements of the period to 31 December 2012 have been used. These statements have been adjusted where necessary to respect consolidation requirements and bring them into line with International Financial Reporting Standards (IFRS).

### *Financial statement models*

The Coeclerici Group presents its income statement by expense nature, a manner regarded as more representative than classification by function.

The balance sheet has been drawn up in accordance with IAS 1 by classifying assets and liabilities as ‘current/non-current’.

Current assets are classified as such when they may predictably be realised within the normal operational cycle of the business, that is within twelve months from the date of the financial statements. Inventories and trade receivables are included in current assets.

Tangible and intangible assets, as well as all assets other than current ones, are included as non-current assets.

Current liabilities are classified as such when they may predictably be discharged within the normal operational cycle of the business, that is within twelve months from the date of the financial statements.

The cash flow statement was drawn up according to the indirect method.

## PRINCIPLES OF CONSOLIDATION

### *Subsidiaries*

These are firms that the Group controls, as defined by IFRS 10 - Consolidated Financial Statements, the new standard issued by the IASB in May 2011. Control exists when the Group has the direct or indirect power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date control begins until such time as that control ceases to exist. The amounts of net equity and profit attributable to minority shareholders are shown separately in the consolidated balance sheet and income statement. Where necessary, adjustments have been made to the financial statements of subsidiaries to bring their accounting policies in line with those adopted by the Group.

The book value of the shares held is eliminated against a corresponding fraction of the subsidiary's net equity, calculated by attributing each asset and liability its value at the date the Group acquired control. Any remaining positive difference (gain) is included as profit under "goodwill"; any negative difference (loss) is recorded in the income statement, as required by IFRS 3 (Business Combinations).

### *Jointly controlled entities*

These are firms over whose business the Group has joint control as defined in IFRS 11 – Joint Arrangements, issued by the IASB in May 2011. The consolidated financial statements include the share of the profits of jointly controlled entities attributable to the Group, measured using the net equity method, from the date on which joint control starts until the moment it ceases to exist. If the share of losses attributable to the Group exceeds the book value of the equity investment in the financial statements, the value of the equity investment is written off and the Group's share of any further losses is not recorded, unless and to the extent to which the Group is obliged to answer for them. Where necessary, adjustments have been made to the financial statements of jointly controlled entities to bring their accounting policies in line with those adopted by the Group.

### *Associated companies*

These are companies over whose financial and operating policies the company has considerable influence, but not control or joint control, as defined by IAS 28 – Investments in associates.
The consolidated financial statements include the share of the profits of associated firms attributable to the Group, measured using the net equity method, from the date on which considerable influence starts until the moment it ceases to exist. If the share of losses attributable to the Group exceeds the book value of the equity investment in the financial statements, the value of the equity investment is written off and the Group's share of any further losses is not recorded, unless and to the extent to which the Group is obliged to answer for them. Where necessary, adjustments have been made to the financial statements of associated companies to bring their accounting policies in line with those adopted by the Group.

### *Other investments*

Minor equity investments in other companies are entered at fair value with the effects charged to the net equity reserve related to other comprehensive income; changes in the fair value recognized in equity are charged to the income statement when it is impaired or realized. When investment is not traded in a public market and its fair value cannot be reliably determined, it is accounted for at cost, adjusted for impairment loss. Dividends received from these businesses are included in the income statement.

### *Transactions eliminated during consolidation*

When preparing the consolidated financial statements, all balances and significant transactions between Group companies are eliminated, as well as all unrealized gains and losses on intercompany transactions.

### *Foreign currency transactions*

Items originally expressed in foreign currency are converted into Euros at the historical exchange rate on the date of the transaction. Exchange differences which occur when foreign currency receivables are collected and payables are paid are recorded in the income statement.

Foreign currency assets and liabilities (with the exception of fixed assets) are entered at the year-end spot exchange rate and the relevant exchange gains and losses are recorded in the income statement. Any net profit is set aside in a special non-distributable reserve until it is realized.

The conversion of the financial statements of foreign subsidiaries using other currencies into Euros is based on the year-end exchange rate for balance sheet items and the average annual exchange rate for income statement items. Exchange differences stemming from the conversion of financial statements expressed in foreign currencies are allocated directly to the 'translation reserve' item under equity.

The USD bank loan granted to the subsidiary Coeclerici Mozambico SpA was however not adjusted to the year-end exchange rate as described above since the sole purpose of the subsidiary is to perform a single contract that entails revenues in Dollars using two supramax vessels financed with a medium-term loan in Dollars. In line with this contract, the revenues generated are not converted into Euros unless they exceed the three-month loan repayment instalment due. The revenues are instead placed in a foreign currency account and recorded financially at the same exchange rate in force when the loan was taken out. This procedure avoids the effects of exchange rate fluctuations when the loan is paid back, since it is covered by the revenue flow in dollars. The contract is expected to give rise to revenues in dollars that are greater than the payments required to pay back the loan, and this will be periodically checked.

## ACCOUNTING POLICIES

The most important criteria used for valuing when drawing up the consolidated financial statements are shown below.

### *Property, plant and equipment*

Tangible fixed assets are entered at cost price or production cost and are not re-valued.

Any costs incurred after purchase are included only if they increase the future economic benefits inherent in the asset they refer to. All other costs are recorded in the income statement when incurred.

Assets are depreciated by applying the following depreciation rates, which are designed to spread the value of the tangible assets adequately over their estimated useful life:

| | DEPRECIATION RATES |
|---|---|
| Buildings | 3% |
| Plant and equipment | 10% - 25% |
| Other tangible assets | 12% - 25% |

Land is not depreciated.

Fleet depreciation is applied on the basis of the cost of each vessel, decreased by the amount it is estimated could be gained from scrapping, based on an assumed useful life of 25 years for the hull, 15-20 years for the engines, 10-15 years for cranes and conveyor belts and 5 years for all components subject to renovation or replacement during dry-dock maintenance.

'Mining reserves' are determined on the basis of an assessment of the fair value of the coal reserves conducted at the moment the mine was purchased, in keeping with IFRS 3 (Business Combinations). The mine exploitation license will expire in 2017. Mine depreciation is calculated on the basis of the production schedule taking into consideration the quantities mined during the reference period. The depreciation schedule used will write off the value of the coal reserves when the licence expires. The carrying amount of the mining reserves, which is determined on the basis of the recoverability of the book value, may be written down, as outlined in IAS 36.

The costs of dismantling and reclaiming mining sites are recorded in compliance with IAS 16 as a separate component of the reference asset and amortized over the whole remaining life of that asset. These costs are set off against a special risk provision that is used when amounts are paid out to reclaim the sites.

'Assets under construction and advances' include all investments that have not yet become part of the production process.

### *Intangible assets*

According to IAS 38 (Intangible Assets), intangible assets are entered as assets when it is likely that use of the asset will generate future economic benefits and when the cost of the asset may be measured reliably.

#### Goodwill

If companies are taken over, the assets, liabilities and potential liabilities acquired and identifiable are recorded at their fair value on the takeover date.
If the difference between the takeover price and the share held by the Group at its fair value is positive, these assets and liabilities are classified as goodwill and are entered in the financial statements as intangible assets. If the difference is negative ('negative goodwill'), this difference is recorded in the income statement at the time of takeover.

Goodwill is not amortized but its value is tested annually, or whenever specific events or changes in circumstances suggest it may have been impaired. After initial determination, goodwill is calculated at cost less any accumulated impairment losses.

If a previously acquired company whose takeover gave rise to goodwill is partly or entirely transferred, the remaining goodwill will be taken into account in the capital gain or capital loss calculation.

When the International Financial Reporting Standards were applied for the first time, the Group chose not to apply IFRS 3 (Business Combinations) retroactively to company takeovers that occurred before 1st January 2006. Consequently, the allocations made on the purchase dates have not been reviewed.

#### Exploration assets

Costs relating to the purchase of exploration rights, geological and topographical surveys, exploratory drilling and excavation, sampling, and the technical feasibility and commercial viability studies of a mining resource are recorded as exploration and evaluation assets, in compliance with IFRS 6.
These costs are recorded as intangible assets and amortized over the period during which it is expected the relevant mining will take place. Exploration assets may be decreased in value in compliance with the procedures laid down in IAS 36, when their book value is not recoverable.

#### Other intangible assets

According to IAS 38 (Intangible Assets), other intangible assets (purchased or produced internally) are entered as such when it is likely that use of the asset will generate future economic benefits and when the cost of the asset may be measured reliably.

These assets are assessed at purchase price or production cost and amortized on a straight-line basis over their estimated useful lives if they have a definite useful lifespan. Intangible assets with indefinite useful lives are not amortized, but are assessed for loss of value annually, or whenever specific events suggest they may have been impaired.

Other intangible assets acquired after taking over a company are entered separately from goodwill if their fair value can be measured reliably.

### *Leasing contracts*

Assets held under financial lease contracts, which essentially transfer all the risks and benefits linked to ownership of the assets to the Group, are recognized as Group assets at their fair value or, if lower, at the present value of the lease payments due. The corresponding liability for the lessor is shown as a specific liability item.
The contract is classified as a finance lease upon stipulation by examining the contract requirements and/or asset involved. Payments made under operating lease contracts are charged to the income statement on a straight-line basis over the lease term.

### *Loss of asset value*

The Group regularly assesses the recoverability of the book values of intangible and tangible assets in order to determine if there is any sign they may have been impaired. If there is such evidence, the book values of the assets concerned are decreased to their respective recoverable values. The recoverable value of an asset is either its fair value less any costs of sale or its value in use, whichever the greater. To determine the value in use of an asset, the Group calculates the present value of the estimated future cash flows (gross of taxation) discounted at a before-tax rate which reflects the current market time value of money and the specific risks associated with that asset.
An impairment loss is recorded if the recoverable value is lower than the book value. When an impairment loss (excluding impairment losses on goodwill) subsequently reverses or decreases, the book value of that asset or cash-generating unit is increased to the revised estimate of its recoverable amount which cannot exceed the book value that would have been determined had no impairment loss been recognized for that asset. Reversal of an impairment loss is immediately recognized in the income statement.

### *Available-for-sale financial assets*

Available-for-sale financial assets are initially recorded at purchase price and subsequently assessed at fair value. The gains and losses stemming from changes in fair value are recorded directly in net equity until the financial asset is eliminated from the balance sheet, which is when the overall profits and losses are recorded in the income statement. If a decrease in fair value is recorded directly in net equity and there is objective evidence that the asset has undergone a permanent decrease in value, the cumulative loss which has been recorded in net equity is reversed and recorded in the income statement.

### *Financial instruments*

Non-current financial assets other than equity investments, current financial assets, and financial liabilities are entered according to IAS 39 (Financial instruments: recognition and measurement).

#### Financial derivatives

Financial derivatives are normally used with the intention of hedging. In line with IAS 39, financial derivatives may be recorded according to the methods laid down for hedge accounting only when, at the beginning of the hedging, there is a formally designated and documented hedging relationship, the hedging is considered to be highly effective, its effectiveness may be reliably measured, and the hedging itself is highly effective during the various accounting periods for which it is designated.

All financial derivatives are measured at their fair value, as laid down in IAS 39. When financial instruments have the appropriate characteristics to be entered according to hedge accounting methods, the following accounting principles are applied:

- Fair value hedge – If a financial derivatives is designated to hedge the exposure to changes in fair value of an asset or liability shown on the financial statements and attributable to a particular risk which may affect the income statement, the gain or loss from subsequently re-measuring the hedging instrument at fair value is entered on the income statement. The gain or loss on the hedged item attributable to the hedged risk changes the book value of that item and is recognized in the income statement.

- Cash flow hedge – If a financial derivative is designated to hedge exposure to changes in the future cash flows of an asset or liability entered into the financial statements or of a highly probable forecast transaction that may affect the income statement, the effective portion of the gains or losses on the financial derivative is recorded in net equity. Accrued equity gains or losses are reversed and entered into the income statement in the same period in which the hedged transaction is recorded. Gains or losses associated with hedging (or part thereof) which becomes ineffective are recorded in the income statement immediately. If a hedging instrument or hedging relationship is closed before the hedged transaction occurs, the accrued gains and losses recorded up to that time in net equity are recorded in the income statement when the relevant transaction actually occurs. If the hedged transaction is no longer considered likely, the gains or losses that have not yet been realized and are suspended in net equity are immediately recorded in the income statement

If hedge accounting cannot be applied, the gains or losses arising from the fair value assessment of the financial derivative are immediately entered in the income statement.

### *Inventories*

Inventories of lubricants and fuels on board ships are recorded at cost price, measured according to the FIFO method.

Inventories of commodities are entered at either the cost price of the inventories on hand, measured according to the FIFO method, or their estimated realizable value based on market price, whichever the lower.

### *Trade receivables*

These are recorded at their presumed realizable value.

### *Cash and cash equivalents*

These include cash funds, the surplus balance of current accounts, the total of bank deposits, and all high-liquidity investments with due date within the next three months.

### *Provisions for liabilities and charges*

The Group records provisions for liabilities and charges when it has a legal or implicit obligation towards third parties, when it is likely that Group resources will be needed to fulfil this obligation and when a reliable estimate of the total value of the obligation itself may be made. The provisions reflect the best possible estimate on the basis of the facts available. Estimates are updated to the date of the financial statements. Changes in the estimates are reflected in the income statement for the period during which they are made.

### *Post-employment benefits*

Post-employment benefits are calculated according to IAS 19.
The severance indemnity reserve is regarded as a 'defined benefit plan' and is measured on the basis of

actuarial calculations using the 'projected unit credit method'. The actuarial gains and losses generated by applying this method are recognized in the income statement.

Since all the Italian companies belonging to the Group have less than 50 employees, the amendments made by Italian law No. 296 of 27 December 2006 (the 2007 Finance Act) and subsequent decrees and regulations issued during the first few months of 2007 allow employees to keep their post-employment benefit within the company without being obliged to opt to hand it over to a supplementary pension fund or assign the post-employment benefit to the treasury fund at the Italian national social security institute (INPS). The actuarial calculation made since 2007 excludes the component relating to future pay increases only for employees who voluntarily exercised the options laid down in the above mentioned law. The difference resulting from the new calculation is treated as a 'curtailment' according to paragraph 109 of IAS 19 and is consequently entered in the first six months of 2007.
Amounts of post-employment benefit falling due for employees from the moment they exercise the option are deemed a 'Defined Contribution Plan'.

### *Recognition of revenues and costs*
Revenues are recorded to the extent that it is likely the Group will receive economic benefits and that their total value may be measured reliably. Revenues are shown net of discounts and allowances.

Revenues from sales are recognized at the end of the service performed or when property is transferred. Financial revenues and revenues from services are recognized on an accrual basis.

Revenues from time charters are recognised on a straight-line basis over the period of the contract in question.

### *Capital grants*
Capital grants are recognized when they are definitively assigned to the Company and recorded in the income statement at the same time as the asset they refer to is depreciated.

### *Financial income and expenses*
Financial income and expenses are recognized on an accrual basis, according to the amount of time that passes and using the actual effective rate.

### *Income taxes*
Income taxes include all the taxes calculated on the Group taxable income. They are recognized in the income statement, with the exception of those concerning items directly charged or credited to equity, in which case the tax effect is recorded directly in equity. Other taxes not related to income, such as taxes on property and capital, are included among the operating expenses. The taxable income is different from the amount recorded in the income statement since it excludes positive and negative components that are taxable in other accounting periods and also excludes items that will never be taxable or allowable. The liability for current taxes is calculated using the rates officially or actually in force at the year-end.
Deferred taxes are set aside according to the overall liability allocation method. They are calculated on all temporary differences which may emerge between the taxable base of an asset or liability and the book value in the consolidated financial statements. Deferred tax assets on tax losses and unused tax receivables that may be carried forward, as well as on temporary differences, are recognized to the extent that it is likely that future taxable income may emerge against which they can be recovered.

### *Use of estimates*
In order to draw up the financial statements, the Directors produce estimates and assessments that affect

the amounts recorded as assets, liabilities, costs and revenues, and potential future gains and losses. The Directors periodically check their estimates and assessments on the basis of past experience and other factors considered reasonable in the circumstances. The use of estimates and assessments is particularly important in determining the following balance sheet and income statement items:

a) Tangible and intangible assets – Useful life and recoverability estimates

The Company has significant quantities of tangible and intangible assets. Establishing the useful lives of assets and determining whether they are recoverable (in order to decide whether the company should write them down), involves assessments and estimates.

Assets are depreciated or amortized on the basis of their useful lives, which is estimated for each category (tangible and intangible). The recoverable value of tangible and intangible assets depends on the possibility the assets have of generating sufficient net cash flows to recover their book value over the course of their estimated useful life.

b) Additional estimates

Estimates are also used to enter the presumed values of certain receivables, the fair value of derivatives and financial assets available for sale, the funds set aside for employee benefits, taxes and other provisions. Further details about these kinds of estimates can be found in the specific notes on each item.

Generally speaking, the final figures in the following accounting period may differ from the estimates originally entered. Changes in estimates are recorded in the income statement for the accounting period during which they actually appear.

In the absence of an established principle or interpretation applicable to a specific operation, the Group's management decides which accounting methods to adopt, through its own well thought-out and subjective evaluations, in order to provide relevant and reliable information so that the financial statements:

- paint a true picture of the company's balance sheet and financial position, profit result and cash flows;
- reflect the economic substance of transactions;
- are objective;
- are prepared on a prudent basis;
- are complete in all relevant respects.

## CONSOLIDATION AREA

Attached to the notes to the financial statements are lists of the companies included in the consolidation area, investments in joint ventures and associates measured using the equity method.

The following transactions led to changes in the company consolidation area compared to the previous year:

- on 23 January 2012 the American company Coeclerici Americas LLC was set up, 90 percent controlled by Coeclerici Americas Real Estate Inc (previously called Coeclerici Americas Inc). The purpose of this company is to develop coal trading activities, and those of its derivatives, and take advantage of new logistics opportunities all over the continent.

- on 28 March 2012 the Maltese companies Coeclerici Malta Limited, 99.9 percent controlled by Coeclerici Logistics SpA, and CCL Malta Limited, 99.9 percent controlled by CC Black Sea Bulk Srl, were set up.

- on 29 March 2012 the Maltese companies Kyla Holding Limited, 50 percent controlled by CC Black Sea Bulk Srl and 50 percent by Donmar Corporation, and Kyla Logistics Limited, 99.9 percent controlled by Kyla Holding Limited were established. The latter was consolidated on 31 December 2012 using the net equity method. Together with the companies listed in the previous point, these companies conduct transshipping activities with the Bulk Kremi vessel in the Black Sea.

- on 18 December 2012, Coeclerici Logistics SpA, in order to rationalise the division's organisational structure, transferred its investment in the following companies to a new company called Coeclerici Logistics Partecipazioni Srl: Terminal Offshore Piombino SpA, Shipping Services Srl, Coeclerici Mozambico SpA, PT Pelayaran Logistik Konversi Indonesia, PT Asian Bulk Logistics, Logconversion Transportes Maritimos Lda, Capo Noli Transportes Maritimos Lda, CGU Logistic Limited, USL Coeclerici Logistics Private Limited and CC Black Sea Bulk Srl.

- on 31 December 2012 Coeclerici Americas LLC acquired 51 percent of the American company Coeclerici Coal Network LLC. This company operates in the US coal trading market in the Ohio and Mississippi rivers area.

## OTHER INFORMATION

*Accounting principles, amendments and interpretations applied since 1 January 2012*

No amendments or interpretations have been issued since 1 January 2012 that the Group is required to apply at the date of these financial statements, and there are no additional standards, amendments and interpretations, applied for the first time by the Group since 1 January 2012, which have had significant effects on the Group financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The figures shown in these comments are expressed in thousands of Euros. Figures from the previous period or the exchange value of the amount in the currency of reference are shown in brackets.

*Property, plant and equipment (Note 1)*

The changes that occurred in property, plant and equipment over the course of 2012 are summarized in the following table:

| | FLEET | LAND AND BUILDINGS | PLANT AND MACHINERY | OTHER ASSETS | COAL RESERVES | CLEAN-UP AND RESTORATION COSTS | FIXED ASSETS UNDER CONSTRUCTION | TOTAL |
|---|---|---|---|---|---|---|---|---|
| **At 31 December 2010** | **34,162** | **3,992** | **6,141** | **4,318** | **14,325** | **2,458** | **64,462** | **129,858** |
| Increases | 1,296 | 1,860 | 2,083 | 5,235 | 0 | 0 | 62,640 | 73,114 |
| Decreases | (1,930) | 0 | (12) | (126) | 0 | (222) | (25,230) | (27,520) |
| Depreciation in 2011 | (4,039) | (53) | (2,089) | (1,506) | (2,256) | (387) | 0 | (10,330) |
| Reclassifications | 52,888 | 0 | 0 | 15 | 0 | 0 | (52,903) | 0 |
| Exchange rate differences | (1,390) | (80) | (88) | (14) | (271) | (47) | 399 | (1,491) |
| **At 31 December 2011** | **80,987** | **5,719** | **6,035** | **7,922** | **11,798** | **1,802** | **49,368** | **163,631** |
| Increases | 3,787 | 470 | 55 | 1,318 | 0 | 153 | 16,381 | 22,164 |
| Decreases | (9,045) | 0 | (37) | 0 | 0 | 0 | 0 | (9,082) |
| Depreciation in 2012 | (7,678) | (117) | (2,590) | (3,032) | (1,696) | (259) | 0 | (15,372) |
| Reclassifications | 55,281 | 311 | 3,994 | 6,264 | 0 | 0 | (65,850) | 0 |
| Exchange rate differences | 52 | 72 | 200 | 156 | 435 | 65 | 118 | 1,098 |
| **At 31 December 2012** | **123,384** | **6,455** | **7,657** | **12,628** | **10,537** | **1,761** | **17** | **162,439** |

The 'Fleet' category, equal to € 123,384 thousand (€ 80,987 thousand at 31 December 2011), is shown net of the capital grants resulting from laws 488/1992 and 341/1995, equal overall to € 791 thousand (€ 870 thousand at 31 December 2011). These grants were obtained to build the Bulk Irony floating transfer station owned by the subsidiary Terminal Offshore Piombino SpA, and are allocated to the income statement over the useful life of the vessel. The depreciation in the period is therefore exposed to net share of the grants allocated to the income statement, equal to € 79 thousand. The increase in the value of the fleet can be attributed mainly to the end of construction and beginning of operational activity of the Bulk Limpopo vessel, and to the improvements put in place on the floating transfer station Bulk Kremi I. The decrease recorded in the financial year is related to the sale of the Bulk Celebes vessel to PT Asian Bulk Logistics.

The 'Land and Buildings' category, equal to € 6,455 thousand (€ 5,719 thousand at 31 December 2011), includes the land valued at € 3,120 thousand (RUB 123.6 million) with a surface area of 11,870,400 $m^2$ situated in the region of Kemerovo, next to the mine and involved in its operations, belonging to the Russian company Selskohozyaistvennoe predpriyatie Taylepskoe (Taylepskoe) wholly controlled by the Russian company OOO Delta Property. This category also includes buildings belonging to the Russian mining company OAO Kisk (€ 557 thousand), the offices of Coeclerici Asia (Pte.) Ltd in Sydney, Australia (€ 345 thousand), the offices of the indirectly-controlled OOO Coeclerici Russia in Novokuznetsk, Russia (€ 285 thousand) and the offices of Coeclerici Americas Inc. (€ 2,145 thousand). The increase in the period mainly refers to the refurbishing costs (€ 379 thousand) of the offices of the indirectly-controlled Coeclerici Americas Real Estate Inc. and the purchase of land, for € 56 thousand, of a surface area of 838,000 $m^2$ by the Russian company Selskohozyaistvennoe predpriyatie Taylepskoe (Taylepskoe) situated in the Kemerovo area.

The 'Plant and Machinery' category, equal to € 7,657 thousand (€ 6,035 thousand at 31 December 2011), increased by € 4,049 thousand on account mainly of new plant and machinery purchased and completed at the mine owned by the indirectly-controlled Russian company OAO Kisk in order to improve the mine's productivity. This category includes assets acquired under lease of € 449 thousand (RUB 18,099 thousand), net of the amount of depreciation of € 554 thousand (RUB 22,155 thousand) and the positive exchange movement of € 40 thousand. Information regarding the residual debt linked to such leasing contracts, equal here to € 178 thousand, are provided in 'Note 10 – Interest bearing liabilities and borrowings'.

The 'Other Assets' heading, equal to € 12,628 thousand (€ 7,922 thousand at 31 December 2011), increased by € 4,706 thousand net of amortisation of € 3,032 thousand and positive exchange rate differences of € 156 thousand. The increase mainly includes vehicles used in the Russian mine of the indirect subsidiary OAO Kisk, of € 6,264 thousand, as well as furniture, furnishing and paintings , worth € 1,224 thousand registered under Coeclerici SpA.

The 'Coal Reserves' heading, equal to € 10,537 thousand (€ 11,798 thousand at 31 December 2011) or RUB 425 million, is wholly represented by coal reserves, held by Russian mining company OAO Kisk which was acquired by the Group in 2008.

'Clean-up and Restoration Costs' are shown separately from Coal Reserves, in line with IAS 16. They are worth € 1,761 thousand (€ 1,802 thousand at 31 December 2011) and will be maintained to meet reclamation when mines are closed.

The heading 'Fixed Assets under Construction' is equal to € 17 thousand (€ 49,368 thousand at 31 December 2011); the decrease in the period resulted from completion of construction work on the Bulk Limpopo vessel and investments coming on-line to improve the productivity of the mines.

## *Intangible assets (Note 2)*

The changes in intangible assets which occurred during 2012 are summarized in the following table:

| | GOODWILL | OTHER FIXED ASSETS | FIXED ASSETS UNDER CONSTRUCTION | TOTAL |
|---|---|---|---|---|
| **At 31 December 2010** | **191** | **1,398** | **7** | **1,596** |
| Increases | 0 | 316 | 115 | 431 |
| Amortisation 2011 | 0 | (550) | 0 | (550) |
| Reclassifications | 0 | 122 | (122) | 0 |
| Exchange rate differences | 0 | (7) | 0 | (7) |
| **At 31 December 2011** | **191** | **1,279** | **0** | **1,470** |
| Increases | 2,144 | 465 | 0 | 2,609 |
| Decreases | 0 | (551) | 0 | (551) |
| Amortisation 2012 | 0 | (572) | 0 | (572) |
| Exchange rate differences | 0 | 16 | 0 | 16 |
| **At 31 December 2012** | **2,335** | **637** | **0** | **2,972** |

The increase in 'Goodwill', equal to € 2,144 thousand, refers to the higher value paid for the acquisition of the subsidiary Coeclerici Coal Network LLC which took place on 31 December 2012. In line with accounting principle IFRS3, the acquirer has a period of evaluation at its disposal, equal to 12 months from the date of acquisition, to complete the recording of company aggregation and determine the fair value of the identifiable activities acquired and the value of goodwill.
The opening balance of this heading, equal to € 191 thousand, refers entirely to the surplus value arising from the purchase of 60 percent of the subsidiary Coeclerici Asia (Pte) Ltd which took place during 2007. The assessment performed at year-end for the preparation of the consolidated financial statements revealed there was no indication of impairment for the goodwill accounted for at the date of acquisition.

'Other fixed assets' mainly consist of the costs of capitalizing software licences.

### *Interests in jointly controlled entities, other investments and available-for-sale financial assets (Note 3)*

This consists of the following:

| | 31/12/2012 | 31/12/2011 |
|---|---|---|
| Interests in jointly controlled entities | 9,684 | 8,522 |
| Other investments | 7,250 | 7,250 |
| Available-for-sale financial assets | 3,735 | 7,345 |
| **Total** | **20,669** | **23,117** |

'Interests in jointly controlled entities', measured using the equity method, changed in the following ways during 2012:

| | PT ASIAN BULK LOGISTICS | VIANNLOG | KYLA CHARTER | KYLA HOLDING LIMITED | TOTAL |
|---|---|---|---|---|---|
| **At 31 December 2010** | **0** | **(6)** | **717** | **0** | **711** |
| 2011 profit | 306 | 40 | 557 | 0 | 903 |
| Dividends paid | 0 | 0 | (714) | 0 | (714) |
| Foreign exchange effect | 356 | 0 | 0 | 0 | 356 |
| Change in consolidation area | 7,266 | 0 | 0 | 0 | 7,266 |
| **At 31 December 2011** | **7,928** | **34** | **560** | **0** | **8,522** |
| 2012 profit | 1,918 | (1) | (21) | 998 | 2,894 |
| Dividends paid | 0 | 0 | (539) | (963) | (1,502) |
| Foreign exchange effect | (205) | 0 | 0 | (27) | (232) |
| Change in consolidation area | 0 | 0 | 0 | 2 | 2 |
| **At 31 December 2012** | **9,641** | **33** | **0** | **10** | **9,684** |

The key financial information relating to 2012 regarding jointly controlled entities is shown in the following table:

| | PT ASIAN BULK LOGISTICS | VIANNLOG | KYLA CHARTER | KYLA HOLDING LIMITED |
|---|---|---|---|---|
| Assets | 86,762 | 98 | 0 | 1,476 |
| Liabilities | 67,084 | 32 | 0 | 1,455 |
| Net Equity | 19,678 | 66 | 0 | 21 |
| Turnover | 11,863 | 1,420 | 0 | 4,895 |
| Operating Profit | 6,090 | 22 | (38) | 2,102 |
| Net Profit | 3,913 | (1) | (41) | 1,994 |

Kyla Charter Transportes Maritimos Lda is 50 percent owned by the Coeclerici Group through its subsidiary CC Black Sea Bulk Srl and 50 percent owned by Donmar Corporation, a subsidiary of the Transship Group. During this financial year it was put into liquidation.

Kyla Holding Limited is 50 percent held by the Coeclerici Group through its subsidiary CC Black Sea Bulk Srl and 50 percent by Donmar Corporation. Through one of its subsidiaries the company conducts transshipment activities in the Black Sea by hiring the Bulk Kremi I Floating Transfer Station of the indirect subsidiary OOO Coeclerici Logistics Russia and a floating crane owned by other companies.

PT Asian Bulk Logistics is 49 percent owned by the Coeclerici Group through its subsidiary Coeclerici Logistics Partecipazioni Srl. The company conducts transshipping in Indonesia.

Viannlog Consultoria Economica Lda is 50 percent held by the Coeclerici Group and 50 percent by Finaval Holding SpA. The company holds a 100 percent stake in the share capital of Mediterranean Bulk System N.V., which works in the raw materials port logistics sector, specializing chiefly in coal transport. Through its above mentioned subsidiary, it provides assistance at the port of Koper (Slovenia) in unloading Panamax ships and temporarily storing materials that are subsequently loaded onto shuttle-vessels destined for Italian ports.
The commercial contract expired in June 2012. On 31 December 2012 the company was struck off the register of companies.

'Other investments' underwent no changes in the 2012 financial year and therefore consists of:

| | 31/12/2012 | 31/12/2011 |
|---|---|---|
| Ambienta SGR SpA | 9 | 9 |
| Consorzio Armatori per la Ricerca (Cons.A.R.)Srl | 5 | 5 |
| Dharamtar Infrastructure Limited | 1,167 | 1,167 |
| Telemar SpA | 434 | 434 |
| USL Coeclerici Logistics Private Limited | 581 | 581 |
| United Shippers Limited | 5,053 | 5,053 |
| Others | 1 | 1 |
| **Total other investments** | **7,250** | **7,250** |

The 'Available-for-sale financial assets' that are likely to remain for some time among the company assets, consist of:

| | 31/12/2012 | 31/12/2011 |
|---|---|---|
| Banca Carige SpA | 77 | 121 |
| Banca Carige SpA – bonds | 0 | 17 |
| Banco Popolare S.C. | 10 | 8 |
| Italian Treasury Bills | 0 | 1,000 |
| Fondo Ambienta I | 1,459 | 1,470 |
| Hao Capital Fund II L.P. | 428 | 371 |
| Bumi PLC | 1,010 | 3,161 |
| Value Secondary Investments SICAR | 751 | 1,197 |
| **Total available-for-sale financial assets** | **3,735** | **7,345** |

During 2012, this heading decreased in value by € 3,610 thousand overall, as shown below:

- decrease of € 61 thousand from adjusting 99,666 shares in Banca Carige SpA to fair value; during the first six months of 2012, 17,887 bonds were turned into shares;
- increase of € 2 thousand from adjusting 7,680 shares in Banco Popolare S.C. to fair value;
- decrease of € 1,000 thousand from the reimbursement of Italian Treasury Bills which expired in November 2012;
- decrease of € 11 thousand regarding shares held in the private equity closed-end fund Ambienta I. During 2012 € 570 thousand was paid in as a result of commitments arising in 2007 and, for the preparation of the consolidated financial statements, these were adjusted to fair value. This adjustment had a negative effect of € 581 thousand;
- increase of € 57 thousand from adjusting shares held in the investment fund HAO Capital Fund II L.P. to fair value;
- decrease of € 2,151 thousand from adjusting 300,000 shares in Bumi PLC to fair value;
- decrease of € 446 thousand from adjusting 61,568 shares held in Value Secondary Investments SICAR to fair value.

Further information regarding the private equity funds Ambienta, Hao Capital Fund II L.P. and Value Secondary Investments SICAR is provided in 'Note 28 – Obligations and guarantees'.

### *Other non-current assets (Note 4)*

This consists of the following:

| | 31/12/2012 | 31/12/2011 |
|---|---|---|
| Other receivables | 764 | 756 |
| Tax receivables | 1,451 | 2,299 |
| Guarantees and deposits | 752 | 667 |
| Provision for other bad debts | (1,113) | (1,212) |
| **Total other non-current assets** | **1,854** | **2,510** |

The € 764 thousand in 'Other receivables' consists of loans granted to third parties connected with Group activities carried out in Indonesia. The interest rate applied reflects the market and counterpart risk. The changes in the financial year results from exchange rate differences.

'Tax receivables' equal to € 1,451 thousand, include tax credits whose reimbursement was requested in previous financial years but which have not yet been received.

'Guarantees and deposits', equal to € 752 thousand, includes € 535 thousand (INR 38,865 thousand) deposited with the Indian customs authority while awaiting settlement of a dispute regarding the payment of customs import duties on the Bulk Celebes floating transfer station. This figure decreased by € 21 thousand compared to 31 December 2011 owing to exchange rate effects and makes up about 50 percent of the € 1,112 thousand total guarantees paid to the Indian customs authorities (INR 77,740 thousand). It also includes € 56 thousand in caution money paid to the Bulgarian judicial authorities on account of disputes under way for the seizure of a cargo of materials, and € 126 thousand in caution money for rental contracts regarding the offices of Coeclerici Asia (Pte) Ltd.

The 'Provision for other bad debts' amounted to € 1,113 thousand and recorded as reduction of € 99 thousand compared to the previous financial year.

### *Inventories (Note 5)*

The € 18,221 thousand in inventories (€ 18,754 thousand at 31 December 2011) consisted of:

| | 31/12/2012 | 31/12/2011 |
|---|---|---|
| Goods | 17,435 | 18,342 |
| Consumables | 786 | 412 |
| **Total inventories** | **18,221** | **18,754** |

'Goods' consisted of the following:

| | 31/12/2012 | | 31/12/2011 | |
|---|---|---|---|---|
| | TONNES | € 000 | TONNES | € 000 |
| Coal at port | 204,818 | 12,033 | 216,454 | 14,987 |
| Coal at mine | 155,905 | 3,866 | 96,096 | 2,136 |
| Anthracite coal in storage | 2,411 | 295 | 9,962 | 1,219 |
| Other types of coal in storage | 17,464 | 1,241 | 0 | 0 |
| **Total Goods** | **380,598** | **17,435** | **322,512** | **18,342** |

The value of coal in storage decreased by € 907 thousand as a result of a decrease in the price of tonnes stored compared to 31 December 2011.

The category 'Consumables' equal to € 786 thousand mainly includes bunkers and oil in stock on Group vessels at the year-end.

### *Trade receivables (Note 6)*

This item amounted to € 77,417 thousand (€ 59,244 thousand at 31 December 2011) and consists exclusively of receivables from customers arising from normal trading operations; it is shown net of the € 653 thousand provision for bad debts (€ 537 thousand at 31 December 2011).
The growth in credit exposure is mainly due to new contracts agreed by the subsidiary Coeclerici Asia (Pte) Ltd, and to delays in collections from the indirect Venezuelan subsidiary Bulkguasare de Venezuela SA.

Trade receivables at 31 December 2012 may be broken down by due date as follows:

| | 31/12/2012 | 31/12/2011 |
|---|---|---|
| Invoices to be issued | 156 | 837 |
| Receivables not yet due | 57,305 | 52,677 |
| Due < 60 days | 10,884 | 3,630 |
| Due < 180 days | 1,973 | 2,622 |
| Due < 365 days | 6,579 | 10 |
| Due > 1 year | 1,173 | 5 |
| Provision for bad debts | (653) | (537) |
| **Total trade receivables** | **77,417** | **59,244** |

In the months after December 2012, a significant proportion of the receivables indicated in the table as being due in less than 60 days were actually received.

The changes in the provision for bad debts during 2012 were as follows:

| **Provision for bad debts at 31 December 2011** | **(537)** |
|---|---|
| Allocations | (102) |
| Uses | 6 |
| Exchange rate differences | (20) |
| **Provision for bad debts at 31 December 2012** | **(653)** |

### *Prepayments and other receivables and current assets (Note 7)*

This item consisted of:

| | 31/12/2012 | 31/12/2011 |
|---|---|---|
| Prepayments | 15,531 | 45,516 |
| Other receivables | 8,257 | 1,034 |
| Receivables relating to the fair value of financial instruments | 1,485 | 1,718 |
| Tax receivables | 7,770 | 8,161 |
| Receivables from joint ventures | 16,299 | 8,706 |
| Receivables from the holding company | 1,700 | 0 |
| Accrued income and prepaid expenses | 2,665 | 2,951 |
| **Total prepayments and other receivables and current assets** | **53,707** | **68,086** |

'Prepayments' equal to € 15,531 thousand (€ 45,516 thousand at 31 December 2011) mainly refers to prepayments made to Russian suppliers for purchases of coal which was delivered in the months immediately after 31 December 2012. The decrease in the financial year, amounting to € 29,985 thousand, resulted primarily from the macroeconomic situation affecting the price of coal which, as was mentioned in the Chairman's Message, fell compared to the previous period.

'Other receivables', equal to € 8,257 thousand (€ 1,034 thousand at 31 December 2011), refers to receivables of various kinds.

'Receivables relating to the fair value of financial instruments' refers mainly to Group currency sales transactions, and is explained at greater length under 'Note 26 – Information regarding financial instruments'.

'Tax receivables', equal to € 7,770 thousand (€ 8,161 thousand at 31 December 2011), are mainly in line with the amount of the previous financial year.

'Receivables from joint ventures' increased by € 7,593 thousand and refers mainly to funding (equal to € 16,295 thousand) of the associated company PT Asian Bulk Logistics, with the application of an interest rate equal to the 6-month LIBOR rate increased by a spread, aimed at financing the construction of new vessels. In January 2013, the associated company PT Asian Bulk Logistics effected a partial reimbursement of USD 6 million of the financing in existence at 31 December 2012.

'Receivables from the holding company' refer to a credit arising from Group tax consolidation for IRES purposes. For more details about the composition of the balance (at 31 December 2011 the Group had a liability equal to € 1,971 thousand) see 'Note 24 – Income taxes'.

'Accrued income and prepaid expenses', equal to € 2,665 thousand (€ 2,951 thousand at 31 December 2011), consists mainly of prepayments of bank charges, insurance premiums, rentals and subscriptions.

## *Cash and cash equivalents (Note 8)*

This consists of the following:

| | 31/12/2012 | 31/12/2011 |
|---|---|---|
| Bank and postal deposits | 44,928 | 42,681 |
| Cash in hand and unpresented effects | 77 | 99 |
| **Total cash and cash equivalents** | **45,005** | **42,780** |

'Bank and postal deposits' consists of short-term liquidity with credit institutions created as a result of treasury management. This liquidity consists of current accounts held in Euros and other currencies.

'Cash in hand and unpresented effects', equal to € 77 thousand, refers to cash held at various company offices and those of the Group's representation offices, as well as cash held on board vessels at the year-end date.
The cash is divided between the following currencies:

| | 31/12/2012 | | 31/12/2011 | |
|---|---|---|---|---|
| | CURRENCY/000 | €/000 | CURRENCY/000 | €/000 |
| Venezuelan Bolivares - VEF | 191 | 34 | 2,291 | 412 |
| Australian Dollars - AUD | 41 | 32 | 39 | 31 |
| Singapore Dollars - SGD | 207 | 129 | 663 | 394 |
| United States Dollars - USD | 26,825 | 20,332 | 27,436 | 21,205 |
| Euros - EUR | 18,456 | 18,456 | 16,673 | 16,673 |
| Swiss Francs - CHF | 126 | 105 | 11 | 9 |
| Bulgarian Levs - BGN | 18 | 9 | 28 | 14 |
| Chinese Renminbis - CNY | 188 | 23 | 96 | 12 |
| Russian Roubles - RUB | 215,743 | 5,350 | 165,807 | 3,970 |
| Indian Rupees - INR | 37,828 | 521 | 3,414 | 50 |
| Indonesian Rupiahs - IDR | 175,100 | 14 | 116,558 | 10 |
| **Total cash funds per foreign currency** | | **45,005** | | **42,780** |

## *Total Net Equity (Note 9)*

The changes in the items which form the Group equity are shown in the statement of changes in equity.

The € 10,000 thousand share capital is entirely subscribed to and fully paid-in. It consists of 10,000,000 ordinary shares with a par value of € 1 each.

The 'Legal Reserve' amounts to € 2,000 thousand. This is the legal reserve of the parent company.

The 'Translation Reserve', equal to minus € 3,070 thousand, arose from the conversion into Euros of the financial statement items of consolidated companies that draw up their financial statements in currencies other than Euros. It increased by € 323 thousand.

The 'Reserve related to the fair value of financial instruments' amounted to minus € 2,368 thousand. This item decreased by € 1,852 thousand owing to the change in fair value of the financial instruments themselves (as more fully analysed in 'Note 26 - Information regarding financial instruments').

'Other reserves', equal to € 49,198 thousand, underwent no changes compared to the previous financial year.

'Retained Earnings' amounted to € 7,841 thousand after distributing a dividend of € 8,000 thousand to the sole shareholder, approving a Board of Directors' remuneration of € 1,600 thousand in relation to the results achieved in 2011, and finally recording a net decrease of € 491 thousand as a result of the unilateral increase in capital of the subsidiary CGU Logistic Limited and for the cession to third parties of a 10 percent share in the subsidiary Coeclerici Americas LLC.

As regards the information required by section 124 of IAS 1, the Group's capital management aims are to create value for the shareholders, safeguard the continuity of Group companies and support the growth of those companies. The Group therefore tries to maintain an adequate level of capitalization in order to produce a satisfactory return for shareholders and, at the same time, ensure economic accessibility to external sources of financing by - among other things - achieving adequate ratings. This strategy has not changed since the previous period.

The Group constantly monitors its capital structure and, especially, its level of net financial borrowing, calculated as the ratio of net financial position and net equity. Compared with the previous year, this ratio is:

| | 31/12/2012 | 31/12/2011 |
|---|---|---|
| Net financial position | 162,175 | 174,971 |
| Net equity | 85,900 | 82,048 |
| **Level of net financial borrowing** | **189%** | **213%** |

The decrease in the level of net financial borrowing is linked primarily to the decrease in the price of coal, as has been mentioned above in the Directors' Report.

### *Interest bearing liabilities and borrowings (Note 10)*

This consists of the following:

| | 31/12/2012 | | | 31/12/2011 | | |
|---|---|---|---|---|---|---|
| | CURRENT | NON-CURRENT | TOTAL | CURRENT | NON-CURRENT | TOTAL |
| Short-term advances | 62,634 | 0 | **62,634** | 66,553 | 0 | **66,553** |
| Secured loans from financial institutions | 5,805 | 53,062 | **58,867** | 5,483 | 56,405 | **61,888** |
| Unsecured loans from financial institutions | 9,718 | 92,058 | **101,776** | 8,174 | 80,603 | **88,777** |
| Leasing agreements | 183 | 15 | **198** | 355 | 178 | **533** |
| **Interest bearing liabilities and borrowings** | **78,340** | **145,135** | **223,475** | **80,565** | **137,186** | **217,751** |

Short-term advances, equal to € 62,634 thousand (€ 66,553 thousand at 31 December 2011) mainly refer to loans obtained from banks to fund the coal-trading activities primarily of the subsidiaries Coeclerici Coal and Fuels SpA and Coeclerici Compagnie SA.

The € 58,867 thousand of secured loans consists of loans issued by major banks for the construction of vessels owned by the Group. Financing contracts assume that there will be a financial covenant on the basis of which the Debit Service Cover Ratio cannot fall below a certain parameter, which is fixed contractually. Failure to respect the covenant may lead to anticipated repayment of the entire financing. The Group has always respected this covenant.

Unsecured loans amounted to € 101,776 thousand. This item refers to loans made by major banks to finance the Group's operating activities. At 31 December 2012, € 75,136 thousand of the syndicated loan facility set up in 2011 by a pool of banks led by Banca Carige SpA had been used. The agreements relating to the syndicated loan facility have the following characteristics: it may be used either in EUR or in USD (and must be paid back in the same currency) with three working days' notice prior to the date of availability at the agent bank; the interest rate charged depends on the currency of use (if in Euros, interest is charged at the 1, 2 or 3 month Euribor rate according to the duration, plus a spread; if in USD, interest is charged at the 1, 2 or 3 month Libor rate, according to the duration, plus a spread). The loan agreement for the syndicated loan facility expires in 2018 and entails complying with financial covenants that are calculated on the basis of the consolidated financial statements of the Coeclerici Group. These covenants refer to the ratio of the 'net financial position' and 'net equity', and the ratio between 'EBITDA' and 'Net financial expense'. Failure to comply with the covenants leads to early repayment of the whole loan used. The financial covenants were constantly complied with throughout 2012. The same financial covenants are applied to other sources of finance without security which are made to the Group.

'Leasing agreements', equal to € 198 thousand, includes payables for assets belonging to the indirect Russian subsidiary OAO Kisk residue of € 178 thousand (RUB 7,188 thousand). The debt falling due within the next twelve months is equal to € 178 thousand (RUB 7,188 thousand). For further information please refer to 'Note 1 – Property, plant and equipment'.

'Interest bearing liabilities and borrowings' at 31 December 2012 had the following deadlines:

| | Within 2013 | 2014-2015 | 2016-2017 | After 2017 | TOTAL |
|---|---|---|---|---|---|
| Short-term advances | 62,634 | 0 | 0 | 0 | **62,634** |
| Secured loans from financial institutions | 5,805 | 11,611 | 11,611 | 29,840 | **58,867** |
| Unsecured loans from financial institutions | 9,718 | 13,846 | 3,076 | 75,136 | **101,776** |
| Leasing agreements | 183 | 12 | 3 | 0 | **198** |
| **Interest bearing liabilities and borrowings** | **78,340** | **25,469** | **14,690** | **104,976** | **223,475** |

'Interest bearing liabilities and borrowings' at 31 December 2012 included the following:

| | 31/12/2012 | | | 31/12/2011 | | |
|---|---|---|---|---|---|---|
| | CURRENT | NON-CURRENT | TOTAL | CURRENT | NON-CURRENT | TOTAL |
| EUR | 5,000 | 67,478 | **72,478** | 5,000 | 67,473 | **72,473** |
| INR | 0 | 0 | **0** | 1,913 | 0 | **1,913** |
| IDR | 5 | 15 | **20** | 0 | 0 | **0** |
| RUB | 4,896 | 9,422 | **14,318** | 3,528 | 5,580 | **9,108** |
| USD | 68,439 | 68,220 | **136,659** | 70,124 | 64,133 | **134,257** |
| **Bank loans and overdrafts by currency** | **78,340** | **145,135** | **223,475** | **80,565** | **137,186** | **217,751** |

### *Provisions for liabilities and charges (Note 11)*

This item includes the funds allocated to deal with the potential liabilities deriving from legal, tax or commercial disputes. It also includes funds set aside to deal with the costs of restoring and reclaiming the Russian mining site. These funds will be used when the company has to face cash outlays in order to reclaim the site.

At 31 December 2012, this item could be broken down as follows:

| | 31/12/2012 | 31/12/2011 |
|---|---|---|
| Current | 3,216 | 1,609 |
| Non-current | 19,045 | 12,668 |
| **Total provisions for liabilities and charges** | **22,261** | **14,277** |

During the financial year, this item changed as follows:

| **At 31 December 2011** | **14,277** |
|---|---|
| Allocation | 7,512 |
| Restoration costs | 153 |
| Releases | (74) |
| Uses | (93) |
| Actuarial change in restoration costs | 338 |
| Exchange rate difference | 148 |
| **At 31 December 2012** | **22,261** |

The funds allocated for the period were € 7,512 thousand (€ 1,446 thousand at 31 December 2011) and are recorded under 'Allocations to provisions for liabilities' on the income statement as described in 'Note 20 – Other net income/(expenses)'. These allocations were made by estimating the potential liabilities connected with each risk on the basis - among other things - of the opinion of the Group's legal and tax consultants.

'Releases' amounted to € 74 thousand (€ 861 thousand at 31 December 2011) and are entered on the income statement under 'Release of provisions', as described in 'Note 20 – Other net income/(expenses)'. This item refers to the amount released by the subsidiary New Sea Logistics EAD relating to successfully concluded litigation and the € 480 thousand released by the indirect subsidiary Coeclerici Coal and Fuels SpA and the Holding Company relating to allocations made in previous years.

The 'Uses' category, equal to € 93 thousand, reflects the direct use of the fund following the event which had originally caused the allocation.

The headings 'Actuarial change in restoration costs' and 'Restoration costs' refer to the adjustment carried out during the financial year for the effect of bringing future cash flows up to date and estimating the costs to be incurred for the restoration and improvement of mining sites used by the Russian subsidiary OAO Kisk.

## *Post-employment benefits (Note 12)*

The changes in the post-employment benefit provisions were as follows:

| | |
|---|---|
| **At 31 December 2010** | **2,080** |
| | |
| Provisions for the period | 415 |
| Discounting effect | (444) |
| Uses | (379) |
| **At 31 December 2011** | **1,672** |
| | |
| Provisions for the period | 550 |
| Discounting effect | 291 |
| Uses | (130) |
| **At 31 December 2012** | **2,383** |

The main assumptions behind the actuarial valuation of the post-employment benefit provisions are as follows:

| | 31/12/2012 | 31/12/2011 |
|---|---|---|
| | | |
| Updating coefficient | 2.70% | 4.75% |
| Inflation rate | 2.00% | 2.00% |
| Annual salary increase rate | | |
| Executives | 2.00% | 2.00% |
| Management / white-collar | 2.00% | 2.00% |
| Annual post-employment benefit increase rate | 3.00% | 3.00% |

The actuarial post-employment benefit recalculation method is explained in the accounting principles. The method used is the 'projected unit credit method' in accordance with IAS 19. The actuarial gains and losses generated by applying this method are recognized in the income statement.

## *Trade payables (Note 13)*

Trade payables amounted to € 35,481 thousand (€ 42,509 thousand at 31 December 2011). This item refers to the current payables for supplies connected with normal Group operating activities.

### *Other payables and current liabilities (Note 14)*

Other payables and current liabilities consisted of the following:

| | 31/12/2012 | 31/12/2011 |
|---|---|---|
| Payments on account from customers | 405 | 6 |
| Other payables | 5,985 | 9,026 |
| Payables relating to the fair value of financial instruments | 240 | 1,699 |
| Tax payables | 1,815 | 1,150 |
| Payables to holding companies | 0 | 1,971 |
| Payables to joint ventures | 0 | 954 |
| Payables to social security institutions | 762 | 1,115 |
| Accrued expenses and deferred income | 3,686 | 2,759 |
| **Total other payables and current liabilities** | **12,893** | **18,680** |

'Payments on account from customers' amounted to € 405 thousand (€ 6 thousand at 31 December 2011). This item refers essentially to trade payables for down payments received for Mining Division activities.

'Other payables' amounted to € 5,985 thousand (€ 9,026 thousand at 31 December 2011). This item refers to payables of various nature due within the next accounting period.

'Payables relating to the fair value of financial instruments', equal to € 240 thousand (€ 1,699 thousand at 31 December 2011), refers to the foreign currency purchase and interest rate fluctuation risk hedging transactions described in 'Note 26 – Information regarding financial instruments'. Refer to the note for further details.

'Tax payables' came to € 1,815 thousand (€ 1,150 thousand at 31 December 2011). This item consists of income tax and employee and freelance withholding tax payables, net of amounts already paid in 2012, VAT payments, and provisions for current taxes.

'Payables to social security institutions' amounted to € 762 thousand (€ 1,115 thousand at 31 December 2011). This item mainly refers to social security contributions accrued in December 2012 and duly paid in January 2013.

'Accrued expenses and deferred income' amounted to € 3,686 thousand (€ 2,759 thousand at 31 December 2011). This item consists mainly of accrued expenses for various types of operating costs. The € 927 thousand increase for the period was mainly due to the advance billing of Logistics Division transshipment operations, reflecting the entry into service of new vessels.

### *Revenues (Note 15)*

This item consisted of:

| | 2012 | 2011 |
|---|---|---|
| Raw material sales | 539,156 | 549,085 |
| Transshipment and other logistics services | 23,571 | 24,982 |
| Charters and shipping transport | 25,283 | 7,595 |
| Coal brokerage commission | 0 | 130 |
| Other services | 1,158 | 1,161 |
| **Total revenues** | **589,168** | **582,953** |

'Raw material sales', equal to € 539,156 thousand, refer to trading activities. Despite the higher quantities of coal handled compared to 2011, the fall in the price of coal generated a decrease in turnover of raw material sales of € 9,929 thousand.

Revenues from 'Transshipment and other logistics services', equal to € 23,571 thousand, decreased by € 1,411 thousand compared to 2011 (€ 24,982 thousand) mainly owing to a decrease in the tonnage handled by the Bulk Celebes vessel.

Revenues from 'Charters and shipping transport', wholly attributable to the Logistics Division and equal to € 25,283 thousand, show an increase of € 17,688 thousand compared to the previous year (€ 7,595 thousand); this significant increase is mainly due to the full operational status of vessels in Mozambique which was achieved in the year.

The amount of € 1,158 thousand held as 'Other services' mainly refers to revenues for services of an administrative and technical supervisory nature offered to companies held in joint venture.

Information by operating segment is provided in 'Note 25 – Information by operating segment and geographical area'.

## *Cost of sales (Note 16)*

This item consisted of:

| | 2012 | 2011 |
|---|---|---|
| Purchase of raw materials | 477,997 | 476,116 |
| Mine operating costs | 22,038 | 12,069 |
| Cost of seafaring personnel | 10,115 | 6,669 |
| Cost of mining personnel | 6,767 | 5,939 |
| Technical costs for fleet and plants | 3,691 | 3,951 |
| Port expenses and other shipping costs | 1,835 | 1,601 |
| Bunkers | 589 | 895 |
| Lubricants / spare parts | 1,327 | 906 |
| **Total cost of sales** | **524,359** | **508,146** |

The increase in 'Purchase of raw materials', equal to € 1,881 thousand, results mainly from the larger amounts handled compared to 2011 even though the effect was reduced by the fall in coal prices.

'Mine operating costs', equal to € 22,038 thousand (€ 12,069 thousand in 2011) increased as a result of the larger amounts extracted and handled compared to the previous year.

'Cost of seafaring personnel' refers to crews on board vessels belonging to subsidiaries of the Logistics Division. This category, equal to € 10,115 thousand, owes its increase of € 3,446 thousand above all to the operational status of the new transshipping vessels Bulk Zambesi and Bulk Limpopo.

'Cost of mining personnel', equal to € 6,767 thousand, shows an increase of € 828 thousand over the previous financial year (for further information, see 'Note 30 – Other Information').

'Technical costs for fleet and plants', equal to € 3,691 thousand, shows a decrease on the previous year as a result of improved efficiency, while 'Port expenses and other shipping costs', equal to € 1,835 thousand, is directly linked to the volume of business and increase compared to the previous financial year.

'Bunkers', equal to € 589 thousand, refers to fuel used for fleet activity and was less than in 2011.

Costs relating to 'Lubricants/spare parts', equal to € 1,327 thousand, refer to spare parts and consumable products used in ordinary and one-off maintenance of vessels, and are recorded to the income statement in the same period in which they are incurred. The increase reflects the enlarging of the Group's fleet.

### *Overhead and administrative expenses (Note 17)*

This item consisted of:

| | 2012 | 2011 |
|---|---|---|
| Personnel costs | 14,686 | 12,512 |
| Consultancies | 4,308 | 5,033 |
| Director fees | 2,924 | 3,787 |
| Rents, leases and similar | 2,187 | 1,874 |
| Other costs | 2,814 | 2,499 |
| Travel expenses | 1,438 | 1,442 |
| Entertainment expenses | 923 | 1,045 |
| Utilities Building administration – Representative offices | 1,497 | 1,055 |
| Consumables | 278 | 559 |
| Advertising | 548 | 489 |
| **Total overhead and administrative expenses** | **31,603** | **30,295** |

'Personnel costs', equal to € 14,686 thousand, is considered in detail in 'Note 30 – Other Information'.

'Consultancies', equal to € 4,308 thousand, consists mainly of corporate management consultancy costs incurred by the Group and is lower than in the previous financial year.

'Director fees' to Directors and Statutory Auditors, equal to € 2,924 thousand, decreased by € 863 thousand on the 2011 financial year. The category also includes sums paid to Directors and Statutory Auditors of the Holding Company, as shown below:

| | 2012 | | 2011 | |
|---|---|---|---|---|
| | Number | Remuneration | Number | Remuneration |
| Directors | 12 | 1,428 | 9 | 1,927 |
| Statutory Auditors | 3 | 55 | 3 | 40 |
| **Total Fees** | **15** | **1,483** | **12** | **1,967** |

'Rents, leases and similar' mainly included the rent paid to the parent company Finanziaria Cocler S.A.p.A. for the property used in Milan.

'Other costs', equal to € 2,814 thousand, includes costs for software maintenance and repair, membership fees, taxes on commodities, other indirect taxation, costs for vehicles and other various services.

'Travel expenses' and 'Entertainment expenses', equal respectively to € 1,438 thousand and € 923 thousand, show a decrease of € 126 thousand overall and mainly refer to projects in progress and related monitoring activities.

### *Capital gains / (losses) on non-current assets (Note 18)*

This consists of the following:

| | 2012 | 2011 |
|---|---|---|
| Capital gains | 212 | 278 |
| Capital losses | (13) | (11) |
| **Total capital gains / (losses) on non-current assets** | **199** | **267** |

This mainly consists of capital gains realised on the sale of the vessel Bulk Celebes to PT Asian Bulk Logistics.

### *Profit / (loss) from jointly controlled entities measured using the equity method (Note 19)*

This consists of the following:

| | 2012 | 2011 |
|---|---|---|
| PT Asian Bulk Logistics | 1,918 | 306 |
| Kyla Charter Transportes Maritimos Lda | (21) | 557 |
| Viannlog Consultoria Economica Lda | (1) | 40 |
| Kyla Holding Limited | 998 | 0 |
| **Total profit / (loss) from jointly controlled entities measured using the equity method** | **2,894** | **903** |

The positive balance of € 2,894 thousand (€ 903 thousand in 2011) includes the share of profit (loss) of companies valued using the net equity method. For further details of the nature of these companies' business see 'Note 3 - Interests in jointly controlled entities, other investments and available-for-sale financial assets'.

### *Other net income/(expenses) (Note 20)*

This consists of the following:

| | 2012 | 2011 |
|---|---|---|
| **Other operating income** | | |
| Other net income | 5,228 | 1,268 |
| Release of provisions and other liabilities | 74 | 861 |
| Insurance claims | 342 | 446 |
| Gains on derivatives | 5,165 | 71 |
| **Total other operating income** | **10,809** | **2,646** |
| | | |
| **Other operating costs** | | |
| Allocations to provisions for liabilities | 7,512 | 1,446 |
| Allocations to provisions for bad debts | 102 | 65 |
| Losses on derivatives | 0 | 1,843 |
| **Total other operating costs** | **7,614** | **3,354** |
| | | |
| **Total other net income/(expenses)** | **3,195** | **(708)** |

‘Other net income’, equal to € 5,228 thousand includes a variety of positive elements across the Group.

‘Release of provisions and other liabilities’ amounted to € 74 thousand and consisted principally of the release by the subsidiary Coeclerici Coal and Fuels SpA and by the Holding Company of provisions created in previous years.

‘Insurance claims’, equal to € 342 thousand, mainly refers to claims received over the course of the financial year for damages to components on the Bulk Kremi I vessel (€ 215 thousand).

‘Allocations to provisions for liabilities’, equal to € 7,512 thousand, refers to allocations made in the financial statements to cover losses connected with the operations entailed in existing contracts, and with a few legal and business disputes assessed with the assistance of external consultants, as indicated in ‘Note 11 - Provisions for liabilities and charges’.

‘Allocations to provisions for bad debts’, equal to € 102 thousand (€ 65 thousand in 2011) includes the allocation mainly arising from the Trading Division’s business as described in ‘Note 6 – Trade receivables’.

### *Depreciation and amortization (Note 21)*

This consists of the following:

| | 2012 | 2011 |
|---|---|---|
| Depreciation of property, plant and equipment | 15,372 | 10,330 |
| Amortization of intangible assets | 572 | 550 |
| **Total depreciation and amortization** | **15,944** | **10,880** |

Refer to ‘Note 1 - Property, plant and equipment’ and ‘Note 2 – Intangible assets’ for more detail of depreciation and amortization.

### *Net financial income/(expenses) (Note 22)*

This item consisted of the following financial income:

| | 2012 | 2011 |
|---|---|---|
| Dividends from equity investments in ‘other companies’ | 328 | 73 |
| Interest received | 1,295 | 1,160 |
| Other income | 1,636 | 818 |
| **Total financial income** | **3,259** | **2,051** |

‘Dividends from equity investments in ‘other companies’’, equal to € 328 thousand, refer to the receipt of dividends from Banca Carige SpA of € 7 thousand, from Telemar SpA of € 223 thousand and from United Shippers Limited of € 98 thousand.

‘Interest received’, equal to € 1,295 thousand, mainly refers to interest receivable from banks on current and deposit accounts and interest receivable on loans granted to PT Asian Bulk Logistics, held in joint venture, in order to fund the construction of new vessels, as well as to third parties, as mentioned in ‘Note 7 - Prepayments and other receivables and current assets’.

‘Other income’ refers to financial income recorded by the subsidiary Capo Noli Transportes Maritimos Lda as a result of the trading of bonds for € 1,585 thousand and € 51 thousand refers to interest matured in the period on Italian Treasury Bills.

The financial expenses, on the other hand, consist of:

| | 2012 | 2011 |
|---|---|---|
| Bank charges | 1,858 | 1,825 |
| Interest paid | 8,093 | 5,528 |
| **Total financial expenses** | **9,951** | **7,353** |

'Bank charges' refers mainly to the use of a syndicated loan facility and the signing of new loan agreements specific to investments in progress.

'Interest paid', amounting overall to € 8,093 thousand (€ 5,528 thousand in 2011) refers mainly to interest on bank loans opened for new projects, of which € 1,523 thousand is in the syndicated loan facility, and also to interest payable and financial costs of € 338 thousand resulting from updating the cash flows foreseen to reclaim the mines. The increase in interest payable arose mainly because of the increase in the spread.

### *Exchange gains/losses (Note 23)*

Exchange differences that occur during the year are included in this item along with the exchange differences stemming from aligning foreign currency payables and receivables outstanding at the end of the period with year-end rates. Details of the realized and unrealized exchange differences at 31 December 2012 are given in the table below compared with the same period of the previous year:

| | 2012 | | | 2011 | | |
|---|---|---|---|---|---|---|
| | REALIZED | NON REALIZED | TOTAL | REALIZED | NON REALIZED | TOTAL |
| Exchange gains | 13,532 | 1,604 | **15,136** | 20,983 | 4,033 | **25,016** |
| Exchange losses | (15,784) | (1,433) | **(17,217)** | (22,022) | (4,920) | **(26,942)** |
| **Total exchange gains/losses** | **(2,252)** | **171** | **(2,081)** | **(1,039)** | **(887)** | **(1,926)** |

### *Income taxes (Note 24)*

The tax burden arising in the period is equal to € 188 thousand. It has been calculated in accordance with existing tax laws, taking into account exemptions, deferred tax and, as far as the Italian companies in the Group are concerned, the effects of fiscal consolidation with the parent company Finanziaria Cocler S.A.p.A. di Paolo Clerici e Figli.

The tax burden consists of the following:

| | 2012 | 2011 |
|---|---|---|
| Current taxes | (1,901) | (9,073) |
| Deferred taxes | 2,089 | 86 |
| **Total income taxes** | **188** | **(8,987)** |

The amounts in the table below refer to the deferred tax assets and liabilities in the group company statutory financial statements and to the effects of consolidation.

| | 31/12/2012 | 31/12/2011 |
|---|---|---|
| Deferred tax assets | 4,890 | 4,003 |
| Deferred tax liabilities | (4,781) | (6,658) |
| **Net balance of deferred taxes** | **109** | **(2,655)** |

'Deferred tax assets' mainly refers to allocations to provisions made during the financial year and the previous financial year, which are not immediately tax deductible.

'Deferred tax liabilities', equal to € 4,781 thousand, includes the deferred taxation arising from the provisions made for positive or negative income components with deferred tax deductibility.

The payables and receivables of the Group companies that took part in the Group tax consolidation at 31 December 2012 are shown below:

| | RECEIVABLES | PAYABLES | TOTAL |
|---|---|---|---|
| Coeclerici Coal and Fuels SpA | 98 | | 98 |
| Coeclerici Logistics SpA | 1,467 | | 1,467 |
| Coeclerici SpA | 658 | | 658 |
| CC Black Sea Bulk Srl | 10 | | 10 |
| Shipping Services Srl | | (7) | (7) |
| Terminal Offshore Piombino SpA | | (526) | (526) |
| **Total receivables /payables owing to tax consolidation** | **2,233** | **(533)** | **1,700** |

## *Information by operating segment and geographical area (Note 25)*

The information by operating segment for the 2012 period is summarized in the following table:

| | TRADING | MINING | LOGISTICS | HOLDING ADJUSTMENT | TOTAL |
|---|---|---|---|---|---|
| Revenues | 529,644 | 38,008 | 49,645 | (28,129) | **589,168** |
| Operating profit | 5,541 | 6,472 | 14,660 | (3,123) | **23,550** |
| Net financial income/(expenses) | 283 | (2,022) | (3,084) | (1,869) | **(6,692)** |
| Net profit | 4,273 | 3,901 | 11,061 | (4,270) | **14,965** |
| **Balance sheet** | | | | | |
| Total assets | 133,540 | 48,933 | 205,665 | (964) | **387,174** |
| Total equity | 18,028 | 20,847 | 48,510 | (1,485) | **85,900** |
| Total liabilities | 115,512 | 28,085 | 157,155 | 522 | **301,274** |

The following table shows details of Group revenues from sales and services broken down by region:

| | TRADING | MINING | LOGISTICS | HOLDING ADJUSTMENT | TOTAL |
|---|---|---|---|---|---|
| Africa | 3,737 | 0 | 24,215 | 0 | 27,952 |
| Americas | 29,157 | 0 | 10,004 | 0 | 39,161 |
| Asia and Australia | 241,730 | 0 | 1,348 | 0 | 243,078 |
| Russia and Middle East | 0 | 10,283 | 0 | (404) | 9,879 |
| Europe | 255,020 | 27,725 | 14,078 | (27,725) | 269,098 |
| **Total revenues** | **529,644** | **38,008** | **49,645** | **(28,129)** | **589,168** |

## *Information regarding financial instruments (Note 26)*

Derivatives relating to currency exchange transactions

The Group carried out hedging transactions (fair value and cash flow hedging) to protect against fluctuations in the EUR/USD, SGD/USD and RUB/USD exchange rates.

Fair value hedge

The contracts existing at 31 December 2012 that have the characteristics of fair value hedging and whose changes in fair value are recorded in the income statement under 'Exchange gains/losses' are described below:

| EXPIRY | AMOUNT | CURRENCY | FORWARD EXCHANGE CONTRACT RATE | NOTIONAL VALUE (€000) | FAIR VALUE AT 31/12/2012 (€000) |
|---|---|---|---|---|---|
| Q1 2013 | 12,700 | USD | 0.756 | 9,607 | (18) |
| Q4 2013 | 598 | USD | 0.750 | 448 | (5) |
| **Total sales** | | | | **10,055** | **(23)** |

| EXPIRY | AMOUNT | CURRENCY | FORWARD EXCHANGE CONTRACT RATE | NOTIONAL VALUE (€000) | FAIR VALUE AT 31/12/2012 (€000) |
|---|---|---|---|---|---|
| Q1 2013 | 180 | SGD | 0.783 | 141 | 4 |
| **Total purchases** | | | | **141** | **4** |

Cash flow hedge

In order to hedge the risk of fluctuations in the interest rates on the loans received by the subsidiary Coeclerici Coal and Fuels SpA, an Interest Rate Swap (IRS) was taken out with the following characteristics:

| EXPIRY | AMOUNT (€000) | CURRENCY | FIXED RATE PER CONTRACT | NOTIONAL VALUE (€000) | FAIR VALUE AT 31/12/2012 (€000) |
|---|---|---|---|---|---|
| Q2 2015 | 6,250 | EUR | 2.61 | 6,250 | (217) |
| **Total I.R.S.** | | | | **6,250** | **(217)** |

Exchange rate transactions is were in being at 31 December 2012 with the characteristics of cash flow hedging whose fair value variations were recorded in equity under the heading 'Reserve related to the fair value of financial instruments'. They are detailed below:

| EXPIRY | AMOUNT | CURRENCY | FORWARD EXCHANGE CONTRACT RATE | NOTIONAL VALUE (€000) | FAIR VALUE AT 31/12/2012 (€000) |
|---|---|---|---|---|---|
| Q1 2013 | 3,450 | USD | 0.771 | 2,659 | 46 |
| Q2 2013 | 3,450 | USD | 0.770 | 2,656 | 45 |
| Q3 2013 | 3,450 | USD | 0.769 | 2,653 | 45 |
| Q4 2013 | 3,450 | USD | 0.768 | 2,650 | 44 |
| **Total sales** | | | | **10,618** | **180** |

| EXPIRY | AMOUNT | CURRENCY | FORWARD EXCHANGE CONTRACT RATE | NOTIONAL VALUE (€000) | FAIR VALUE AT 31/12/2012 (€000) |
|---|---|---|---|---|---|
| Q1 2013 | 255,000 | RUB | 0.031 | 7,986 | 236 |
| Q2 2013 | 255,000 | RUB | 0.031 | 7,890 | 214 |
| Q3 2013 | 255,000 | RUB | 0.031 | 7,796 | 196 |
| Q4 2013 | 255,000 | RUB | 0.031 | 7,704 | 191 |
| **Total purchases** | | | | **31,376** | **837** |

Summary of fair value of derivatives

The values and changes in the fair value of derivatives at 31 December 2012 are summarized in the following table:

| | 31/12/2011 | CHANGES IN EQUITY | CHANGES IN INCOME STATEMENT | 31/12/2012 |
|---|---|---|---|---|
| **Receivables** | | | | |
| Foreign exchange market | 39 | 1,017 | (35) | 1,021 |
| Forward coal sales | 1,679 | 0 | (1,679) | 0 |
| Forward coal sales to be paid * | | | | 464 |
| **Total receivables** | **1,718** | **1,017** | **(1,714)** | **1,485** |
| **Payables** | | | | |
| Foreign exchange market | (1,699) | (217) | 1,676 | (240) |
| **Total payables** | **(1,699)** | **(217)** | **1,676** | **(240)** |
| **Net total** | **19** | **800** | **(38)** | **1,245** |

* amount received in January 2013 regarding financial derivatives expiring in December 2012

The fair value of all derivatives is calculated on the basis of the forward market index on the reference date. The net equity reserve showing the fair value of financial instruments is indicated net of taxation.

The table below analyses the financial instruments at fair value, grouping them in levels from 1 to 3 on the basis of how well their fair value can be observed:

- level 1, the fair value is determined by prices quoted in active markets;
- level 2, the fair value is determined by using evaluation techniques based on variables directly (or indirectly) observable on the market;
- level 3, the fair value is determined by using evaluation techniques based on significant variables not observable on the market.

| | LEVEL 1 | LEVEL 2 | LEVEL 3 |
|---|---|---|---|
| **Financial assets** | | | |
| Available for sale | 1,546 | 0 | 2,189 |
| Hedging derivatives | 0 | 1,021 | 0 |
| **Total financial assets** | **1,546** | **1,021** | **2,189** |
| **Financial liabilities** | | | |
| Hedging derivatives | 0 | (240) | 0 |
| **Total financial liabilities** | **0** | **(240)** | **0** |

The financial instruments classified as 'Level 1' include shares in listed companies, the values of which are quoted daily. 'Level 2' financial instruments include financial derivatives; in order to determine the fair market value of these derivatives, the Coeclerici Group uses the following measurement and evaluation model:

| TYPE | INSTRUMENT | PRICING MODEL | MARKET DATA USED | DATA PROVIDER | IFRS 7 HIERARCHY |
|---|---|---|---|---|---|
| **Foreign exchange / coal derivatives** | Forward | Discounted cash flow | - Spot rate<br>- zero coupon curve of reference currency | Bank of reference | Level 2 |
| **Interest rate derivatives** | IRS | Discounted cash flow | - Spot rate<br>- Reference rate curve | Bank of reference | Level 2 |

Instruments classified as 'Level 3' refer to shares held at 31 December 2012 in closed-end investment funds.

### Other financial information

For completeness, some additional financial information is given below:

- 'Note 1 – Property, plant and equipment' shows the value of the fixed assets that are mortgaged to banks for loans provided to the Group, as described in 'Note 10 – Interest bearing liabilities and borrowings';
- 'Note 8 – Cash and cash equivalents' gives information about available cash and its characteristics;
- 'Note 10 – Interest bearing liabilities and borrowings' summarizes the characteristics of the bank loans and gives their due dates and interest rates applied;
- 'Note 22 – Net financial income/(expenses)' gives information about interest receivables and payables relating to financial items.

## *Risks characterising the Group's business (Note 27)*

The main risks connected with the Group's business, which are monitored and managed by Coeclerici SpA and its subsidiaries, are as follows.

### Commodity risk

The company's profit is affected by changes in the prices of the commodities and services it sells through its Trading Sector. Volatile coal prices and freight rates generally lead to volatile operating profits and sales margins. The risks connected with trading may be limited by:

- back-to-back transactions;
- undertaking time-limited commitments to purchase/sell coal and transport services (freight) at values mainly pegged to the API#2 and API#4 indices and partly to fixed values; prior inspection and approval of transactions according to the corporate policy.

Trading risks are assessed through:

- constant monitoring of all trading transactions, including the continuous monitoring of trading partners;
- periodic business projections and analysis of the effects of the main variables (freight rates and commodity indices).

As regards sources of coal supply, the Group has depended less on suppliers since the Group took over the Russian OAO Kisk mine in 2008.

The demand for dry bulk logistic transshipment services depends on the levels of freight rates. When freight rates are high, the development of efficient dock services, able to reduce loading and unloading times, becomes strategically important for traders and this favours the development of new opportunities for the Group.

Exchange rate risk

Most of the subsidiaries' revenues and operating costs are recorded in currencies other than Euros (mainly USD). The Group manages the exchange rate risk, where it deems necessary, through forward currency transactions and foreign currency loans. In addition, loans are stipulated by the operating companies in the same currency as the revenues, where possible, in order to mitigate exchange rate oscillations.

Interest rate risk

The Coeclerici Group is mainly funded at variable interest rates. The Group's policy is to monitor the trend in interest rates and the long-term forecasts in order to make sure that financial expenditure is always sustainable. In the current market situation, the company does not consider it wise to engage in hedging transactions with the aim of stabilizing interest rates over time with the exception of the Interest Rate Swap contract described in 'Note 26 – Information regarding financial instruments'.

In a risk sensitivity assessment, it was estimated that a 10 percent increase in market interest rates compared to those actually applied during the period would have had a negative effect of about € 764 thousand on the 2012 income statement and equity.

Credit risk

Credit risk is the company's exposure to potential losses deriving from the failure of trading partners to comply with their commitments. Commercial credit management is entrusted to the business units, in agreement with the Group holding company, on the basis of formal risk assessment procedures, including debt collecting and any dispute proceedings. Furthermore, all outstanding receivables are monitored monthly by Division credit committees, including regular prospective analysis of credit limits.

The credit position of certain clients with a degree of financial risk identified by scores representing levels of risk is monitored with even daily frequency.

Credit risk hedging is mainly carried out through the following instruments:

- confirmed letters of credit (bank guarantees) in the Trading Sector;
- performance bonds (guarantees of satisfactory completion of a contract) and advance payment bonds in the Logistics Sector;
- commercial credit insurance by leading insurance agencies (SACE B.T. SpA and Garant) in both sectors.

The Coeclerici Group did not record any significant loss on receivables from their trading partners during 2012, but as already described in 'Note 6 - Trade receivables', the indirect Venezuelan subsidiary Bulkguasare de Venezuela SA experienced delays in collecting amounts due. The management is in contact with the trading partners in order to find new financial arrangements.

Liquidity risk

Liquidity risk is the risk that financial resources may not be available or are only available at high cost. Thanks in part to use of the credit system, the structure of the Coeclerici Group's sources of finance is diversified and makes sufficient sources of finance available to satisfy foreseeable financial needs both in the medium and long-term. Moreover, corporate liquidity risk management aims to ensure a suitable level of operational elasticity for the Group's development programmes.

The Trading Division needs to finance its current assets, especially the down payments made to Russian suppliers for the purchase of commodities. This need is mainly met by short-term borrowing through bank loans.

As regards the Logistics Division, the investments to build vessels are usually financed through specific medium and long-term loans whose characteristics are normally negotiated so that they are compatible with the cash flows forecast from sector operating activities. In addition, specific contract provision such as advance payments in time charter contracts and guaranteed minimum tonnages in contracts based on quantities handled are exploited, among other things, to achieve optimal short-term financial management.
The Group intends to finance its investments in tangible fixed assets for the development of new projects through the use of specific lines of credit, currently being negotiated with banks, especially with regard to the Indonesia project. The aim is to negotiate agreements with banks for specific medium or long-term loans structured on the basis of the characteristics of the individual investment projects.

Political risk

The Group's business takes place through investments all over the world. In the case of investments made in a country considered to be politically 'at risk', the Group protects itself where possible with a specific investment insurance policy drawn up with a leading insurance company, SACE SpA. These investment insurance policies protect companies that set up or hold shares in foreign companies or that make indirect investments through foreign companies controlled by the Italian company. These policies cover the risk of losses in capital, revenues, interest and amounts owed to the Italian company or its subsidiaries in connection with the investment, caused by the following political events: expropriation and other acts of absolute power, currency restrictions and moratoriums, force majeure events and civil unrest. The percentage of investment insurance cover ranges from a minimum of 95 percent to a maximum of 100 percent.

The Group's Mining Division holds a policy that covers risks concerning mining investments in Russia.

Operational risk

In the particular case of the Logistics Division, the business entails a general operational risk that stems from managing the vessels in accordance with the contracts signed. The main risk categories entailed in operational management include events connected with the partial or total loss of vessels belonging to the Division, and risks relating to liability for damage caused while carrying out the business itself. Special insurance policies are drawn up with major insurance companies to protect against these risks. The typical instruments adopted by a company working in the shipping sector include hull and machinery policies for damage to the ships and the equipment installed on board, protection and indemnity third-party liability policies and war risk policies.

## *Obligations and guarantees (Note 28)*

Obligations relating to derivatives

The existing derivatives are shown in 'Note 26 – Information regarding financial instruments' and concern forward transactions on the foreign exchange and interest rate markets.

Obligations relating to financial investments

'Obligations relating to financial investments' are shown in the following table:

| | YEAR OF SUBSCRIPTION | FUND DURATION | OVERALL COMMITMENT | SUBSCRIBED AMOUNT | RESIDUAL COMMITMENT |
|---|---|---|---|---|---|
| Ambienta I | 2007 | 10 years | 3,000 | 2,040 | 960 |
| Hao Capital Fund II L.P. | 2008 | 10 years | 758 | 584 | 174 |
| VSI SICAR | 2007 | 5 years | 1,197 | 1,197 | 0 |
| **Total financial investments** | | | **4,955** | **3,821** | **1,134** |

Ambienta I Fund

'Ambienta I' is a private equity fund set up in 2007 that aims to invest in the environmental sector. It is held and managed by the SGR Ambienta Società di Gestione del Risparmio SpA. The Group bought a 0.6 percent shareholding in this company in 2007 for € 9 thousand, as recorded among the fixed assets under 'Other investments'. In 2007, the Group undertook to subscribe to shares in the fund amounting to a total of € 3,000 thousand. As part of its commitment the Group paid further € 570 thousand in 2012. At 31 December 2012, the fair value of the shares subscribed to was equal to € 1,459 thousand.

Hao Capital Fund II L.P.

The 'Hao Capital Fund II L.P.' is a private equity fund that aims to invest in the Chinese market. In 2008, the Group undertook to purchase shares in the fund amounting to a total of 1 million USD (equal to € 758 thousand at 31 December 2012). The value of the shares has been adjusted to its fair value equal to € 428 thousand, as shown under 'Available-for-sale financial assets'.

Value Secondary Investments (VSI) SICAR

At 31 December 2012, the Group invested a total of € 1,197 thousand in the Luxembourg fund 'Value Secondary Investments S.I.C.A.R.'

The € 751 thousand fair value of the shares in the funds above at 31 December 2012 is registered in the Group's fixed assets under 'Available-for-sale financial assets'.

Guarantees issued

At 31 December 2012, the guarantees given to third parties stood at € 16,821 thousand, and are illustrated below:

| | 31/12/2012 | 31/12/2011 |
|---|---|---|
| Bank guarantees | 7,667 | 4,659 |
| Insurance policies | 1,154 | 1,152 |
| Other | 8,000 | 34,630 |
| **Total guarantees issued** | **16,821** | **40,441** |

The guarantees issued to third parties consist of:

- bank guarantee of USD 1,000 thousand (€ 758 thousand) issued by Deutsche Bank Indonesia to the client KPC on behalf of the subsidiary PLKI for good performance and expiring in August 2013, for which a surety bond for the same amount was received;
- bank guarantee of USD 600 thousand (€ 455 thousand) issued by BNL-BNP Paribas to the Venezuelan client Carbones del Guasare on behalf of Coeclerici Logistics SpA for good performance and expiring in December 2013;
- bank guarantee of USD 2,000 thousand (€ 1,516 thousand) issued by Deutsche Bank Indonesia to the client PT Berau Coal on behalf of the subsidiary Coeclerici Logistics SpA for good performance and expiring on 12 January 2013, for which a surety bond for the same amount was received;
- bank guarantee of USD 2,000 thousand (€ 1,516 thousand) issued by Deutsche Bank Indonesia to the client PT Berau Coal on behalf of the subsidiary Coeclerici Logistics SpA for good performance and expiring on 15 April 2013, for which a surety bond for the same amount was received;
- bank guarantee of USD 2,000 thousand (€ 1,516 thousand) issued by Deutsche Bank Indonesia to the client PT Berau Coal on behalf of the subsidiary Coeclerici Logistics SpA for good performance and expiring on 2 October 2013, for which a surety bond for the same amount was received;
- bank guarantee of €210 thousand issued by Citibank to the tribunal of Preveza (Greece) on behalf of the indirect subsidiary Capo Noli Transportes Maritimos Lda and relating to the contract regarding the use of the M/V Capo Noli sold in July 2007, expiring on 31 December 2020;
- bank guarantee of USD 50 thousand (€ 39 thousand) issued by Deutsche Bank Indonesia to the client PT Jembayab

Muarabara on behalf of Coeclerici Logistics SpA for good performance and expiring in January 2013;

- bank guarantee of € 42 thousand issued by Monte dei Paschi di Siena to the Port of Genoa harbour office on behalf of the indirect subsidiary Capo Noli Transportes Maritimos Lda, with due date in March 2013;
- bank guarantees equal to € 10 thousand issued by Banca Popolare di Bergamo in favour of owners of rented property;
- bank guarantee of € 500 thousand issued by Banca Popolare di Bergamo on behalf of the subsidiary Coeclerici Coal and Fuels SpA to the tax authorities for a VAT refund claim, expiring in May 2014;
- bank guarantee of € 967 thousand issued by Banca Popolare di Bergamo on behalf of the subsidiary Coeclerici Coal and Fuels SpA to the tax authorities for a VAT refund claim, expiring in September 2015;
- bank guarantee of € 140 thousand issued by Banca Popolare di Bergamo on behalf of the subsidiary Coeclerici Mozambico SpA to the tax authorities for Group VAT adherence, expiring in September 2015;
- insurance policy of € 1,139 thousand issued by Sace BT SpA to Enel Trade SpA on behalf of the indirect subsidiary Mediterranean Bulk System N.V. for good performance, expiring in September 2013;
- insurance policy of € 13 thousand issued by Viscontea Coface to the Port Authority of Piombino on behalf of the subsidiary Terminal Offshore Piombino SpA, with due date in July 2013;
- corporate guarantee of € 8,000 thousand issued to Deutsche Bank SpA on behalf of the subsidiary OAO Kisk to hedge commodity transactions;
- guarantees issued by Coeclerici SpA to the owners of two ships (Red Lotus and Bulk Japan) acquired with long-term time charter contracts (with purchase options which may be exercised three years after ship delivery and original contract durations which range from 7 to 10 years) by the subsidiary Ceres Bulk Carriers Transportes Maritimos Lda, which was part of the Group until the beginning of May 2007. To cover these commitments, the company received a € 21,677 thousand (USD 28,600 thousand) surety. This surety covers the entire amount due in freight rates until the expiry date of the respective contracts for the three remaining vessels.

Guarantees received

At 31 December 2012, the guarantees received from third parties stood at € 28,175 thousand:

| | 31/12/2012 | 31/12/2011 |
|---|---|---|
| Bank guarantees | 28,175 | 73,370 |
| **Total guarantees received** | **28,175** | **73,370** |

Guarantees received from third parties consist of:

- bank guarantee of € 21,677 thousand (USD 28,600 thousand) issued by Credit Suisse SpA on behalf of Uno Shipping Srl to Coeclerici SpA in relation to the extraordinary demerger of the shipping business, completed in 2007, owing to the exposure towards shipowners for obligations stemming from time charter contracts, given that Coeclerici SpA is no longer the payee;
- a USD 1,500 thousand (€ 1,137 thousand) bank guarantee issued by the Bank of China on behalf of a Chinese shipyard to cover the work carried out in order to build the second supramax vessel Bulk Limpopo;
- bank guarantee of USD 2,000 thousand (€ 1,516 thousand) issued by ANZ PaninBank on behalf of the customer PT Berau Coal for good performance to offset the guarantee issued by the subsidiary Coeclerici Logistics SpA, as described under 'Guarantees issued – Others', expiring on 12 January 2013;
- bank guarantee of USD 2,000 thousand (€ 1,516 thousand) issued by ANZ PaninBank on behalf of the customer PT Berau Coal for good performance to offset the guarantee issued by the subsidiary Coeclerici Logistics SpA, as described under 'Guarantees issued – Others', expiring on 15 April 2013;
- bank guarantee of USD 2,000 thousand (€ 1,516 thousand) issued by ANZ PaninBank on behalf of the customer PT Berau Coal for good performance to offset the guarantee issued by the subsidiary Coeclerici Logistics SpA, as described under 'Guarantees issued – Others', expiring on 2 October 2013;
- bank guarantee of USD 1,000 thousand (€ 758 thousand) issued by PT Bank Central Asia on behalf of the customer

KPC for good performance to offset the guarantee issued by the subsidiary PLKI, as described under 'Guarantees issued – Others', expiring in August 2013;

- bank guarantee of USD 74 thousand (€ 55 thousand) issued by Kreditversicherung Euler Hermes to the subsidiary Coeclerici Mozambico SpA for good performance regarding a contract for the purchase of accessories, expiring in March 2013;
- corporate guarantee issued by a mining operator in the Mozambique project for the symbolic value of € 1 for good performance.

## *Related party transactions (Note 29)*

Transactions took place with the holding company Finanziaria Cocler S.A.p.A. in 2012 as part of the Group tax consolidation procedure. The holding company is the consolidating company, as described in 'Note 14 - Other payables and current liabilities'. In addition, there is a real estate lease contract signed by the company with the parent company Finanziaria Cocler S.A.p.A. that refers to the offices at 7 Piazza Generale Armando Diaz, Milan, Italy.

The remuneration received by the Directors is shown in 'Note 17 – Overhead and administrative expenses'. The Chairman of the Board of Directors and Managing Director of Coeclerici SpA is also the Group's majority shareholder.

In addition, the shareholders allocated a € 1,600 thousand share of the 2011 profit to the Board of Directors when they approved the 2011 financial statements.

Dr Andrea Clavarino, CEO of the subsidiary Coeclerici Logistics SpA, holds a 20 percent share in the indirect subsidiary CC Black Sea Bulk Srl.

Dr Giovanni Marchelli, CEO of the subsidiary Coeclerici Coal and Fuel SpA, holds a 5 percent share in the indirect subsidiary Coeclerici Americas LLC.

Dr William Robert Graybeal, Deputy Chairman of the subsidiary Coeclerici Americas LLC, holds a 5 percent share in that company.

## *Other information (Note 30)*

### Personnel costs

Personnel costs amounted to € 31,568 thousand in 2012 (€ 25,120 thousand in 2011), of which € 10,115 thousand related to seafaring personnel (€ 6,669 thousand in 2011), € 6,767 thousand to personnel at the Russian mine (€ 5,939 thousand in 2011) and € 14,686 thousand to staff (€ 12,512 thousand in 2011).
The average number of employees was:

| | 2012 | 2011 |
|---|---|---|
| Executives | 38 | 37 |
| White-collar | 244 | 235 |
| Seafaring staff | 193 | 173 |
| Miners | 497 | 491 |
| **Total employees** | **972** | **936** |

The average increase in the number of staff and the resulting increase in cost is attributable to the increase in the activities in all Group divisions.

### *Events after accounting period closure (Note 31)*

On 21 March 2013 the merger was effected to incorporate Coeclerici Logistics SpA into Coeclerici SpA. Supervisory and support activities for new commercial initiatives in port logistics have come together as a result of merging in the incorporating company. This operation will complete efforts to rationalise the entire Logistics Division which began in the financial year just finished, with a view to create economies of scale.

In March 2013 a joint venture was established with the d'Amico Group which aims to acquire two new Supramax bulk carriers for the International freight market from 2015 onwards, with the option of buying two others with the same features.

## APPENDIX 1
## LIST OF COMPANIES CONSOLIDATED USING FULL CONSOLIDATION METHOD

| NAME | REGISTERED OFFICES | CURRENCY | SHARE CAPITAL | EQUITY SHARE |
|---|---|---|---|---|
| New Sea Logistics EAD | Bulgaria | Bgl | 50,000 | 100.00% |
| CGU Logistic Limited | India | Inr | 910,000,000 | 86.40% |
| PT Coeclerici Indonesia | Indonesia | Idr | 2,265,000,000 | 100.00% |
| PT Pelayaran Logistik Konversi Indonesia ("PLKI") | Indonesia | Idr | 17,000,000,000 | 49.00% |
| CC Black Sea Bulk Srl | Italy | Eur | 2,000,000 | 80.00% |
| Coeclerici Coal and Fuels SpA | Italy | Eur | 5,000,000 | 100.00% |
| Coeclerici Logistics SpA | Italy | Eur | 10,000,000 | 100.00% |
| Coeclerici Logistics Partecipazioni Srl | Italy | Eur | 10,000,000 | 100.00% |
| Coeclerici Mining Srl | Italy | Eur | 10,000 | 100.00% |
| Coeclerici Mozambico SpA | Italy | Eur | 10,000,000 | 100.00% |
| Shipping Services Srl | Italy | Eur | 45,000 | 100.00% |
| Terminal Offshore Piombino SpA | Italy | Eur | 4,500,000 | 80.00% |
| Coeclerici Malta Limited | Malta | Usd | 20,000 | 99.9% |
| CCL Malta Limited | Malta | Usd | 20,000 | 99.9% |
| Capo Noli Transportes Maritimos Lda | Portugal | Eur | 5,000 | 100.00% |
| Logconversion Transportes Maritimos Lda | Portugal | Eur | 2,300,000 | 70.00% |
| LLC Zapadny | Russia | Rub | 20,000 | 100.00% |
| LLC Zapadnyugol | Russia | Rub | 2,020,000 | 100.00% |
| OAO Kuznetskaya Investitsionno – Stroitelnaya Compania ("Kisk") | Russia | Rub | 15,000,000 | 100.00% |
| OOO Coeclerici Logistics Russia | Russia | Rub | 20,443,000 | 100.00% |
| OOO Coeclerici Russia | Russia | Rub | 4,000,000 | 99.00% |
| OOO Obshestvos ogranichennojotvetsvennost'ju Delta Property | Russia | Rub | 10,000 | 49.00% |
| OOO RazrezKorciakolskij | Russia | Rub | 10,000 | 100.00% |
| OOO Scc-Rozko | Russia | Rub | 13,381,000 | 100.00% |
| OOO Yuzhno – Kuzbasskoe promyshlenno – transportno eupravlenie ("Ptu") | Russia | Rub | 10,000 | 100.00% |
| Selskohozyaistvennoe predpriyatie Taylepskoe | Russia | Rub | 125,600,000 | 49.00% |
| Coeclerici Asia (Pte.) Ltd | Singapore | Usd | 1,995,000 | 100.00% |
| Coeclerici Compagnie SA | Switzerland | Chf | 5,000,000 | 100.00% |
| Coeclerici Americas Real Estate Inc. | United States | Usd | 8,000,000 | 100.00% |
| Coeclerici Americas LLC | United States | Usd | 4,500,000 | 90.00% |
| Coeclerici Coal Network LLC | United States | Usd | 1,000,000 | 51.00% |
| Bulkguasare de Venezuela SA | Venezuela | Vef | 2,408,000 | 90.00% |

## LIST OF COMPANIES CONSOLIDATED USING NET EQUITY METHOD

| NAME | REGISTERED OFFICE | CURRENCY | SHARE CAPITAL | EQUITY SHARE |
|---|---|---|---|---|
| PT Asian Bulk Logistics | Indonesia | Usd | 20,000,000 | 49.00% |
| Kyla Holding Limited | Malta | Usd | 6,000 | 50.00% |
| Kyla Logistics Limited(*) | Malta | Usd | 6,000 | 50.00% |
| Viannlog Consultoria Economica Lda | Portugal | Eur | 5,000 | 50.00% |

(*) Kyla Logistics Limited is 100 percent owned by Kyla Holding Limited

## APPENDIX 2
## COMPARISON OF NET EQUITY OF COECLERICI SPA AND THAT OF GROUP

| | NET PROFIT | NET EQUITY |
|---|---|---|
| **Coeclerici SpA at 31 December 2012** | **9,184** | **74,325** |
| Equity and net profit for the period recorded by consolidated companies | 53,228 | 337,043 |
| Consolidation adjustments: | | |
| - elimination of holdings in subsidiaries and transactions between consolidated companies with exception of intercompany dividends | (31,259) | (334,489) |
| - application of IAS/IFRS | (1,934) | 505 |
| - elimination of intercompany dividends | (15,436) | 0 |
| **Coeclerici Group at 31 December 2012** | **13,783** | **77,384** |

## TECHNICAL GLOSSARY

**API#2 (cif ARA):** Average Coal Price Indices (cost insurance freight on the Amsterdam-Rotterdam-Antwerp route). Average weekly coal price index including cost of freight on Amsterdam-Rotterdam-Antwerp route.

**API#4 (fob Richards Bay):** Average Coal Price Indices (free on board on the Richards Bay port). Average weekly coal price index without freight cost referring to port of Richards Bay (South Africa).

**B/B – Bare Boat Charter:** Contract putting a vessel at the disposal of a charterer, without crew, for a given period o f time; apart from the costs of the voyage (fuel, port taxes, canal transit fees etc.), the charterer also pays all operational costs (crew, maintenance, repairs, lubricants, stores, insurance).

**Capesize:** Ship for transportation of dry bulk commodities exceeding 90,000 dwt, not able owing to its size to navigate the Panama Canal.

**Demurrage:** Penalty charged for the time, exceeding that established by the contract with the owner, which the charterer uses to bring loading/unloading operations of a vessel to a conclusion.

**Despatch:** Premium acknowledged for the time, less than that established by the contract with the owner, which the charterer uses to bring loading/unloading operations of a vessel to a conclusion.

**DWT - TPL - Dead Weight Tonnage:** Transportation capacity of a ship, expressed in tonnes, including cargo, fuel, stores and crew.

**Floating Transfer Station (FTS):** Vessel patented by Coeclerici possessing adequate equipment (crane, conveyor belt, loaders etc.) and able to conduct cargo transshipping operations from one vessel to another.

**Floating Storage & Transfer Station (FSTS):** Ship adequately converted and equipped to store cargo and perform cargo transshipping operations.

**Floating cranes:** Floating cranes used in transshipping operations from barge to ship or vice versa.

**I.R.S.:** Interest Rate Swap. A contract with which two parties agree to exchange payments, calculated on the basis of differing and pre-defined interest rates applied to a notional principal, for a period of time previously defined at the moment the contract is drawn up.

**Panamax:** Bulk carrier vessel suitable for transiting the Panama Canal, with a width therefore not in excess of 32.24 metres. Normally these vessels do not exceed 80,000 dwt.

**PCI:** Pulverized Coal Injection. Coal used in steelworks, whose main characteristics are a low ashes content and a high heat-producing power.

**Revamping:** Extraordinary maintenance operations seeking to improve a vessel and increase its value.

**T/C - Time Charter:** A contract whereby a ship is made available to a charterer who bears fuel costs, port fees, canal transit costs and all other costs relating to the voyage. Normally expressed in USD per day of the ship's availability.

**Transshipment vessel – Floating Terminal:** Vessel able to transfer cargo from one floating vessel to another, positioned in the waters outside the port, with which loading or unloading operations of ocean-going vessels are conducted.

# AUDITORS' REPORT



# INDEPENDENT AUDITORS' REPORT

Deloitte.

Deloitte & Touche S.p.A.
Mura di Santa Chiara, 1
16128 Genova
Italia

Tel: +39 010 5317011
Fax: +39 010 5317022
www.deloitte.it

**AUDITORS' REPORT**
**PURSUANT TO ART. 14 OF LEGISLATIVE DECREE N. 39 OF JANUARY 27, 2010**

**To the Sole Shareholder of**
**COECLERICI S.p.A.**

1. We have audited the consolidated financial statements of Coeclerici S.p.A. and subsidiaries (the "Coeclerici Group"), which comprise the statement of financial position as of December 31, 2012, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. These consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's consolidated financial statements, the balances of which are presented for comparative purposes as required by law, reference should be made to our auditors' report issued on April 4, 2012.

3. In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Coeclerici Group as of December 31, 2012, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

4. The Directors of Coeclerici S.p.A. are responsible for the preparation of the management report in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the management report with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the management report is consistent with the consolidated financial statements of the Coeclerici Group as of December 31, 2012.

DELOITTE & TOUCHE S.p.A.

*Signed by*
Fabrizio Fagnola
Partner

Genoa, Italy
April 12, 2013

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

**Report of the Board of Auditors**
**in compliance with article 2429, second sub-paragraph of the Civil Code**

To the Meeting of Shareholders of COECLERICI S.p.A.,

during the year ended 31.12.2012, in agreement with the auditing firm Deloitte & Touche S.p.A., we carried out the supervisory activity required by law, according to the principles of conduct recommended by the Board of Auditors national advisory and accounting experts.

**The main data**

The financial statements consist of a balance sheet, income statement and the Notes, shall, in summary, the following data:

Balance Sheet

| | |
|---|---|
| Assets | 167.179.536 |
| Liabilities and provision | 92.854.411 |
| Equity | 65.140.945 |
| Net Income | **9.184.180** |

Income Statement

| | |
|---|---|
| Production value | 9.070.261 |
| Production costs | (12.672.665) |
| Difference | **(3.602.404)** |
| Financial income and expenses | 12.221.085 |
| Value adjustments to financial assets | 0 |
| Extraordinary income and expenses | (145.497) |
| Income before income taxes | **8.473.184** |
| Income taxes | 710.996 |
| Net income at 31.12.2012 | **9.184.180** |

**Compliance of financial statements and consolidated financial statements**

As regards the financial statements as at and for the year ended 31st December 2012 and the consolidated financial statement of the Group as at and for the year ended 31st December 2012, we would like to point out the following.
There being no specific request to analytically examine balance sheet content, we have checked general layout and compliance of balance sheet with the provisions of the law as far as preparation and structure are concerned.
The Board of Auditors considers that the financial statements and consolidated financial statements and management report prepared by the Directors that are presented to the Shareholders' meeting for approval complies with the law.
The operations of major economic, financial and capital have been carried out in the 2012 brought to the attention of the Board of Auditors and are presented in a complete and comprehensive in the business report prepared by the Directors.

**Compliance with the law and the social status**

We have taken part in the meetings held by the Board of Directors and by executive committee. During said meetings we received useful informations on the general company management as well as on the major economic and financial transactions carried out by the company.
Relating to these activities, we believe that the actions approved and passed were in accordance with the Articles of Association and the provisions of the law and were not imprudent, reckless, a potential conflict of interest of the Company or contrary to the resolutions passed by meeting or which undermines the integrity of corporate assets.

**Adequacy of organizational structure and internal control system**

We have become acquainted with and checked the efficiency and adequacy of the organizational structure of the company with respect to the principles of Good Administration, by direct observation, by obtaining information from the heads of the organizational function and meetings with the auditing firm Deloitte & Touche S.p.A.
We evaluated and checked the adequacy of internal control and accounting system, as well as the reliability of the administrative accounting system to represent the company management, by obtaining information from the heads of functions by the person responsible the audit and examination of business documents.
No significant aspects emerged from the aforesaid supervisory activity so as to be included in the present report.

**Exceptions art. 2423**

As far as we are concerned, we would like to point out no exception has been made by Directors with respect to the provisions of the law pursuant to article 2423, fourth sub-section of the Civil Code.

**Complaints received by the Board of Auditors**

During the year there have been no complaints under Article 2408 of the Civil Code. No evidence was submitted to be paid by the directors.

**Special Operations**

During the year the Board of Auditors has issued no opinions regarding any special operation.

**Consolidated financial statements**

On the other hand, special attention should be paid to the consolidated financial statement presented to you for information purposes.
To that end, from 2007 the Group decided to voluntarily apply international accounting standards (IAS/IFRS) for the preparation of the consolidated financial statement. During the meetings held with the auditing firm we have carefully examined the analytical list of companies included in the consolidation. We have also gathered information on the different auditing levels and examined the main consolidation principles adopted. The auditing firm did not point out any relevant aspect in relation to possible weak points in the instructions given to participated companies or differences with respect to the accounting principles of the parent company.

**Final judgement**

Taking into consideration the results shown in the report drawn up by the auditing company on the financial statements and the consolidated financial statements, we hereby express our favourable opinion in respect of the approval of the balance sheet as at and for the year ended 31st December 2012, as prepared by Board of Directors.

Milan, 13th April 2013

The Board of Auditors

Dott. Guglielmo Calderari di Palazzolo

Dott. ssa Isabella Resta Isabella Resta

Dott. Maurizio Dragoni

# COECLERICI GROUP OFFICES


**Milan**
Piazza Generale Armando Diaz, 7
20123 Milan - Italy
tel. +39 02 62 46 91
fax +39 02 62 46 97 03
www.coeclerici.com
e-mail: info@coeclerici.com

**Beijing**
Rm 3207, Full tower, N. 9
Dongsanhuan Rd. (M)
100022 Beijing - China
tel. +86 10 85 91 17 79
fax +86 10 85 91 12 88
e-mail: infochina@coeclerici.com

**Caracas**
Avenida Venezuela con Calle ElRecreo
Edificio Torre America - Piso 6 Oficina 607
1050 Caracas - Venezuela
tel. +58 261 79 31 296
fax +58 261 79 33 576
e-mail: cccaracas@coeclerici.com

**Jakarta**
Plaza Mutiara, Suite 803
Jl. Lingkar Mega Kuningan Kav. E.1.2 No 1&2
Kawasan Mega Kuningan
12950 Jakarta - Indonesia
tel. +62 21 57 85 19 60
fax +62 21 57 85 19 59
e-mail: coeclericijakarta@coeclerici.com

**Lugano**
Via Dunant, 13
6900 Massagno (Lugano)
Switzerland
tel. +41 91 68 29 591
fax +41 91 68 29 593
e-mail: cclugano@coeclerici.com

**Mason**
7697 Innovation Way, Suite 100
Ohio - 45040
United States of America
tel. +1 513 39 82 625
fax +1 513 39 85 419
e-mail: cccoalnetwork@coeclerici.com

**Miami**
990, Biscayne Boulevard
O-1201 Miami - 33132 FL
United States of America
tel. +1 786 472 3107
fax +1 786 472 3109
e-mail: americas@coeclerici.com

**Moscow**
4, Dobryninskij Per. 6/9
119049 Moscow - Russia
tel. +7 499 23 76 892
fax +7 495 95 98 432
e-mail: ccmoscow@coeclerici.com

**Mumbai**
106, Hallmark Business Plaza
Sant Dyaneshwar Mar Bandra (East)
400051 Mumbai - India
tel. +91 22 61 77 66 50
fax +91 22 61 77 66 51
e-mail: infoindia@coeclerici.com

**Novokuznetsk**
35, Ordzhenikidze street
Office 801
654007, Russia
tel. +7 38 43 99 33 90
fax +7 38 43 99 33 91
e-mail: utenti_kisk@coeclerici.com

**Singapore**
16-01 Shaw House Tower
350 Orchard Road
238868 Singapore
tel. +65 67 37 07 50
fax +65 67 33 05 58
e-mail: infocca@coeclerici.com

**Sydney**
Suite 603, level 6
83 Mount Street - North Sydney
NSW 2060 - Australia
tel. +61 2 94 60 25 80
fax +61 2 94 60 25 82
e-mail: ccsydney@coeclerici.com

COECLERICI SPA

PIAZZA GENERALE ARMANDO DIAZ, 7
20123 MILAN - ITALY
TEL. +39.02.62.469.1
WWW.COECLERICI.COM